



WP.T1_CONTEXT ANALYSIS

A.T1.1_RESEARCH ACTIVITIES

D.T1.1.5_Comparative Analysis
SASS

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1. INTRODUCTION

The aim of this report is to identify key dimensions of mutual learning among participating CE regions in view of applying them to the next project phases (particularly WPT3) and of facilitating the transfer of project results to wider territories. The deliverable aims to provide knowledge enabling further project activities to increase in technological and managerial skills of WISEs by making innovative technologies available to them.

The present document draws insight from the context analysis A.T1. in which all project partners have been involved. It leans on the regional reports and corresponding additional material produced within the studies in particular region. It is organized into sections complying with thematic sections of the survey and qualitative study:

- legislation framework
- manager and leadership
- HR management
- Financial aspects
- Marketing
- Developed skills in WISEs
- Competences of vulnerable groups
- Technology and tools in general and referring to above listed topics

The report emphasizes certain common challenges that WISEs are facing in all participating regions but also some differences. The latter refers especially to the comparisons of good practices on the one side and particular shortages on the other. The aim of such a comparison is in aiding regions with underdeveloped WISE sector to learn and adapt new strategies for tackling with obstacles in establishing proper ecosystems for WISEs to develop and perform on the market. The special emphasis of the report is on technological competences and tools, which have already been used by WISEs in participating regions, specific needs of tools and competences corresponding to the proper usage of such tools.

The overview of the listed thematic sections has been done also for other countries in Central Europe, which do not participate in a project. They can either represent good practices or highlight certain issues WISEs are facing within a project partnership.

2. REVIEW OF THE WISES IN THE REGIONS, THEIR COMMON CHALLENGES AND DIFFERENCES

The review of the regional reports reveals that there are many common issues that WISEs are facing in all regions but there are also some important differences, which are especially visible when comparing Italian regions to other regions from which project partners are involved. Italy can be represented as a good practice for other participating regions in many aspects. However, there is a mutual learning needed especially in the field of technology and ICT tools.

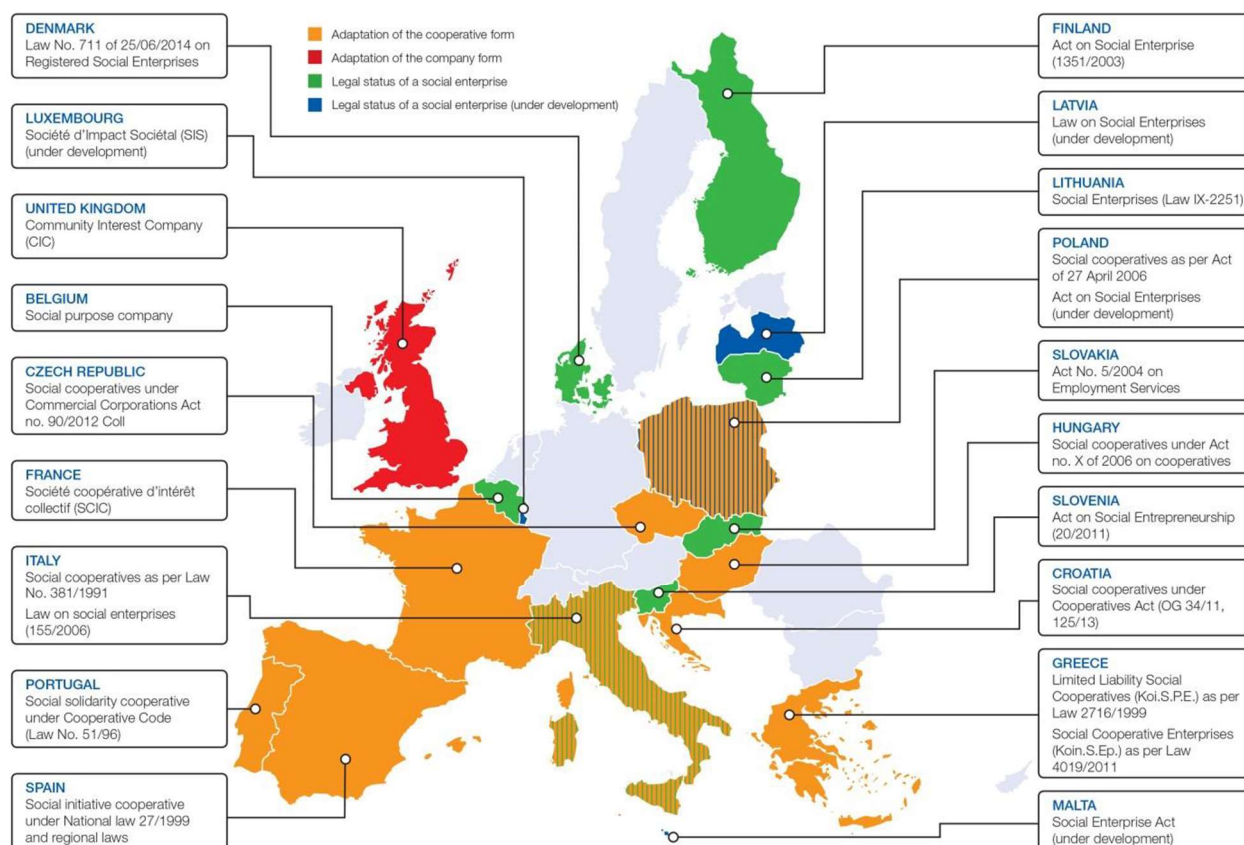
It is important to emphasise that pre-existing countries' reports on social entrepreneurship usually largely emphasize the relevance of business, management and marketing skill of social entrepreneurs, meanwhile those reports do not expose the meaning of the skilled labour force in social enterprises. In this regard,

SMEs in Central Europe, particularly WISEs currently face shortages, mainly in relation to the requirements posed by technological progress and economic innovation. This is particularly true for WISEs which are working for the integration of disadvantaged groups. They do often suffer from technological gaps due to low investment levels or/and lack of necessary skills. The review of the regional reports of the project reveal that despite the differences in the development of the WISE sector, there is a need to search the ICT skills in all participating countries. The mutual learning of all participating regions can allow to foresee what competences, knowledge and tools are needed in order to ensure engagement of the disabled into social enterprises and raise their productivity and effectiveness. In that regard, also the content and forms of the additional trainings of the disabled and their capacity buildings activities can be determined.

2.1. Legal framework and eco-system of WISEs

Social entrepreneurship has gained significant importance in developmental performances on different levels, e.g. local, national and the EU. Social enterprises are very heterogeneous across Europe signified by a range of organisational and legal forms and statues.

Figure 1: Countries with specific legal forms or statutes for social enterprises



Source: [1]

As it is shown in the report: A map of social enterprises and their eco-systems in Europe (p.viii), Italy is the only European country with both a law on social cooperatives (legal form) as well as a law on social enterprises (legal status), while Poland has a specific legal form for social enterprises (social cooperatives) and a draft law proposes the creation of a social enterprise legal status.

Table 1: Mapping the social enterprises in Central Europe

	Institutionalised forms of social enterprises	De-facto social enterprises
AT	<p>WISE: socio-economic enterprises (SÖBs) and non-profit employment projects/companies (GBPs)</p> <ul style="list-style-type: none"> Private limited liability companies with “public benefit” status (gGmbH) 	<p>De-facto social enterprises can be found among:</p> <ul style="list-style-type: none"> NPOs (mainly associations) with commercial activities Mainstream enterprises pursuing an explicit and primary social aim
HR	<p>Social cooperatives under Cooperatives Act (OG 34/11, 125/13)</p>	<p>Hybrid organisations: non-profit organisations with trading arms</p> <p>De-facto social enterprises can also be found among:</p> <ul style="list-style-type: none"> Associations and foundations with commercial activities Private institutions
CZ	<p>Social cooperatives under Commercial Corporations Act no 90/2012 Coll</p>	<p>Organisations registered on the TESSEA database which include:</p> <ul style="list-style-type: none"> Associations with commercial activities A small share of workers' cooperatives pursuing general or collective interests Public benefit organisations (to be replaced by institutes) Mainstream enterprises pursuing an explicit and primary social aim
HU	<p>Social cooperatives under Act no X of 2006 on cooperatives</p>	<p>De-facto social enterprises can be found among:</p> <ul style="list-style-type: none"> Traditional cooperatives pursuing general or collective interests Non-profit companies (to note that the recent new Civil Code has abolished this legal form) Non-profit organisations (Associations,
IT	<p>Social cooperatives (Law 381/1991)</p> <ul style="list-style-type: none"> Social enterprises ex lege 155/2006 	<p>De-facto social enterprises can be found among:</p> <ul style="list-style-type: none"> Non-profit organisations with commercial activities Cooperatives pursuing objectives of general
PO	<p>Social cooperatives as per Act of 27 April 2006</p>	<p>De-facto social enterprises can be found among:</p> <ul style="list-style-type: none"> Non-profit organisations (Associations and foundations) with commercial activities Cooperatives of blind and disabled Professional Activity Establishments (ZAZ)



		<ul style="list-style-type: none"> ▪ Non-profit companies
SK	Social enterprises as defined by Act no 5/2004 on Employment Services	<p>De-facto social enterprises can also be found among:</p> <ul style="list-style-type: none"> ▪ Non-profit organisations (Associations and foundations) with commercial activities ▪ Cooperatives pursuing objectives of general interest ▪ Municipality companies/local public enterprises
SI	Social enterprises as defined by Act 20/2011	<p>De-facto social enterprises can also be found among:</p> <ul style="list-style-type: none"> ▪ Companies for the disabled ▪ Non-profit organisations with commercial activities

Source: Adapted from [2]

In addition to diverse legislation on social entrepreneurship, the status of WISE within it corresponds such heterogeneity. In Central Europe, there are different formal definitions of the social enterprises and WISE, affecting ways of receiving subsidy and public funds. WISEs also operate in different sectors and have different business priorities.

WISEs in Europe are quite heterogeneous implying no unified definition of the concept. As it has been shown [3] those enterprises differentiate across countries according to

- type of subsidies (permanent, temporary, self-financing)
- type of employment offered to disadvantaged groups
- intensity of trainings of working skills
- level of encouraging the sense of citizenship and empowerment (the extend of inclusion of disadvantaged groups into structures of enterprises)
- level of working integration and destigmatization
- integration goals
- type of trainings

Although there are various types of WISE, there are certain common points of the companies ensuing from the EU policy orientation [3]:

- the integration is a commodity of countries and must be paid
- WISE companies should pursue social goals, so they should be financed by the state in different ways, including quotas
- WISE companies cannot and should not operate fully on the market. It is necessary to strike a balance between entrepreneurial freedom and social services, which are publicly funded.



- It is necessary to establish a quality system for monitoring the training and education of WISE companies
- the combination of temporary (subsidized) employment and permanent employment being a support to disadvantaged groups, are of great help to WISE.

Important actors of WISE are represented by enterprises for disabled, work centres and protective-work centres employing the most severely disadvantaged people.

As our survey results show, the most typical forms are social cooperatives and associations, but different national legislations also enable a broad variety of other forms though they are not always explicitly designated as social enterprises.

However, WISE - work integration of disadvantaged groups are the most visible and regulated activity of social enterprise in Europe. As it has been argued elsewhere, it constitutes the dominant type of social enterprise (for example, the Czech Republic, Greece, Hungary, Latvia, Poland, Slovakia, Slovenia) with strongly identifiable organizational forms in these activities such Italy's "type B" or "working integration" social cooperatives, French enterprises for the reintegration of economic activity, Finnish social enterprises (as per Act 1351/2003) and Poland's social cooperatives [4].

2.1.1. Slovenia

As it was explained in Regional report of Slovenia [5], the concept of social entrepreneurship in the country is relatively new. It was hardly used until 2009 when an EU-funded pilot programme to support the development of social enterprise was launched (European Commission 2014). The legal basis for social entrepreneurship was established in 2011 when *Social Entrepreneurship Act* (2011) was adopted. Social Entrepreneurship Act was followed by *Regulation on Determination of Activities of Social Entrepreneurship* (2012) and *Rules on Monitoring Operations of Social Enterprises* (2013). The *Strategy for Social Entrepreneurship for the period 2013-2016* and related *Programme of Measures 2014-2015 for conducting the Strategy for Social Entrepreneurship* were lately adopted (2013). For the purpose of accountancy in the field of social entrepreneurship, Slovenian Accounting standards (2016) encompass "Accounting solutions in social enterprises". Podmenik, Adam and Milosevic (2017) have identified different types of organisations in Slovenia that can be generally classified as social enterprises despite the fact that they are belonging to different socio- economic sectors: social enterprises registered under Social Entrepreneurship Act (associations, private institutes, cooperatives, and private organizations with limited liability); companies employing the disabled people and work centres; cooperatives; non-governmental organizations; companies with positive social externalities or social responsible enterprises (extracted from [5]).

In Slovenia, Social Entrepreneurship Act (Article 8) indicates a clear distinction between two types of social enterprises:

- Type A: social enterprises which perform *social entrepreneurship activities* and employ at least one worker in the first year of its operation and at least two workers in subsequent years;
- Type B (work-integration social enterprises - WISEs): social enterprises which are established with a view to employing people from *vulnerable groups* and being engaged in a particular activity by permanently employing at least one third of these workers out of the total staff (extracted from [5]).

The Slovenian law on the matter (Social Entrepreneurship Act. 2011) strictly divides enterprises employing disabled people from social enterprises. The employment centres and disability companies have a special legal status and under current legislation cannot be registered as a social enterprise (European Commission 2014), (extracted from [5]).



Employment centres are a legal entity providing protected jobs for people with disabilities who are able, due to disability, to achieve 30 to 70% of the expected working abilities. For disability companies, at least 48% of all employees should have formal invalidity decision. According to MLFSA, the reason for not allowing double registration is to prevent double funding as there is public funding for enterprises for the disabled and work centres available, provided by the *Vocational Rehabilitation and Employment of Disabled Persons Act* (2004; European Commission 2014), (extracted from [5]).

In Slovenia, it has been shown that in the 2015, there were 56 registered social enterprises, 26.000 NGOs, 311 cooperative, 140 disability centers, 39 employment centers. Among social enterprises relevant for the project only, type B can be defined as WISE. However, the number is not documented. In addition to the officially registered social enterprises of the type B also companies for the disabled and employment centres can be defined as WISE. The implemented survey sample for Slovenia consisted of 16 social enterprises (B type), 9 disability enterprises, 8 employment centres and 4 organisations with different statuses.

Accordingly, in the Slovenian society, social entrepreneurship holds many different interpretations, which pose certain challenges in the growth and development of the sector. WISEs occupy quite contested position in that regard. On the one hand, social entrepreneurship is associated predominantly with disability enterprises, and different kinds of subsidies, while on the other hand, it is hardly associated with innovation, creativity and entrepreneurship spirit (Skok et al. undated). In Slovenia, the legal framework often seems to be insufficient, while there is also a strong lack of entrepreneurial spirit among managers. Important actors of WISE are represented by enterprises for disabled, work centres and protective-work centres employing the most severely disadvantaged people. In common public discourses, WISEs are thus deprived from real entrepreneurial spirit, which sets certain consequences in formal positions, as for instance positions on the market, and informal ways of business performances, such as specific mined-set and value orientation. The legislation contributes to the unfair competition on a market. Although WISEs have been the first representatives of social entrepreneurship there are still a lot of space open to improve their formal conditions (extracted from [5]).

2.1.2. Croatia

Similarly, as it was explained in Regional report of Croatia [6], ecosystem for WISEs in the country is still quite underdeveloped comparing to EU standard and to the political, social and economic systemic environments of WISEs that has been achieved in many European countries (Belgium, Spain, Italy etc.). This situation is in correlation with overall social economy/enterprises status, development and visibility in Croatia that are on lower level in comparison with their counterparts in Western/Northern Europe (ICF, 2014). For the matter of objective obstacles for development of social economy sector, including WISEs as part of it, it can be said that Croatia experienced one of the worst economic crises in Europe from 2008 onward. This situation just worsened anyway hard condition for marginalised and vulnerable groups that are of WISEs' highest interest and responsibility. There are different legal acts, protocols and regulation, which are addressing major needs of the sector, mentioning the most important and the latest Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period 2015-2020 that shape framework for social economy actors in Croatia, including WISEs. Those needs especially refer to financial support, legislative framework, promotion and visibility and education. One of the main documents for WISEs ecosystem is also the Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia (2014 - 2020) defining vulnerable/marginalised people regarding reason for exclusion. Since WISEs cover so much subjects and types of disadvantage/vulnerable groups, legislative ecosystem is quite huge and diverse.



Not before 2005 Croatia got the Law on Professional rehabilitation and employment of persons with disabilities (new in 2013) with two main forms of integration that WISEs might use: integrative and sheltered workshop. Within new version of Law (OG 157/13, 152/14) integrative workshop is an institution or company that is funded for employment on people with disabilities that are not able to find job on open market, and which has a human, technical and organisational capacities to have at least 40% of persons with disabilities in total number of employees. Sheltered workshops is defined as an institution or company that is funded for employment on people with disabilities which are not able to get a job in integrative workshop entities, and which has a human, technical and organisational capacities to have at least 51% of persons with disabilities in total number of employees, and that exclusively on jobs that are under protection status, (extracted from [6]).

Despite legislations, the limited development of WISEs in Croatia can be blamed on a) shortage of adequate source of financial support for WISEs; b) lack of expertise and know-how in WISEs; c) lack of awareness about importance and beneficial values of WISEs in general public. There is also a substantial role of the lack of tradition in the field of social entrepreneurship (extracted from [6]).

The Croatian survey sample consists of 9 cooperatives, 9 limited liability companies and 5 associations.

The research has also showed that legislation has its shortages: “Well, it is often said how Cooperative Law is not good enough...but it is a regulative dimension what is the most important in it...the law regulate the cooperative area and basic needs for operation...but yes, there are things that are not good...I also have a friends that don’t believe when I said to them how cooperative need to reinvest 20% of its revenue...so this is not a question of Cooperative Law, but tax law and administration” (extracted from [6]).

2.1.3. Italy

As it was explained in Regional reports of Italy [7,8], on contrary, Italy has been historically characterised by a strong ability in terms of self-organisation of citizens and civil society. This has created, throughout the years, a peculiar richness of social enterprises (in terms of numbers but also types and quality). Therefore, Italy has traditionally enjoyed the presence of a rich social fabric made up of non-profit organisations widely disseminated in all its territories. In all countries, WISEs sectors is constituted by different types of social enterprises and other non-profit organization. This holds true also for Italy, because as it has happened in other EU countries, during the last 30 years, the Italian non-profit sector has developed a strong entrepreneurial character and has significantly increased its employment capacity. Like in all regions involved in the project, the Italian case has been characterised by the development of a plurality of models so that “social enterprise” in Italy is a very fluid concept which is in continuous evolution and which encompasses a number of organisational and legal forms. At the end of 2016 the Italian government approved a reform of the third sector which also includes social enterprises and in July 2017, the Third Sector Code (Legislative Decree 112/2017) was issued; It redefines the Entities of the Third Sector (ETS), (extracted from [6,7]).

Wises, in Italian law, are social enterprises in particular social cooperatives type B (see the description below).



Social Cooperatives

LAW 38191 define two types of social cooperatives:

Type A

'A' co-ops can deliver health, social or educational services. They operate as commercially orientated businesses, with workers and volunteers being members of the co-op. Many 'A' co-operatives have established 'privileged' relationships with municipalities (see above).

These privileged relationships - which are specifically approved under Law 381/91 - enable 'A' co-operatives to be what be also termed preferential bidders for work. They are often governed by special agreements.

About 70% of social co-operatives are 'A' co-ops.

Type B - WISEs

These are agencies for integrating disadvantaged people into the labour market.

At least 30% of workers in a B co-operative must be disadvantaged in some way.

Those groups benefiting from B co-operatives include people with physical or learning disabilities; people with sensory difficulties; people released from psychiatric hospitals; drug and alcohol addicts; people who have been given an alternative to custodial sentences

The institutional framework has managed to adapt to and support the evolution and the growth of the social enterprises sector in Italy for example through the Law n. 328 of 8 November 2000 "Framework law for the implementation of the integrated system of social interventions and services". This is a key law which has favoured the implementation of the subsidiarity principle (both horizontal and vertical) and the promotion of actions for the support and qualification of non-profit organisations and social enterprises (extracted from [7,8]). .

In this context, a very important role has been played by the Constitutional modification of 2001 which has revised the competences of State bodies and public authorities and has changed the distribution of competences and powers. In particular, the Constitutional changes have introduced the principle of vertical subsidiarity (attributing to the Regions and the local authorities specific competences within the social policy area) and of horizontal subsidiarity (promoting the involvement of civil society organisations in the programming and management of services). In July 2017, the Third Sector Code (Legislative Decree 112/2017) was issued in Italy, which redefines the Entities of the Third Sector (ETS), (extracted from [7,8]).



In Italy, according to a research conducted by ISTAT, at the end of 2015 active non-profit organisations in Italy amounted to 336.275, with a growth of 11,6% since 2011. 85,3% of them are associations, 3,7% Social Cooperatives, 1,9% Foundations and 8% fall into other legal forms. The WISEs from Trentino and Lombardy included in the survey are social cooperatives (type B, which implies they are WISE).

In general, Italy has been characterized by a strong and cooperative spirits enabling to establish a variety of innovative family business and rich ecosystem of civil society organizations. Italian non-profit sector is characterized by a complex legal and institutional framework, that nonetheless has managed to adapt to and support the evolution and the growth of the NPO sector in Italy (extracted from [7,8]).

Italy can represent a good example for others to learn from due to:

- Stakeholders participation: represents a fundamental structural element since it brings important elements of economic democracy and fosters innovation;
- The centrality of work: people that work in SE often find value in the social component of their work. This brings new dimension to industrial relations;
- Research and knowledge transfer: these two pillars have contributed to the development of the phenomenon and its evolution.
- Specialized Finance: dedicated financial tools based on long term sustainability and positive social impact, together with new actors such as ethical investors and bankers, have strongly contributed to the growth of the phenomenon by bringing capital to help foster growth and innovation;
- Impact measurement and accountability: thanks to a strong theoretical framework it has been possible to develop practical tools to measure social impact and communicate this value to all stakeholders. The debate is still heated by different positions and this particular field is still under development, but it has made possible the creation of “social balance sheets” or dedicated credit instruments linked with specific social impact indicators.
- Innovative public-private partnership: The Italian social cooperation represents a unique model from a historical point of view as well as for the type of solutions it offers to the different territorial needs (also in terms of work-related needs) (extracted from [7,8]).

2.1.4. Poland

In Poland, Silesia, the most common forms of WISEs are social cooperatives, associations and foundations. We can also find vocational integration centers and vocational development centers, as well as a few non-profit limited liability companies.

2.2. Leadership and management

The EU Operational Definition of Social Enterprise implies three dimensions of social enterprises (European Commission 2015):

- Entrepreneurial dimension - social enterprises show the typical characteristics that are shared by all enterprises;
- Social dimension - social enterprises pursue an explicit social aim; primacy of social aim over commercial objectives;
- **Governance dimension - social enterprises have specific governance structures to safeguard their social missions.**

However, the EU legislation does not include a uniform definition of a social enterprise. Thus, the definition of the latter in the EU member states varies according to different factors and circumstances of particular country (extracted from [4]).

The management in WISE should follow the participatory model. In that terms, there are three important elements of social enterprises:

- Democratic leadership not influenced by the capital investment
- High level of autonomy in relation to the state and profit companies
- Inclusion of stakeholders in managements issues

Regarding the autonomy from the state and the market companies, no major problems have been detected.

In several cases, democratic leadership and inclusion of stakeholders may be far from self-evident. To a greater extend, this is related to the relatively centralised structures of decision making, often based on the comparatively small size of a typical WISE. As indicated, for instance, by the Slovenian respondents, a director is often the key person for everything due to the small number of the employees. As also explained by the Slovenian stakeholders, it isn't very difficult to explain why these specific companies are successful: The reason lies with the manager; "a good owner motivates the whole company". On the other hand, in Trentino, small size is also seen as a cause for "more collective decision processes but blurrier roles and responsibilities".

On the other hand, several WISEs have also grown larger, which has turned out important especially in Trentino region cooperatives. SCs who have grown dimensionally over the years have often faced the need for more structure by building up rigid, vertical structures. This helped organize different functions and made decisions quicker, but at the same time didn't help harnessing bottom up innovations, thus adapting fast to changing situations. Moreover, strictly defined roles and task create a "comfort zone" where workers can fit in and stay, with no pressure to change, evolve their skills beside their function or know what's going outside the boundaries of their organization. This toughens up the organizational culture, crystallizing processes and practices and making very difficult to implement changes when needed. As a result, this rigidity also affects disadvantaged people who often remain within the organization even after their reintegration program is over.

The obstacles for developing development of more horizontal and democratic style management/governance approaches may be on the one hand related to "cultural" or attitude related problems. As mentioned in Trentino, *cultural change may come only by innovating training processes and the way information are shared*. On the other hand, the *legislative framework may also be an obstacle* for more participative approaches in some countries. As reported in Croatia: "I just wanted to emphasize how many cooperative members have a motive for joining in democratic decision making and management of cooperative. But our legislative framework is very often barrier for cooperative development...so, you can't be member of cooperative and unemployed person which get state subsidy as a support for this situation,



next we decided to be non-profit cooperative, and from that we are not allowed to use support for employing disabled people. I consider this as an absurdity and would like change of it” (p8).

However, while hierarchical managerial models are often quite typical (the prevailing ones, for example, as emphasised in the cases of Trentino and Slovenia), the stakeholders have also noted that non-hierarchical models turned out to be more successful.

At least the cases of Trentino, Croatia and Slovenia (but in a more implicit way, most others as well) thus indicate very clearly that organizational structures of many WISEs have to be reconsidered in order to overcome verticalisation and rigidity. In line with the participatory logic of WISEs emphasised above, it is important to enable participation in decision making and collectively contributing to the social mission of the company and business success.

This is particularly relevant from at least four aspects:

- Maintaining consistency with the central principles of social entrepreneurship, such as democratic leadership and inclusion of all stakeholders in management issues
- Empowering the vulnerable groups through encouraging bottom-up approaches
- Encouraging innovation, flexible thinking, initiatives among all groups of employees, including those from the vulnerable groups
- Encouraging identification of all employees with the common organisational goals.

WISEs are often facing problems in achieving horizontal and participative governance structure, which would be necessary and thus has to be addressed in our joint Strategy, through training and ICT tools that shall be developed.

The latter two aspects are closely linked to certain managerial styles, emphasized in all regions, included in our analysis: identifying with the common goals (“each part of the organization contributes to common goals”) and maintaining flexibility (“organisation adapts to needs and dynamics in each concrete situation”). As indicated by our surveys in Lombardy, Trentino, Slovenia and Croatia, the management style is based on the combination of common goals (as the most typical answer) and flexibility (as the second most typical answer). Only in the Polish case, management style in WISEs is based almost exclusively on high levels of flexibility with the organisations. The comparison is provided in a systematic manner in Table 2.

Table 2: Managerial styles compared

	The most typical managerial style	The second most typical management style
Croatia	Building on common goals	Flexibility
Lombardy	Building on common goals	Flexibility
Poland	Flexibility	None
Slovenia	Building on common goals	Flexibility
Trentino	Building on common goals	Flexibility

The emphasis on the common goals is also reaffirmed in the qualitative part of our research. As mentioned in Slovenia, when employees are pursuing the same goals and are doing their working obligations “with heart”, having a feeling that they contribute something good to society and to themselves, they also achieve better business result.



The need for flexibility, combined with small size may also be a challenge. As emphasized very clearly in Trentino but can be applied to all regions: *Often people inside these organizations stress out the difficulty to be aligned on the expectations around them, operating in constant state of emergency.*

In Poland, participatory style, people-oriented management has been emphasised. It is often poorly formalised or even without formalised organisational rules, direct relationships between employees and the management staff and direct communication. It is essential to create good work atmosphere. The main advantages of such management methods include good contact with employees, openness, trust (facilitating the reporting of problems and the cooperation in solving them) and rapid information flow. However, the applied approach results in problems connected with the overuse of trust by employees, lack of discipline, necessity to supervise employees and difficulties in taking decisions.

On the other hand, relying either primarily on a classical “scientific” management (“Employees are analysed, evaluated and controlled”) or on “laissez faire” management (“people are mostly managed by themselves”) has been clearly rejected in all regions, included in our study. The number of WISEs claiming to use these approaches as their primary managerial style is rather insignificant.

Anyway, due to the strong emphasis on leadership, as a typical feature of WISEs in all our regions, a special attention should be paid to the leadership and top-level managers. While their role is universally of essential significance, they may be heterogeneous throughout the region. As emphasised, for example, by the Lombard stakeholders, many of them are slightly older (i.e. “over 45”), which may imply some “cultural” barriers in adopting the most recent ICT tools. While this should not be generalised, it should also be taken into account in our further actions.

And finally, while dealing with managerial issues, WISE should always keep in mind their basic social entrepreneurship mission. As mentioned in by the Slovenian respondent: *“From the bottom-up and the other way around, we need to get management to want to include vulnerable groups.”* WISEs should see the employment of vulnerable groups as their primary goal, while their products and services they offer are meant to serve the interests of the public, instead of taking the economic interest as their primary goal.

The key conclusions that should be drawn from this chapter in relation to the objectives of our project is the need to encourage more participative and horizontal approaches in WISEs leadership and management and take the WISEs management features into account. On the one hand, this should be linked to the trainings and competence development, which should encourage both entrepreneurial spirit of innovativeness, initiative and flexibility as well as participative and horizontal approaches. On the other hand, this should be also taken into account while developing the ICT tools within the project. It has been demonstrated through extensive previous research that the nature of ICT tools and technology in general strongly affects the managerial styles and the working process [9]. The ICT tools developed within INNO WISE would thus have to take this into account and encourage the participatory and horizontal principles in management and the working process in general.

2.3. Markets and partners

Regarding the existing markets in terms of areas of operation, in Italy, WISEs are in general mostly active in areas like culture, sport and recreation (65%), social assistance and civil protection (9,2%), union and representation (6,1%), religion (4,3%) and health (3,4%), but if we cross the data by legal form we can see that social cooperatives are mostly active in economic and social development (86,1%), social assistance (20,9%) and health (9,4%). From the WISEs included in the survey, the Lombardy Wises are engaged in very diversified production sectors, with the concentration of interest, over the last 10 years, on productive sectors such as:

- Agriculture, 34.2%
- Agro-Food Production, 36.8%
- Food Services, 26.3%

They are confirmed as historical production sectors, then undertaken more than 10 years ago, the Green Management (31.5%), Cleaning and Waste Management (34.2%) as well as other services related to specific sectors such as Education (36.8%). The cooperatives in the Trentino survey are working in the typical fields occupied by the enterprises focused on the work integration for disadvantaged people, such as cleaning and green area services.

In Croatia, the areas of operation are quite diverse. The most represented industry was Training (8 organizations) which encompassed providing various types of business and/or social skill-empowerment trainings for vulnerable and/or non-vulnerable groups. The second most represented categories were Cleaning (5) and providing Food Services (5).

In Slovenia, typical sectors mentioned in the survey included manufacturing, administration and support activities, agriculture, accommodation, food and tourism and education.

The most prevalent areas of operation in the Polish case are food services, cleaning and training.

The typical sectors, where WISE operate throughout our regions, include training, education, food services, cleaning and waste management.

Strong emphasis on education and training, culture, agro-cultural and food related as well as cleaning and environment related activities are common to most of the regions. The overview of the key sectors, where WISEs typically operate, can be found in Table 3.

Table 3: The sectors most common for the WISEs included in our survey

Typical sector	Croatia	Lombardy	Poland	Slovenia	Trentino
Agriculture, agro-food production		+		+	
Training, education	+	+	+	+	
Food services, accommodation, tourism	+	+	+	+	
Cleaning, green area services, waste management	+	+	+		+
Manufacturing				+	
Administrative, support activities				+	

As interviews revealed, the important market advantages of WISEs can be:

- to invest in innovation, creativity and business strategies;
- to provide unique products;
- general orientation of the WISE supporting sustainability aspects of environment and society;
- to address local needs.

In other words, a typical success story of WISEs is based on niche orientation: to uniqueness and innovativeness of their products or services, environmental/sustainability orientations and good understanding of the local needs.



As exemplified by the Slovenia these niche orientations may also be a limitation. They are typically limited to local environments and may even have difficulties assessing the nation-wide markets. Their transnational orientation can be typically developed through the participation in the EU funded projects that also include transnational partnerships. However, they are usually of a rather limited time span. Also, in Poland, most WISEs conduct operations on local markets (56%). 22% operates on the domestic market and 17% of the surveyed organisations operates on the regional market. Only in one case, operations are conducted on the international market. Almost all WISEs have regular clients. Only 10% of the interviewees stated that they did not have clients of such status or were still short of them.

Orientation towards niche markets is a major source of WISEs' success: unique products, meeting local needs and sustainability.

In some cases, like in Slovenia, the companies that employ the disabled, have a significant market advantage based on the quota system. The employers, regardless of their formal status, who do not employ a certain percentage of the disabled within their employees are required to pay additional contributions or to hire a disability enterprise. However, there are also limitations to this solution, first because it excludes other vulnerable groups and secondly because the disability enterprises are not even defined as social enterprises within the Slovenian legal system.

Besides the markets, we also have to consider the ability of WISEs to establish and create different partnerships with other organisations.

According to the survey results, Slovenian, Croatian, Silesian and Lombard WISEs seem to be comparatively successful in cooperating with other organisations in terms of joint projects. All regions thus share a high level of project-oriented partnerships.

On the other hand, WISEs **in all regions** are less likely to collaborate with other WISEs in their own and in the other sectors, engage in international collaboration or work with research centres. Especially the latter two aspects are very weakly developed. This makes transfers of ICT and other technologies as well as social innovations more difficult. Moreover, weak cooperation with international partners may also be related with the predominant orientation towards the local/national markets.

WISEs are typically well experienced in project-based collaboration but they are less likely to engage in collaboration with research centres though this may be highly beneficial in terms of their innovativeness (also seen as a crucial opportunity).

Desires for stronger partnerships can be noticed. A good opportunity can be provided by the aggregation of functions or industrial symbiosis based on the cooperation with commercial enterprises in terms of smart specialization.

These findings are relevant while considering the **marketing and collaboration ICT tools**. They should be designed to, on the one hand, to enable WISE to stay strongly in touch with their local environments, while at the same time encourage and enable them to work with a broader range of partners (and perhaps also markets). Moreover, trainings encouraging collaboration with a broad range of partners, including the research centres and international partners, would be useful.

2.4. Development of the key organisational features and skills of WISEs

In the survey, the respondents evaluated how much their WISEs were characterised by certain features related to organisation, management, learning, knowledge, administrative and financial skills on the scales from 1 (not at all) to 4 (very much).

Croatian WISEs report about relatively effective team work, efficient HRM, efficient work organization and familiarity with legal regulations. Self-initiative is weaker but still emphasized in most WISEs.

Polish (Silesian) WISEs emphasize their effectiveness in team work, efficient HRM and efficient work organization. They also added their capability to implement changes quickly, which is in line with their emphasis on flexibility. Mostly, they also have no major problems with financial management, while a more significant part has problems with understanding the legal regulations. Self-initiative is weaker but still emphasized in most WISEs.

Lombard WISEs emphasize their effective team work together with good administrative skills, while they also add efficient work organization and effective HRM. They are also quite satisfied with financial management. On the other hand, they report comparative lack of self-initiative and lack of familiarity with financial regulations. The situation in Trentino is rather similar.

Slovenian WISEs are satisfied with their efficient work organization, financial management, effective team work, good administrative skills, successful fundraising and efficient HRM and high levels of self-initiative. They are less satisfied with the ability to implement change.

Effective team work and efficient human resource management are a strong point of most WISEs in all our regions. Except in Poland, WISEs are less satisfied with their abilities to implement change quickly.

A simplified comparative perspective is presented in Table 4.

Table 4: The WISEs' organisational features in a comparative perspective

Developed organisational features of WISEs	Croatia	Italy	Poland	Slovenia
Effective team work	++	++	++	++
Efficient HRM	++	++	++	++
Effective work organisation	++		++	++
Familiarity with legal regulation	++		+	
Self-initiative	+	-	+	++
Capability to implement change quickly			++	-
Financial management		+	+	++
Good administrative skills		++		++
Successful fundraising				++

It may be concluded that team work is an important WISEs' asset in all regions. Most often they are also satisfied with work organization and HRM.



The features also differ from one sector to another. This may be illustrated by the cases of Poland and Slovenia.

In **Poland**, “effective team work” is a major asset regardless of the area. Such a result is compliant with the results obtained for all surveyed WISEs. Organisations operating in training are characterised mainly by “lifelong learning”, “capability of quick implementation of changes”, “efficient work organisation”, “familiarity with legal regulations”, “good administrative skills” and “successful fund raising”. Organisations operating in cleaning are characterised by “efficient work organization” and “high level of self-initiative”. Organisations operating in food services are characterised by “efficient work organization”, “lifelong learning”, “capability of quick implementation of changes”, “high level of self-initiative”, but they are not strongly developed. It should be also noted that in relation to each feature, the rates concerning WISEs operating in this sector are lower than average rate values of all surveyed WISEs.

In Slovenia, agricultural WISEs are more satisfied with their abilities to cooperate with their partners but less so with their organizational features. In the field of education, self-initiative is seen as the most developed and similar is also true for the effective team work. The WISEs in food services, accommodation and tourism are the most highly satisfied with their life-long learning, English proficiency skills and good administrative skills.

It may be observed that the sectorial differences are higher in the Slovenian than in the Polish (Silesian) case.

Generally speaking, we may also note that - despite some exceptions, linked for example to the field of tourism - weak language skills may be another WISEs liability. This may be especially a problem while dealing with international cooperation, working with foreign partners and trying to enter international markets. Trainings and ICT solutions should take this into account.

With minor sectorial and regional exceptions, the lack of English and other foreign language proficiency is a problem. ICT solutions and trainings should thus be provided in the national languages whenever possible to make them more accessible and user friendly for the WISEs.

2.5. Competences of the vulnerable groups in WISEs

We can distinguish between the general competences possessed and required by the vulnerable groups employed by WISE and, on the other hand, competences required by WISEs as such to be able to operate properly. In this section, we focus on the former. The latter have been partially discussed above, especially in section 2.4. When linked to the ICT tools, they will be discussed further in the chapter 3 on *Technology, Tools and the Related Competences*.

The regional surveys indicated quite clear common points regarding the competences of the vulnerable groups within the WISEs.

Capacity for additional training is seen as the most relevant one in Trentino and Croatia. It is followed by communication skills in maternal language combined with the ability of interpersonal communication in a proper linguistic form and mode. Digital literacy is only listed in the third place.

In Lombardy, Slovenia and Poland-Silesia, maternal language communication is seen as the priority, followed by the capacity for additional training and digital literacy. The WISEs from Lombardy mention that disadvantaged workers are all employed in operational roles: communication and the skill to understand the instructions for work are essential. The Polish survey, for example, also indicate major differences between the sectors in some regards. As an example: in the WISE carrying out operations in the market of manufactured foods, competences in the scope of using computer and web (digital literacy) were assessed

as “completely irrelevant” (1), and in the WISE operating in the area of culture and food services the same competences were assessed as “very relevant” (5).

Overall, the regional patterns are quite similar. Digital literacy is seen as relevant, but it is positioned on the third place in all our regions.

Interpersonal communication in maternal language is seen as the most relevant in Lombardy, Poland and Slovenia. Croatia and Trentino, on the other hand, prioritise capability for additional training, which comes second in the other regions.

A comparison between the regions with the ranking competences of the vulnerable groups in terms of their evaluated relevance is provided in Table 5.

Table 5: Rankings of the most relevant competences of the vulnerable groups

Relevance of the competences of the vulnerable groups - ranked in terms of how much they are emphasised	Croatia	Lombardy	Poland	Slovenia	Trentino
Communication in maternal language with interpersonal communication in a proper linguistic form and mode	2 nd	1 st	1 st	1 st	2 nd
Capability for additional training	1 st	2 nd	2 nd	2 nd	1 st
Digital literacy (using computer and web)	3 rd	3 rd	3 rd	3 rd	3 rd
Communication in foreign languages and intercultural understanding					
Mathematical competences, including calculation, logic and spatial skills					

Further, we need to compare these findings with the levels of actual development of these competences among the vulnerable groups.

In Lombardy, maternal language communication skills and capacity for additional training are also quite well developed. Digital literacy, on the other hand, is rather weak. A similar situation can be noticed for Trentino.

Also, in Poland-Silesia, the highest rate is attributed to the development of competence in the scope of communication in maternal language and interpersonal communication in a proper linguistic form and mode. This is followed by digital literacy and capacity for additional training.

In Slovenia, the rankings regarding the development of competences correspond to their relevance, with communication in maternal language as the most developed, followed by capacity for additional training and digital literacy. However, the development of these competences lags behind their relevance, which is especially stressed in the case of capacities for additional training.

In Croatia, within the category of skills reported as “very relevant” the most represented skill was the ability to communicate in maternal language and interpersonal communication in a proper linguistic form and mode (3). Overall, the most represented categories (11) were the ability to communicate in maternal language

and interpersonal communication in a proper linguistic form and mode as well as the calculation, logic and spatial skills. Average levels of digital literacy development are reported.

As it was also stated in Croatia during the stakeholders' meeting: perhaps from the fact that most organisation work with disabled persons most relevant skills needed to be improved in their organisation were the ability to communicate in maternal language and interpersonal communication in a proper linguistic form and mode, and the calculation, logic and spatial skills. WISEs in the research as the most represented features of their organisation assigned good administrative skills and regular additional trainings as well as the other foreign languages proficiency.

The levels of development of vulnerable groups' competences mostly correspond to their rankings in terms of priorities. However, the levels of development typically lag behind the levels or relevance, which implies further space for improvements.

A comparison between the regions with the ranking competences of the vulnerable groups in terms of their evaluated development is provided in Table 6.

Table 6: Rankings of the most developed competences of the vulnerable groups

Development of the competences of the vulnerable groups - ranked in terms of how much they are emphasised	Croatia	Lombardy	Poland	Slovenia	Trentino
Communication in maternal language with interpersonal communication in a proper linguistic form and mode	1 st	1 st	1 st	1 st	2 nd
Capability for additional training	2 nd	2 nd	3 rd	2 nd	1 st
Digital literacy (using computer and web)	3 rd	3 rd	2 nd	3 rd	3 rd
Communication in foreign languages and intercultural understanding					
Mathematical competences, including calculation, logic and spatial skills					

In general, the comparisons between the requirements and the levels of developed competences indicate the need for further competences development, especially in the fields of gaining additional learning capacities and increasing digital literacy.

Digital literacy and additional training capabilities of the vulnerable groups are seen as relevant but mostly as secondary when compared to basic interpersonal communication skills. Taking this into account our ICT solutions should not be overly demanding in terms of digital skills.

3. Technology, tools and related competences

Based on our surveys and interviews, the ICT, most typically known and used by WISEs, covers the following aspects:

- Management and leadership ICT tools that include:
 - Office managements tools, including word processors, spreadsheets, e-mail and similar software
 - Financial management tools
- Collaboration tools, especially for internal collaboration
- Among the marketing related tools, the ones for communication with customers are most broadly used.

Interviews also indicate that there are substantial differences between WISE regarding the extend, to which the ICT are used in working environment. We can distinguish between two groups of WISEs:

- the ones who support ICT and encourage implementation of ICT into different areas of working process. They are following ICT trends
- the ones who do not see important advantages in ICT tools. This can be either because there is a substantial lack of awareness among their managers what actually exists and what are the benefits of ICT, or because they consider their work to be too simple to acquire such tools. The latter is especially associated with vulnerable groups.

The tasks performed by vulnerable groups are often considered as too simple to imply the use of ICT tools. However, experience also indicate that both vulnerable groups and productivity of the WISE may benefit significantly when vulnerable groups apply properly adapted ICT tools.

In the first group, there are different ICT tools they use. For instance:

- ICT for archiving
- ICT for accounting
- ICT for managing projects
- ICT for support and production
- ICT for logistic
- ICT for commerce.

All WISEs nevertheless use at least some tools for networking, such as Google docs, Dropbox, on-line shops, etc., and for marketing, mostly using Facebook, but also skype, Viber, chat rooms. In Table 7, we present at the most general level a brief comparative overview on the ICT tools that are used or needed within the WISEs and the related skills and competences.



Table 7: ICT tools in general: uses, needs, skills and competences

ICT in general	tools used at the moment	specific needs	DETAIL on SKILLS and COMPETENCES	Detail on tool	Target
Italy - Lombardy region	Management tools specially-made on single specific cooperatives needs.	n/a	Tools to easy learning which can be used by more people Diversified training levels and digital use among social enterprises and users.	Tools to manage product orders (income and outflows - e.g. products collected in fields)	n/a
Italy - Trentino region	Office suite	Collect more data, Enhance productivity	Digital competences, Automation	Big Data architecture, Cloud storage	Executives, All
Slovenia	Birokrat, Control plus, Google analytics, Team weaver, Squadmail, WoCommerce, google docs, office, Adwords, skype, FB, Twitter	knowledge on existing ICT and how to use it, disastrous ICT supply in Slovenia	ICT tools for: business planning / financial management / e-administration / e-advertising / e-commerce / logistics (stock management, distribution) / HRM / CRM	Information on available ICT tools / Adaptation of ICT tools to specific needs	Management and disadvantaged groups
Croatia					
Poland	n/a	Project management skills	n/a	MS Project, software for movies processing for advertisement in social media, internet (FB, web pages, youtube etc.); Adobe - full version; MS Office - more advances skills	

The ICT tools mentioned as the most typically used are quite diversified. They mention either some general ICT tools, used in management, collaboration and marketing such as Office Suite (Trentino), Control plus, Google analytics, Team weaver, Squadmail, WoCommerce, google docs, office, Adwords, skype, FB, Twitter, or locally developed Birokrat (Slovenia) or management tools specially-made on single specific cooperatives needs (Lombardy).

Regarding the typical needs, WISEs in Lombardy would need the tools to manage product orders. In Trentino they mention big data architecture in order to collect more data. They would also like to enhance productivity and improve working with cloud storage. The Polish WISEs would focus on project management skills, which would correspond to the wish to use MS Project. In addition, they mention software for movies



processing for advertising purposes in the social media and the full version of Adobe. In Slovenia, the need for both better knowledge and better supply of ICT tools is emphasised, as well as the need to adapt the ICT for specific needs.

Regarding the corresponding competences and skills, the need for more advanced skills related to MS Office is mentioned in Poland. In Slovenia, they would like to develop competences regarding the ICT tools for business planning, financial management, e-administration, e-advertising, e-commerce, logistics, HRM and CRM. Digital competences and automation in general terms are mentioned in Trentino, while in Lombardy, they need tools that enable easy learning, can be used by very diversified categories at different training levels.

Both managements and vulnerable groups are to be targeted. In Trentino, all employees are mentioned as a target group.

3.1. Management and leadership ICT (Leadership, HR management, financial management)

The most broadly used management, leadership, HRM and financial management ICT tools are

- In Croatia: office automation, financial management tools, collaboration tools for internal collaboration
- In Lombardy: office automation, document management tools, collaboration tools for internal collaboration
- In Poland: office automation, financial management tools
- In Slovenia: office automation, document management and financial management tools
- In Trentino: office automation, document management tools, HRM tools

The management, leadership, HR and financial management ICT tools that are recognised as needed, but are not available, are:

- In Croatia: HRM tools, e-learning tools, project management tools, evaluation, workflow management, document management
- In Lombardy: project management tools
- In Poland: project management tools, HRM tools, e-learning tools, workflow management, document management tools
- In Slovenia: evaluation tools, project management tools, e-learning, workflow management, collaboration tools with external partners
- In Trentino: workflow, financial management, collaboration (internal & external)

The comparative perspective regarding the availability and needs is presented in a simplified and schematic manner in Table 8.

Table 8: Availability and needs for the management and leadership related ICT tools

Available (and used) and needed (but not available management and leadership ICT tools)	Croatia	Lombardy	Poland	Slovenia	Trentino
HRM tools	Needed				Available
Evaluation tools	Needed		Needed	Needed	
Project management tools	Needed	Needed	Needed	Needed	
Collaboration tools - for internal collaboration	Available	Available			Needed
Collaboration tools - for work with external partners				Needed	Needed
Office automation tools (word processors, spreadsheets, e-mail, etc.)	Available	Available	Available	Available	Available
Financial management tools	Available		Available	Available	Needed
Workflow management tools	Needed		Needed	Needed	Needed
E-learning tools	Needed		Needed	Needed	
Document management tools	Needed	Available	Needed	Available	Available

To sum up, we can see WISE typically have no problems with (at least the basic) office automation tools. They use them most frequently and similarly can also be claimed for the document management tools and financial management tools.

WISEs tend to use office automation ICT tools, document management tools and financial management tools very frequently and without major problems.

What they typically require but lack according to the survey, are project management tools (mentioned very frequently in all regions except Trentino) and workflow management tools (mentioned very frequently in all regions except Lombardy).

Project management ICT tools and workflow management tools are seen as the most needed.

We may also notice some cases when regions might complement each other: document management tools are clearly seen as very important in all regions: but they are in broad use in Italy and Slovenia but recognised as needed but unavailable in Croatia and Poland. While internal collaboration tools are available and used in Croatia and Lombardy, WISEs in Trentino are missing them. Financial management tools are available in Croatia, Poland and Slovenia but needed in Trentino. In this regard, WISEs from different regions could learn from each other in these regards.

Some clear deficits, however, can be observed in evaluation, e-learning and collaboration with external partners. The tools for these tasks are rarely used by often required despite being unavailable.



We should also consider evaluation, e-learning and external collaboration ICT tools as they are often perceived as needed but quite rarely available.

More detailed investigation combined with the interviews and stakeholders workshops allows us to combine a clearer specification of the tools that are used with the corresponding needs, skills and competences. The comparative information is specified in Tables 9-11.

Table 9 presents the Management and leadership ICT tools in general.

Typical ICT tools used for management and leadership in general are Office (mentioned in Lombardy and Slovenia), Office Suite (Trentino), e-mail programmes (Lombardy, Trentino), smartphones (Trentino), Google Docs, Dropbox and a project management tool and Vasco (Slovenia).

In terms of specific needs, WISEs in Lombardy mention the cultural aspects, i.e. to encourage people for better understanding and using technologies.

The cultural aspects in terms of “life-long learning mind-set are also emphasised in **Trentino**, where they would also like to encourage performance culture and flexibility. They relate this directly to the desired ICT tools, which should be oriented towards performance measurement, data sharing and team work efficiency. The corresponding software would include a time tracker, Team Chat, Workflow manager, Task Manager and PM software.

This is also close to the Slovenian considerations to use ICT for optimisation of the working process and develop competences in this regard. The required competences on this basis would imply business planning and management, project management, sales network and low costs premises. Related to the tools they suggest the combination of supervision, training and internship in business.

In Poland, almost all WISEs run their own websites and profiles in social networks as well as they use the Internet for communication and promotion. However, only some organisations make use of free-of-charge tools and systems available on the Internet, which support the management of their organisations. Almost all interviewees in Poland believe that it is worth investing in new technologies. 74% of them reports the needs for additional knowledge, skills and competences connected with this aspect

A need to balance business aspects with the social ones (which includes higher involvement of the employees that can be linked to the horizontal principles stressed above) are emphasised by the stakeholders from Poland and Lombardy. There is a clear emphasis in the latter case on encouraging change in the management and developing both digital and entrepreneurial skills.

While developing ICT tools and competences, the emphasis should be on the entrepreneurial aspects of work optimisation, flexibility and high performance - but combined with the social aspects, especially in terms of truly involving the vulnerable groups in the WISEs.

The identified targets are typically top and middle management. As noted in the Lombard and the Polish case the WISE managers are usually characterised by the lack of time, poor English language proficiency and lack of financial resources. E-learning is seen as practical for them. Besides the managers, Slovenian stakeholders have also identified local authorities and business support organisations as relevant targets.

Table 9: Management and leadership ICT tools

Management and Leadership	Tools used at the moment	specific needs	DETAIL on SKILLS and COMPETENCES	Detail on tool	Target
Italy - Lombardy	Office, e-mail	Cultural aspect: technology facilitator inside the enterprise to create the need to use technology	Business Background + Social Behaviour Empathy on social needs / Decision making process involving Employers Leadership applied to WISEs -> how to motivate/involve Employees -> How to communicate the Enterprise to Employees 1. Change management (both for leaders and employers?) 2. Digital Skills 3. Entrepreneurial Skills/Enterprise-goals oriented / Enterprise knowledge to understand how to use ICT tools (Development Plan creation?)		PRESIDENT/HIGH LEVEL MANAGERS/HIGH LEVEL No time No English Not enough money OK e-learning
Italy - Trentino	Office suite, Mail, Smartphones	KPIs measurement, Performance management, Data sharing, Team work efficiency	Performance culture, Flexibility, Life-long learning mind-set	Time tracker, Team chat, Workflow manager, Task manager, PM software	Executives and middle managers to track progress
Slovenia	google docs, office, dropbox, tool for managing projects, Vasco	need for ICT for optimizing working process - lack of knowledge what exists and what to choose in that regard	Business planning and management/ Project Management/Sales network / Low cost premises	Training / Supervision / Internship in business companies / Networking	Management / Local authorities / Business support organisations
Croatia					
Poland	n/a	systems to manage production (in case of delivering products not services)	Business Background + Social Behaviour	ERP (version needs to be adopted to the specific needs of WISEs)	PRESIDENT/HIGH LEVEL MANAGERS/HIGH LEVEL No time No English Not enough money OK e-learning



The ICT tools used by WISEs for human resources management include Zucchetti (Lombardy and Trentino), Gecos (Lombardy) and Stir (Trentino). A specific application Still has been developed for the use by the cooperatives (Lombardy). More general tools are also applied for these specific purposes, such as Excel sheets from MS Office (Lombardy and Slovenia), Google Docs and Dropbox (Slovenia). Interesting hardware solutions are also used in Slovenia: they include using tablets to record presence at work and special vibrating bracelets for the deaf employees.

ICT solutions can be perfectly adapted to work with the persons with different disabilities. For example, vibrating bracelets are used by the deaf employees in Slovenia.

Regarding the specific needs, working hours scheduling is mentioned in Poland and Lombardy. Both in Poland and Slovenia, the issue of finding the disadvantaged groups that could be employed is emphasised. For this purpose, a portal or application for finding disadvantaged groups with special skills is suggested. Moreover, it could be combined with the tools that would enable integration of disadvantaged groups into the working processes. The HRM field is also seen from the perspective of additional training, as emphasised in Trentino: with the idea to encourage digital and soft skills and develop a sharing culture. These goals can be manageable through a peer learning platform that is suggested. This can also be linked to the idea, emphasised in Slovenia, to engage young researchers and experts. Regarding the competences, in Lombardy and Poland, the “how-to” approach in a social perspective is emphasized. In Lombardy, employees’ development plans are suggested together with diversified HRM according to specific needs.

It may be noted that the following aspects of HRM are especially emphasised both in term of ICT tools and the corresponding competences and skills:

- Adaptation to the specific needs of the disadvantaged groups employed by the WISEs both in terms of ICT solutions and training
- ICT tools enabling the search for the disadvantaged groups, their integration into the working process and professional development
- Encouraging peer-to-peer learning with the proper ICT tools, while emphasising digital and soft skills, as well as the sharing culture
- Schedule the working processes of the employees linked to different projects in the most optimal possible way.

“Hard” technological skills in terms of the technical ability to use particular ICT tools, should be combined with the “soft” cultural skills, including the sharing culture.

In Lombardy, the HRM aspect is also linked to the financial one. The need for the tools providing financial statements is thus mentioned.

In Lombardy and Poland, higher levels of management are suggested as the key target. In Trentino, all employees should be targeted but with the special focus on the HR managers. Management in general and an additional focus on the vulnerable groups is suggested in Slovenia.



Table 10: HR management ICT tools

HR Management	tools used at the moment	specific needs	DETAIL on SKILLS and COMPETENCES	Detail on tool	Target
Italy - Lombardy region	Management Tool: Zucchetti, Gecos; Office (Excel Sheets), management tools specially-made on specific needs by cooperatives/specific app, Still.	Financial statements - cost centres management (final balance and evaluation > financial statement)	"how to" with a social perspective: 1. People knowledge to understand how to build an employment plan/employees development 2. Diversified HR management according to specific needs/attitudes 3. Employees Social needs/attitudes 4. HR management on a quality level (HR selection process/skill management/training process)	Data entry on users activities with the aim of manage available HR time on more than a project.	High level
Italy - Trentino region	Payroll Disbursement softwares: Zucchetti Stir,	Formation on digital and soft skills	Will to learn new things, Sharing culture, Soft Skills	Peer learning platform	HR manager, All
Slovenia	google docs, office, Dropbox, using phone or tablets to record presence on work, deaf employees employed - they use vibrating bracelet	portal or application for finding disadvantaged groups with special skills, - need for a tool - integration of disadvantaged groups into the working process	Communication skills for management / Communication skills for disadvantaged groups (communication with clients, communication among employees) / Motivation of disadvantaged groups and their personal	Training / Involvement of young researchers / Involvement of experts	Management / Disadvantaged groups
Croatia					
Poland	n/a	working hours scheduling	"how to" with a social perspective	Where to get people	High level

Table 11: Financial management ICT tools

Financial	Tools used at the moment	Specific needs	DETAIL on SKILLS and COMPETENCES	Detail on tool	Target
Italy - Lombardy region	B.point Management Tool/Mydonor/ Office (Excel Sheets)	Less public market - less fund resources. Need to invest its own economic resources	Time sheet management in small operative centres, far from headquarter	n/a	n/a
Italy - Trentino region	Accounting software	Access to credit and new financial instruments	Financial education and usable information	Marketplace for dedicated financial services	Executives, Accountants, Administrative
Slovenia	Birokrat/often external service		Obtaining information on financial resources / Projects preparation / Support in applications to national and EU funds / Financial and accounting skills/ training in public procurement (to educate staff from public institutions how to prepare public procurement in such a way that social enterprises can apply / educate social enterprises how to apply for such public procurement) / information about financial resources - it can be a TOOL on that	Training with practical examples / Involvement of experts	Management / National and local authorities / Social business support organisations
Croatia					
Poland	software for book keeping, invoicing (in case that accountancy is not outsourced)	project management skills	n/a	MS Project, software for movies processing for advertisement in social media, internet (FB, web pages, youtube etc.); Adobe - full version; MS office - more advances skills	n/a



The accounting aspects of financial management are often outsourced by WISEs, which is quite obvious due to their small size, especially in Slovenia and Poland. Where this is not outsourced, specialised software for bookkeeping and accounting is typical in Lombardy (B.point management tool), Trentino and Slovenia (Birokrat ICT tool). General purpose ICT tools, such as Excel spreadsheets can also be adapted for this purpose (Lombardy). Lombard WISE also mention the use of a portal related to fundraising (Mydonor). In this field, the emphasis is not so much on the ICT tools (which seem to be available to quite a significant extend as noted above) but more on skills, competences and the related training. WISEs would thus need to be able to:

- Obtain better financial education (Trentino and Slovenia)
- Establish time sheet management in small operative centres, away from the headquarters, i.e. in a more decentralised way (Lombardy)
- Learn about obtaining additional financial resources both from the market (Lombardy) and from different projects (including the EU funding and the national public procurements) (Slovenia).

The development of competences and the availability of the information on where and how to obtain the funding and, on the other hand, be successful on the market, are the key aspects related to financial management.

It is also suggested in Slovenia that the staff in the public institutions learn how to prepare the public procurements also in way that would fit the WISEs. This kind of training would also target national and local authorities and social business support organisations. Other types of trainings suggested would be targeted to WISEs' management, executives, accountants and administrative staff (Trentino and Slovenia).

Information on the potential financial resources, obtainable by WISEs could also be provided through an ICT tool as suggested in Slovenia.

3.2. Marketing, services and products

The most broadly used marketing, services and product related ICT tools are

- Croatia: tools for communication with customers, promotional support tools, product design tools
- Lombardy: collaboration tools, product design and production/service support tools
- Poland: collaboration tools, tools for communication with customers, production/service support tools
- Slovenia: tools for communication with customers, promotional support tools, product design tools
- Trentino: collaboration tools, tools for communication with customers, production/service support tools.

The marketing, services and products related ICT tools that are recognised as needed, but are not available, are:

- Croatia: e-commerce tools, collaboration tools, product design tools
- Lombardy: e-commerce, tools for communication with customers, promotional support tools, product design tools
- Poland: promotional support tools, product design tools
- Slovenia: e-commerce tools, promotional support tools, unspecified production/service support tools



- Trentino: e-commerce tools, product design tools

We may notice that tools for communication with customers and collaboration tools are most broadly used throughout all the regions included in our analysis. On the other hand, the most typical deficiencies can be found in e-commerce tools. The situation is rather diverse and - with the exception of the e-commerce ICT tools, which are typically both absent and needed throughout our regions - WISEs from different regions could learn from each other on the availability and use of different tools.

The need for e-commerce ICT tools is a clear common point, shared among our regions.

A simplified overview is presented in Table 12.

Table 12: Availability and needs for marketing, service and product related ICT tools

Available (and used) and needed (but not available management and leadership ICT tools)	Croatia	Lombardy	Poland	Slovenia	Trentino
Tools for communication with customers	Available	Needed	Available	Available	Available
Promotional support tools	Available	Needed	Needed	Available / Needed	
E-commerce tools	Needed	Needed		Needed	Needed
Collaboration tools	Needed	Available	Available		Available
Product design tools	Available	Available	Needed	Available	Needed
Product / service support tools	Needed	Available	Available	Needed	Available

More detailed investigation combined with the interviews and stakeholders' workshops allows us to combine a clearer specification of the tools that are used with the corresponding needs, skills and competences. The comparative information is specified in Table 13.

Table 13: Marketing and promotional support ICT tools

Marketing	tools used at the moment	specific needs	DETAIL on SKILLS and COMPETENCES	Detail on tool	Target
Italy - Lombardy region	Press Office/ Corporate (Social) Responsibility Report/ Brochures/Social Media (Facebook website and newsletter)	Fringe benefits - marketing dedicated to "social" field (storytelling: what to underline? Can we talk about the social mission? It is important to go beyond the fact of working with a social aim; it is important to raise awareness on social topics.) Sharing information	Communication/ dissemination to stakeholder -> How to communicate the Enterprise in order to be recognised as a real "ENTERPRISE" Financial resources management linked to fundraising activities.	n/a	High level
Italy - Trentino region	Web, Social, Newsletter	CRM, Network maintenance and Community building	Digital Marketing, Storytelling, Web analytics, Graphic Design	CRM platforms, SMM dashboards, Ecommerce websites	Marketing Specialists, Communication Manager, Sales manager
Slovenia	AdWords, skype, FB, Twitter, Viber, Squad mail	lack of knowledge for supporting products and services	ICT tools for: business planning / financial management / e-administration / e-advertising / e-commerce / logistics (stock management, distribution) / HRM / CRM	Information on available ICT tools / Adaptation of ICT tools to specific needs	Management and disadvantaged groups
Croatia					
Poland	CRM (there are some examples of usage, but not many)	management of customer contacts / communication	Communication/ dissemination to stakeholder -> How to communicate the Enterprise in order to be recognised as a real "ENTERPRISE"	CRM (version needs to be adopted to the specific needs of WISEs)	High level



Social media, such as Facebook and Twitter, are typically used in most of the regions (Lombardy, Trentino, Slovenia), combined with communication tools like Skype and Viber (Slovenia). In addition, Press Office is used in Lombardy, AdWords and Squad mail in Slovenia. Brochures and newsletters are mentioned in Trentino and Lombardy. In addition, issuing a Social Responsibility Report is typical for Lombard WISEs. Specialised customer relations management (CRM) tools are used in some cases in Poland but this is not very common.

The need for CRM tools can be noticed both in Poland and Trentino. However, the existing CRM tools should be adopted to the needs of WISEs, as noted in Slovenian and Poland. Besides the CRM platforms, SMM dashboards and E-commerce websites are also suggested in Trentino.

The lack of knowledge about the supporting products and services is also a major issue. As suggested by the Slovenian case, significant additional competences would be required to deal with the ICT tools in the fields of planning, e-advertising, e-commerce, logistics (including stock management and distribution) and CRM. In Trentino, the need for additional skills linked to digital marketing, web analytics and graphic design would be needed.

Competences and skills regarding the digital marketing tools seem to be rather weak.
Moreover, the existing CRM tools are not sufficiently adapted for the WISEs needs.

Major competences should be developed in the field of communication with different stakeholders. The enterprises should communicate in a way to be “recognised as a real enterprise” (Poland, Lombardy). Communication skills can also be linked to fundraising activities. Storytelling is recognised as a promising communication strategy in Trentino and Lombardy. This can be used not only to emphasise the social aims of the WISEs but also to raise awareness on the social topics among the stakeholders and the general public. The permanent nature of the communication is also emphasised - networks should be maintained and communities built in this regard.

Storytelling can be a very efficient communication strategy, especially when WISEs are able to cooperate, build and maintain networks and communities, encouraging the broader and deeper awareness regarding the social topics.

In terms of targets, we can observe some variation among the regions. In Lombardy and Poland, a more top-down approach seems to be advocated, focusing on the top-levels of the organisations. Combination between targeting both management and the disadvantaged groups is suggested in Slovenia. In Trentino, instead, there is a focus on the more specialised personnel: marketing specialists, communication managers and sales managers. Perhaps all of the three targeting approaches may be combined.



3.3. Some key findings

Based on the in-depth studies, including the surveys, interviews and stakeholders' meetings, we have been able to identify the tools that are recognised by WISEs as needed but not available, but also the tools that are quite commonly unknown to WISEs.

At least in principle, digitalization is perceived as important. As mentioned by the Slovenian WISEs but clearly with a much broader relevance: "Digitization leads to process optimization, which in turn leads to market advantages." The ideal situation would be for the digitalisation to encompass all activities of the organisation: "What we should do, is digitize the whole process, from client to service provider." This belief has been confirmed by the cases of good practices. The WISEs, which are successful typically have well developed ICT tools, properly adapted to their needs, and the competences to deal with them.

However, the gap between some cases of outstandingly good practices and the overall situation is still significant. There may be even interesting paradoxes, as illustrated very well by the study in Trentino but can be applied to other regions as well. According to survey, most of the organizations (67 %) perceived their tools to be "up to date, even in the world-wide terms". On the other hand, as it turns out, most of them have no online presence at all, or, as emerged from the interviews, use phone and mail to manage internal and external communications, don not use workflow management tools and do not use cloud storage for their data.

Some of these results are quite striking when we compare these tools and standards with the state of the art of the more modern organizations, such as start-ups or digital companies, where there is a large use of CRM platforms, cloud storage technology, or group chats. They are able to integrate different tools to manage tasks and deadlines, which are already available (such as Slack, Basecamp, Trello and others). This can be seen as a clear indication of the lack of knowledge about the possibilities offered by today's technologies.

It has thus become clear that the major obstacle in integrating ICT in the WISEs working processes and performance is the lack of knowledge and awareness what to use and the difficulties in deciding what ICT to use: i.e. which one is the best in terms of optimal results.

This can also be illustrated by a quotation from Slovenia, which also fits the patterns observed in other regions: "Many interesting thing have been said, and while advanced technology might make work easier, people used to get by without it just fine. It's also getting increasingly difficult to use. I'm from a generation that did not grow up with computers, so I find it hard to understand and I keep asking myself who else is involved with it that I can't see. (anecdote omitted) I believe the answer to most problems outlined today lies in communication."

Small size of the organisations, the profiles of their management, the lack of staff, the permanent "states of emergency" and other factors may represent serious limitations in terms of competences, skills and financial resources needed to obtain optimal ICT solutions. As noted in Trentino, the reason for the lack of knowledge may be in the lack of time to dig deep in these topics and "update" the organizational culture, because there's always an emergency, a deadline to meet, some more urgent daily issues related to survival.

Although we should not underestimate the financial obstacles, the knowledge about the available ICT tools and the lack of skills to use them remains the key challenge.

This may be a serious problem that can generate viscous circles: daily challenges are more time consuming because of the lack of proper ICT solutions - but since they are so time consuming, the possibilities to learn about the proper ICT solutions and implement them in an optimal way becomes even more distant. Breaking



this vicious circle and transforming it into a virtuous circle, where good ICT solutions simplify the working process and enable new, even better ICT solutions, would be a major challenge.

However, we should also not ignore the financial obstacles. The search for proper ICT solutions has also been linked to the major problem of affordability related to the costs that are often high, making the decisions, on which ICT tools to acquire, even more difficult or even virtually impossible.

For this purpose, partnerships can be a good option. As suggested by a Slovenian WISE representative: “We’ve always wanted to be a partner in developing new technologies, since that is my personal area of interest. If you manage to get a good partner that works with various target groups, that’s a situation where you have the potential to implement new business models and implement new tools.”

This is linked to a suggestion to establish better connections between social enterprises and work process innovators. It is argued that social enterprises, which focus on rehabilitation, are the most able to provide an inclusive, stress-free environment and at the same time prove that a specific technology reduces workloads.

This is linked to the fact that the use of ICT tools is not only relevant for WISEs in terms of competing with other companies but can also provide a special added value to them. It is particularly significant that they work with vulnerable groups, typically including the employees with special needs, which makes the ICT tools, when properly applied and/or adapted, even more important.

A Slovenian WISE representative thus claims that “when a technology is used, we’re actually the first to be able to confirm whether it’s user-friendly or not, since we have process skills, people skills that are not machine-based. If we’re made partners and can access these digital tools, we can ensure that the end product is widely accessible and that makes us a good choice for testing.”

ICT tools can be even more significant for WISEs than for companies in general. There are situations when only the application of the ICT tools enables a proper work integration of people, especially those with particular types of disabilities.

Due to the special needs of some deprived groups ICT is essential: “We couldn’t function without it. Deliveries, coding, control, inventory...Without digitization, a DTE is rarely effective, regardless of specific disability. Blindness, deafness, autism-every individual requires specific technological adaptations. Managing without using ICT is simply not possible.”

4. SYNTHESIS OF THE RESULTS AND SOME SUGGESTIONS

This synthesis is prepared not in order to summarise all the findings but more to provide those aspects of synthesis that can be considered as the most relevant for the further work with WISE within our project.

Regarding the legal framework and their environments, we should be particularly aware of the following problems:

- There is no clear or too wide definition of the WISEs in the legislation; they often take too many legal forms.
- Legislation often provides neither proper definitions nor proper answers to the actual challenges. It can also be an administrative obstacle.
- There is a lack of network or institutions with enough capacity for wider and deeper support for WISEs development. In Slovenia there is a ŠENT and in Croatia there is ACT Group as consortium of social economy actors/enterprises taking care for relevant lists or register about WISEs. However, the cooperation is not sufficiently intensive.

Regarding the WISEs themselves, we may note:

- Especially in Slovenia, Croatia and Poland it has become clear that WISEs sector is still not developed very well, meaning that most of WISEs are really small (typically micro) companies, with many organizational deficits.
- Their main problem for WISEs those countries at the moment, is to ensure budget for paying staff salaries, which means that any other costs items are usually limited. They usually have almost no budget for investments for tools, technologies or trainings supporting their everyday operation.
- Since they are usually in the early phase of development - their readiness to absorb and use more advanced technologies is very much limited, and tools cannot be considered as highly developed. They often lack a knowledge what exists and how to use ICT tools.
- There is a clear need for new competences inside the organizations to enhance innovation.

The existing debates, especially within the stakeholders' workshops, have already provided some valuable suggestions, which include:

- Encouraging and enabling online presence and digital marketing of WISEs as an important driver of growth, also crucial to expand the network and enter new markets by involving the whole community and helping to create and manage broader networks of stakeholders.
- Communicating the social topics and the relevance of WISEs from this perspective by storytelling techniques, by building and maintaining on-line (and consequently also off-line) networks and communities contributing both to the WISEs marketing and to a broader awareness of the social problems within the society.
- Using the ICT solutions to develop a tool that measures social impact. This can be implemented through a publicly accessible database, providing a transparent insight into the actual results. Slovenian WISEs representative claims that there is enough know-how around to establish such a database.
- Data gathering for managing performance and aligning stakeholders: ICT technologies can be used to support the management of daily operations and to align stakeholders at all levels around the Key Performance Indicators (KPIs) and opportunities.
- Providing a coherent data architecture that collects sensitive data from each organization, independently from the software used. This could be a solid ground to develop a dashboard of useful



indicators that can help single organizations, umbrella organizations and institutions to guide together the development of the sector, manage daily operations more effectively

- On this basis, developing throughout the whole ecosystem the culture of performance management (financial, social, operational). This could be the driver guiding the development of the sector, making it more competitive on the market, more effective for final users and more efficient in terms of costs and time management.
- Making education and trainings more accessible, interesting and efficient through gamification.
- Providing financial education for the WISEs
- Encouraging changes in organisation structure towards more horizontal principles. The suggestions of the Holacracy movement, should be considered: they imply a new concept of structure that wipes out every hierarchy in favour of a circular structure, where everyone has clearly defined ground rules and areas of responsibility but is free to implement changes, when needed, in the way things are done. This brings more flexibility to the structure, lets ideas and innovation spread freely and quickly and gives an active role and more responsibilities to every member of the organization. This process is facilitated thanks to a free web application, **Glassfrog**, whose design principles help to visualize the structure, manage projects, share the outputs of meetings, clarify expectations and do a lot more.

These suggestions, combined with the other findings of this Comparative Analysis and the other documents obtained through the project implementation up to now shall be considered further for the purposes of the preparation of deliverable D.T1.2.2 *Regional Joint Strategy on tackling technological and managerial skills shortages of WISEs*.

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6. APENDIX: NATIONAL REPORTS FROM OTHER COUNTRIES IN CE

6.1. Introduction

Work Integration Social Enterprises can be defined by three identifying principles:

1. Enterprises whose social objective is the social integration and citizenship:

Their fundamental and initial objective is the social and professional integration of individuals who through their exclusion and their relegation to a marginal role in society have fallen victim to increasing social and professional handicaps. The work integration social enterprises continue to play an ongoing role in the social and professional requalification training that restores to individuals at risk, individuals that are vulnerable and have become marginal, the status of gainfully employed workers. They offer such individuals the opportunity to prepare themselves for their integration into the labour force and to gain access to employment and the training to acquire needed skills.

2. Enterprises at the core of the economic system:

In their drive towards their social objectives, the work integration social enterprises have decided to carry on their activities at the very core of what is most frequently a major factor in the phenomenon of exclusion: the economic system. Faced with concrete situations and their inherent pressures, all of the actors involved in work integration social enterprises are forced to overcome the challenges of productivity and, by this fact, of integration. This aspect of integration in a concrete economic context that is subjected to market demand constitutes an effective instrument for the individual and collective upgrading of excluded and marginal persons. This very position induces an obligation towards continuous innovation impacting on the very core of the enterprise.

3. Enterprises with a strong pedagogical dimension:

The work integration social enterprises initiate educational programs designed on the basis of existing potential within the enterprise. WISEs provide programs of socialization based, on the one hand, on the rights and privileges of the employed persons and, on the other hand, on the human entrepreneurial community.

They implement educational programmes using the existing potentials of the enterprise itself:

- Programs designed for professional training within a concrete production environment;
- Programs covering the scope for integration based, on the one hand, on the necessity for dealing with problems and, on the other hand, on the management of integration at the workplace or place of production
- Programs of citizenship based on information and the training of the role of the employed individuals within the activity and the administration of the enterprise and on the practice of democratic economy.

The general objective of these National Reports is to identify the mechanisms of WISEs in different countries regarding the type of subsidies, the type of employment offered to disadvantaged people, working skills... The main goal of these reports is to assess the current stage of development in terms of managerial models and ICT tools used by WISEs to support operational processes in five different countries: Austria, Czech Republic, Germany, Hungary and Slovakia. The present reports are based on several national and European reports, which have been gathered by ENSIE's member from countries mentioned earlier.

These reports will underline the background of the enterprises (definition, subsidy, sectors, business priorities), the leader and management within WISEs from these five countries, the market and their

partners, the marketing aspect and their use of tools and technologies. The specific objectives of the report are as follows:

- Recognising formal-legal basis framing political, social and economic systemic environments of WISEs
- determining specific managerial models and practices of the WISEs applied in relevant sectors
- determining specific products and services
- determining markets on which WISEs work as well as potential markets they could access
- determining specific shortcomings in terms of technology, management and skills
- determining tools (ICT based and other tools) and methods used on a regular basis in WISEs, such as:
- Assessing the specific needs of WISEs for innovative technologies, managerial models and practices: both the needs explicitly expressed by WISEs and those recognised as relevant within our analysis will be considered

6.2. Methodology

The methodology used for these reports was to gather documents that highlight specific managerial models and practices used in WISEs, products and services of WISE, markets on which WISEs work as potential markets they could access and determine specific technological weak points.

Since ENSIE is a network of European WISEs, we decided to use this network in order to collect all this needed information. The first step was to reach ENSIE's member from Austria, Czech Republic, Germany, Hungary and Slovakia. They all send us their work made with stakeholder discussion they had, data, documents, existing studies, researches based on qualitative and quantitative survey questionnaires of WISEs in their own country.

We then tried to adapt this material on a coherent report bringing together all the information required.

6.3. Formal legal basis

6.3.1. Landscape of social entrepreneurship and identification of main problems

6.3.1.1. Austria

Measures, in order to fight unemployment and exclusion from the labour market, appear, in 1980, when the first social integration enterprises were founded. The former Minister for Social Affairs, Alfred Dallinger (1980 - 1989), actively promoted new types of employment policies and created a positive climate for different kind of innovative initiatives aiming at the qualification and integration of the unemployed. (Gruber, 2006, p.7).

In Austria under Minister of Social Affairs Alfred Dallinger (1980-1989) there was an expansion of active labour market policy and application of new instruments for the qualification and integration of the unemployed. The "Aktion 8000" programme in particular promoted the origin of WISEs in Austria. One of these measures was Social Economic Enterprises. While confessional social institutions and the institutions of the social partners had already existed prior to this time, in the course of the expansion of active measures at this time there was also an expansion of WISEs in Austria. The number of start-ups went up, particularly in the late eighties (Federal Umbrella Association For Social Enterprises, 2008, p.17).

The reform of the labour market administration of 1994, the increase in subsidies for active labour market policies and Austria's accession to the European Union and resulting support from the European Social Fund encouraged a considerable increase in active instruments and consequently of WISEs in this period. Non-



Profit Employment Projects were also subsidized at the end of the eighties and at the beginning of the nineties (Federal Umbrella Association For Social Enterprises, 2008, p.17).

The majority of WISEs were founded between 1985 and 2000. The reason for the rising number of start-ups was the change in the general legal framework under the Social Democratic government at that time as well as Austria's accession to the European Union and thus its participation in the implementation of the European Social Fund (ESF) (Federal Umbrella Association For Social Enterprises, 2008, p.18).

The majority of WISEs in Austria are organized as associations and only a few as limited liability companies. In this regard they are subject to the Austrian Associations Act 13, which stipulates all essential issues regarding the objective, bodies, practices, liability, etc. Austrian associations cannot be profit-oriented.

The aim of non-profit associations is to support the general public on a spiritual, cultural, moral or material level. Thus, non-profit associations are only able to serve one specific circle of individuals such as people affected by unemployment. Non-profit associations are exempt from paying value-added tax (Federal Umbrella Association For Social Enterprises, 2008, p.20).

In some cases social partner organisations are associates or holding shares of WISEs. Mainly these are representatives of trade unions or associated training institutes such as the "Berufsförderungsinstitut (bfi)". In other cases Social Economic Enterprises and Non-Profit Employment Projects as well as Integration Enterprises are run by confessional holdings such as the Catholic Church or its social organisation CARITAS or the protestant church. The precise quantitative and qualitative influence of churches and trade unions on WISEs in Austria is not assessed in detail but in some provinces it is quite strong (Federal Umbrella Association For Social Enterprises, 2008, id).

The quality of jobs in WISEs is determined by the influence and sometimes pressure from the public employment service to enhance efficiency of integration and the overall economic development because large parts of WISEs funds have to be gained by selling products and services on the market. Public funding as well as market development put WISEs under pressure. In the last years, hence, job stability at WISEs decreased and some services such as placements are outsourced to freelance personnel and contract workers. Nonetheless, collective agreements of the sector pay key personnel as well as transit personnel. Since 2007, both groups of personnel are paid according to the collective agreement of the confederation of health care and social workers in eight provinces (BAGS KV) if there is no agreement of the sector (Federal Umbrella Association For Social Enterprises, 2008, p.24).

The personnel and overhead costs of Social Economic Enterprise are subsidized by the Austrian Public Employment Service (AMS). Within Social Economic Enterprise, the share of independently generated revenues is stipulated at 20% of the overall costs. The jobs provided by Social Economic Enterprises are near-market on the one hand, while relatively protected and supported by flanking measures on the other hand. Placement in the labour market of the long-term unemployed is to be supported through subsidization and support of those abilities, which are a prerequisite for the labour market (Federal Umbrella Association For Social Enterprises, 2008, p.11).

Integrative enterprises (IBs) are funded by the Federal Ministry of Social Affairs and Consumer Protection (and in submodules by the Austrian Public Employment Service). The subsidies which IBs receive are meant to balance out the disadvantaged of lower productivity entry into the labour market through qualification, training and social guidance (Federal Umbrella Association For Social Enterprises, 2008, p.15).

In the last few years' new forms of WISEs have been established in Austria which operate on the market without subsidies or with general subsidies other than those listed above. Since, as a Social Economic Enterprises, there were generally difficulties in the allocation of job seekers who were suitable for the challenging activities, the switch to another funding track and the general social economy was an option for management (Federal Umbrella Association For Social Enterprises, 2008, p.16).

As already mentioned, WISEs are financially supported by public institutions for the integration of employment seekers on the labour market. The cost contracted for this social task can be described as follows: Costs for the provision of jobs; Costs for the qualification of the transit personnel employed; Costs



for the necessary social-pedagogical guidance and integration assistance for transit workers; Costs for key personnel necessary for job supervision and for the training of transit workers.

Social and labour market policy objectives are financially supported by a variety of public institutions. The Austrian Public Employment Service is the biggest funder of Social Economic Enterprises and Non-Profit Employment projects. Both provide direct support for the implementation of Austrian Public Employment Service targets and the integration of job seekers. Austrian Public Employment Service funding includes ESF funds. In several cases the provincial and local authorities finance a part of the infrastructure of integration enterprises. Thus, Social Economic Enterprises and Non-Profit Employment Projects perform useful services for this group of funding organizations (such as the development and expansion of municipal infrastructure, waste management, district refurbishment, etc.) (Federal Umbrella Association For Social Enterprises, 2008, p.41).

The financing of Social Economic Enterprises is based on own revenue (approx. 40 %) from the sale of goods and services and the remaining approx. 60 % are funds from the Austrian Labour Market Service, the European Social Fund, the provincial government, the regional administration, special funds for disabled people and - to a very limited extent - from private sponsors (Gruber, 2006, p.8). The 40:60 ratio of the enterprises' own revenues and funding can be seen as representative for Austria. The enterprises' own revenues originate from the business activity of WISEs and are particularly central for business investments, which the funding organizations can only provide in rare instances and to a marginal extent. The distribution between the individual institutions including the Austrian Public Employment service, provincial government, Federal Office for Social Affairs and the Disabled and the municipalities can be viewed as representative for the SÖBs and GBPs. Since funds do not exist in every province, their share in the financing is not likely to be representative for all SÖBs and GBPs. The small proportion of municipalities among all funding providers is striking (Federal Umbrella Association For Social Enterprises, 2008, p.42).

As WISEs are increasingly viewing themselves as true companies and utilizing business instruments with greater familiarity, they are turning to private enterprises more often in order to cooperate with them and, conversely, are also sought after as cooperative business partners. That WISEs are enterprises like other companies which have to work efficiently and be innovative as well as profitable in order to survive is still little known and inconsistent with their popular image. If the image of WISEs were self-evident, then the question of "support" from the private sector would also be self-evident - support is any form of cooperation between enterprises and cooperation of equal partners on the free markets (Federal Umbrella Association For Social Enterprises, 2008, p.55).

6.3.1.2. Czech Republic

Social enterprises in the Czech Republic take their roots in a long-standing tradition of solidarity and mutual-support. The country has indeed had a sturdy voluntary and cooperative sector since the late 19th century, when it was still part of the Austro Hungarian Empire.

After the Communist Party take-over in 1948, practically all surviving or newly formed third sector organisations were subsumed under an umbrella group called The National Front, controlled by the Communist Party and funded by the state. It was only in the 1990s that the country initiated a return to market economy and democracy with the Velvet Revolution in 1989. Simultaneously human rights and civil society began to develop, with the influence of the United States funding for NGOs (OECD, 2016, p.6).

Historically, support for social enterprises has come largely from public sources, using relatively unsophisticated financial instruments. This has led to a low capacity among social enterprises to access private finance, and a low level of interest from financial institutions in developing appropriate products.

As in most European countries, there is also a lack of specialist investors as well as dedicated social finance intermediaries and instruments. Consequently, social enterprises find it difficult to access finance from external sources. In addition, the weak culture of social investment and social impact assessment, as well as the limited investment readiness of social enterprises, block their growth opportunities.



Despite the existence of specific initiatives, such as the Programme Warranty 2015- 2023, which aims to enable social enterprises to access finance with preferential treatment, most pilot actions that emerge in the Czech Republic lack clarity with regard to the definition of the target group. The risk is that this will ultimately blur the lines between enterprises with social sensitiveness and real social enterprises (OECD, 2016, p.9).

The Ministry of Labour and Social Affairs (MoLSA) is the central public body in charge of social entrepreneurship. A new unit, “The Unit of Social Entrepreneurship Projects”, was established in March 2015 as part of the Department for the Implementation of ESF Programmes - Social Inclusion. MoLSA highlights the employment side of social entrepreneurship and supports the establishment of work integration social enterprises (WISEs). Ten years ago, MoLSA had already begun incorporating social entrepreneurship into strategies dealing with social exclusion and unemployment. The new Operational Programme Employment will be the main source of funds for social entrepreneurship and will support it in many ways (OECD, 2016, p.42).

Labour offices belong to MoLSA and they are responsible for the unemployment agenda and for the agenda of social benefits. Labour offices function in accordance with the Employment Code, under which they are allowed to support individual people in gaining employment, but they cannot support enterprises, as the latter fall under the responsibility of the MIT. An applicant can get a job only when an employer creates a vacancy, and the social orientation of the employer does not enter into the final decision. Many WISEs co-operate with labour offices when they look for job applicants (OECD, 2016, p.43).

6.3.1.3. Germany

If disabled or handicapped members were not able to earn a living by their own, they were separated and shut away in special institutions. It was not before 1974 that this ended in the framework of the establishment of a new type of “sheltered workshops” (WerkstättenfürBehinderte or WFB), where all handicapped people should have a right to work and find a way to earn a living (BAGWFB 1997). These organisations were based on the conviction that “social integration” should include the right to work. In the following years, this concept was questioned again, mainly by initiatives launched by the handicapped and their relatives or friends, and led in 1979 to the creation of the first independent “integration enterprise” outside sheltered workshops.

The difference was and still is that integration should take place in “normal” enterprises, where handicapped and not-handicapped people should work together. The model proved to be successful and led to the foundation of a national federation (Bundesarbeitsgemeinschaft der Integrationsfirmen) with over 600 members (bag-if.de 2015). This happened at the same time as similar initiatives were founded in other European countries, like “social co-operatives” in Italy and “social firms” in the UK.

Acting under charity law, these enterprises have to allocate all their income to the pursuit of their overall objective, but—unlike associations for the common good—they are not restricted to certain activities and can be active in any kind of business as long as they aim to integrate disabled or handicapped people into work. One of the most impressive examples today is the retail chain CAP markets (Technologie-Netzwerk Berlin 2008).

According to a special law for the integration of the disabled, the status of “integration enterprise” (to be adopted by the authorities) offers some additional funding (the so-called Minderleistungsausgleich) to compensate for the additional costs of employing handicapped people. All enterprise employing handicapped workers could ask for this compensation, but actually only social enterprises make use of it. This is one of the few examples where social enterprises can benefit from support schemes of the government, and this could serve as a model for others.

There are thus two types of integration enterprises in Germany: the older ones are of the “sheltered-workshop” type and are organised by traditional charities; more recent initiatives are increasingly membership-based organisations, set up by and for disabled or handicapped people, with full membership



of the clients. Integration enterprises provide a good example of a social enterprise model combining the principles of charitable help and economic self-help.

Finally, they should not be mixed up with “work integration social enterprises” (model 10 below), as they have a different background, belong to different umbrella organisations, and are dedicated to different clients (Birkhölzer, 2015, p.12)

The story of German “work integration enterprises” is in many ways different from that of WISEs in other countries, and very much related to the difficulties of the German labour market policy (Arbeitsmarktpolitik). The German concept of a “social market economy” (soziale Marktwirtschaft) was built on the idea of full employment, which explains why unemployment was (and predominantly still is) seen as a “temporary” problem of individuals, to be solved by mediation between job-seekers and companies only. Therefore, the role of the Federal Employment Office (Bundesanstalt resp. Agentur für Arbeit) was restricted to mediation and the management of unemployment benefits (Arbeitsvermittlung and Arbeitslosenversicherung), but this Office was not responsible for the creation of employment in general (Beschäftigungspolitik). Employment creation was seen as a part of the general economic development policy (Wirtschaftspolitik), but public programmes for employment creation were stopped in the context of the turn from a former Keynesian to a more neoliberal approach in economic thinking (Birkhölzer, 2015, p.17)

The increasing unemployment in the 1980s and 1990s was due to structural and technological changes in traditional industries (electricity, metalworking, mining, shipbuilding, steel production and others). In this context, trade unions from these industries took the initiative to develop the concept of “employment and training company” (Beschäftigungs- und Qualifizierungsgesellschaft, or BQG). BQGs were to take on board the people who had been made redundant, develop new goods and services to be produced with the capacities of the former workforce, retrain them if necessary, and start trading as a new enterprise. The idea was, instead of asking for financial compensation (Sozialplan), to invest that money together with unemployment or other social benefits into an employment development plan (Beschäftigungsplan), inspired by the famous example of the Lucas Aerospace Alternative Workers Plan from the UK (Lorenz 1995; Birkhölzer and Lorenz 1998).

The first examples of BQGs were established in Bremen, Hamburg, Berlin and in the centres of traditional industries, such as the Ruhr area and Saarland. Given the way in which they were run, they could be considered as social enterprises. In the first years after the German unification, where nearly half of the working population in East Germany lost their former jobs, this concept was introduced in the New Länder; at their peak, BQGs employed up to 500,000 people. They seemed to represent a change in the traditional labour market policy and were introduced as an “active” labour market policy. The new BQGs were supported by so-called “employment creation measures” (Arbeitsbeschaffungsmaßnahmen, or ABM) and, at least in the first years, they could benefit from programmes supporting former unemployed for two to three years and offering additional funding for staff and material costs. The programmes started with great expectations, and seemed to be successful, but again, the government and employment offices considered them to be of “temporary” importance, as a “secondary labour market” (Zweiter Arbeitsmarkt) which should only act as a bridge into the “first labour market” (Erster Arbeitsmarkt). As a consequence of this conception of their role, BQGs were not allowed to establish themselves as ordinary enterprises with a permanent workforce. On the contrary, they had to make their workforce redundant at regular intervals (from two to three years at the beginning to half a year or less today), hire new workers and start all over again. As the so-called “first labour market” was unfortunately not able to integrate all these people, these BQGs became a “revolving door” or a “temporary parking space” for the workers, with no sustained effect on their job opportunities.

Another restriction was that BQGs were not allowed (due to regulations introduced by the Chambers of Commerce) to offer goods and services that competed with those of commercial enterprises; they could only be active in “additional” fields (Zusätzlichkeitsklausel). Interestingly, they detected a lot of “additional” necessary work, especially in East Germany, which neither the public nor the private sector



wanted to perform, and delivered a lot of social, cultural, environmental and infrastructural services which would not have existed otherwise, but the “temporary” employees did not really benefit from them.

Like WISEs in other countries, their aim was originally to bring unemployed people back into work by investing the unemployment or other social benefits into new job opportunities. But the legal framework for these benefits also changed rapidly during the last decades. Furthermore, these benefits could not be invested in the creation of permanent jobs in new (social or other) enterprises; they had to be used to improve the employability of individuals on short-term contracts (Birkhölzer, 2015, p.18)

BQGs, as recipients of funding from public employment measures, had to allocate all their income to the pursuit of their overall objectives. Nevertheless, the benefit system (with permanent cuts and bureaucratic hurdles) did finally not even cover their costs. Since generated income from other sources could not be combined with public expenditure, the situation became unsustainable for many of these companies, leading to the breakdown many of these companies today.

Due to their situation with respect to the public policies (and in particular to the Federal Employment Office’s policy) described above, WISEs in Germany are not really independent from the state, and—with the exception of some very clever organisations which find ways around the restrictions—they have never had a real chance to act as independent social enterprises. In the context of their decline, a debate has just recently started to convert the existing BQGs into independent social enterprises, able to generate their own income.

Finally, participatory governance is also a critical issue. Some organisations are membership based, others are owned and controlled by charities, and some are directly owned and controlled by local authorities or hybrids of public and private institutions.

The case of the German WISEs illustrates how an originally innovative concept can be brought down to its knees by too much control and restrictions from the authorities (Birkhölzer, 2015, p.19).

6.3.1.4. Hungary

In Hungary, WISE activities do constitute the dominant form of social enterprise with strongly identifiable organizational forms in these activities (European Commission, 2015, p.9). In Hungary, social cooperatives (under Act X of 2006 on cooperatives) provide employment opportunities for the long-term unemployed or groups who are disadvantaged on the labour market (European Commission, 2015, p.55). 490 organisations was registered under legal form/status in 2013.

Beyond work integration itself, the majority of social enterprise services are to be found across the full spectrum of social welfare services. Or, across social services of general interest (long term care for the elderly and for people with disabilities; early education and childcare; employment and training services; social housing; social integration of disadvantaged such as ex-offenders, migrants, drug addicts, etc.; and health care and medical services). There are further common extensions of economic activity that meet collective needs in additional areas such as cultural, sport and recreational activities (for example, arts, crafts, music, and increasingly tourism) in Hungary (European Commission, 2015, p.10).

Eastern European countries have very limited or no publically funded schemes specially designed for and targeting social enterprises. This is particularly the case in Hungary where special and fragmented initiatives have been funded through Structural Funds. European Structural Funds (ERDF and ESF) have also played a key role in Hungary in raising the visibility and profile of social enterprise through awareness raising activities such as events, workshops, awards/competitions and pulling together a fragmented community of actors - and also contributed to financing the creation of new social enterprises (European Commission, 2015, p.16).

The public sector is a major source of income and support for social enterprises (predominantly in terms of grants and subsidies). Recent years have seen significant cuts (to a varying degree) in public spending across Europe as governments focus on reducing debt and cutting fiscal deficits, following the 2009 financial and



economic crisis. The OCED have found declines in real social spending were largest in Hungary (European Commission, 2015, p.99).

A number of Country Reports highlight the limited range of financial instruments available to investors. It was noted by stakeholders in Hungary that financing options available to SMEs were not available for social enterprises (such as investment funds and state guarantees). A number of Country Reports highlight the limited range of financial instruments available to investors. It was noted by stakeholders in Hungary that financing options available to SMEs were not available for social enterprises (such as investment funds and state guarantees) (European Commission, 2015, p.98).

There is one generic start-up financing measure that is available to all entrepreneurs (Vállalkozóvá válást elősegítő támogatás). This measure offers partially or fully non-refundable capital transfer and/or wage support at the level of the minimum wage for the first 6 months of business operation. Eligibility requirements include the need to contribute a minimum of 20% of the equity, the provision of collateral and a pledge to sustain the registered business for at least three years. The local offices of the national public employment service manage the scheme. Despite some positive results, participation rates for the scheme have been low in recent years (approximately 1.0% to 1.5% of registered unemployed) and early school leavers and older people are not likely to use it. The low participation rate suggests that awareness is low. In addition, the entry requirements may be prohibitive for many potential entrepreneurs from under-represented and disadvantaged groups (e.g. the requirement to self-fund 20% of start-up costs)

There is scope for regional and local tailoring of this scheme. Local and county-level PES (Public Employment Service) offices can target the scheme in their area by setting their own eligibility criteria. For example, the scheme in Békés county focussed on supporting women during the period 2013-2014 (Békés Jól Menő, 36 participants), and in Baranya county there was a focus on entrepreneurs in the creative industries in 2013 (Önindító vállalkozási, 20 participants). The impact of these schemes is not well-understood since they are not typically evaluated (OECD, 2016, p.10).

There are a limited, but growing number of social enterprise incubators, mentoring schemes, and specialist infrastructure and investment readiness services in Hungary (European Commission, 2015, p.96). Policymakers have just developed new “social banks” (European Commission, 2015, p.90).

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In the private sector, Carion Finanszírozási Centrum is a microfinance institute that offers microloans for starting or developing a microenterprise (with less than 10 employees). Their target clients include entrepreneurs from under-represented and disadvantaged groups. It receives support from the European Union’s Progress Microfinance Programme (OECD, 2016, p.10).



GINOP 1.2.1-15, GINOP 1.2.2-15 (in the convergence regions) and VEKOP 1.2.1-15 provide micro, small and medium enterprises with financial support to increase their production capacity. Applicants under this scheme shall preferably (though not exclusively) be “young enterprises,” i.e. majority owners and managing directors under 35 years old. Further, support is planned under GINOP for vulnerable groups, including microcredit and credit guarantee schemes (GINOP 8.3.1, 8.3.2, and 8.3.4) and a measure to support social enterprises (GINOP 5.1.3). However, these measures will likely not be targeted to specific social groups (OECD, 2016, p.11).

In the framework of Economic Development and Innovation OP (EDIOP), special funding is also available for social enterprises. The call for proposal (GINOP 5.1.3) for social enterprises was published in June 2016 with a 6 billion HUF budget. The amount of subsidy given to the social enterprises depends on the numbers of the created jobs (OECD, 2016, p.11).

6.3.1.5. Slovakia

In Slovakia the transition to a market economy since 1989 stimulated the emergence of new actors in the social economy sector and opened new pathways for entrepreneurial activities in an emerging free market economy. The beginning of 1990s can be regarded as a real turning point for the establishment of social enterprises. 1990's saw a strong growth and development of the non-profit organizations matched by a legal institutionalization of social enterprises, which has taken place in two different phases. Firstly, this happened in the sphere of social services with the transformation from traditional institutional care model to a system of community-based care services; secondly, the process of development of social enterprises has taken place with the introduction of a general legal framework specifying the legal form of social enterprise. In some cases, the emergence of social enterprises was triggered outside the legislative framework (European Commission, 2016, p.1).

The process of development of social enterprises has taken place with the introduction of a general legal framework specifying the legal form of social enterprise. The persistent high level of unemployment in the country prompted the government to search for the alternative tools and gave rise to a new legislation that was adopted in 2008 and created the framework for social enterprises in Slovakia. The law has narrowed down the relatively broad concept of social enterprise. The concept has been largely associated with the work reintegration structures, benefiting from substantial public funding. And yet, the rules concerning the financial support were changed in 2013 reducing the maximum level of available funding and, in addition, the reform of the mechanism allowing assignation of income tax by individuals and corporation to non-profit organisations may also lead to decline in funding (more in the further part of the report). This may have significant implications for the development of the sector. On the one hand, some structures may be forced or will voluntarily cease activities. On the other, lower level of subsidies may result in higher importance attached to the viability of the business models (European Commission, 2016, p.6).

The holder of the granted social enterprise status is listed in the Register of Social Enterprises and has the right to request the Local Office of Labour, Social Affairs and Family a contribution to support the creation and retention of jobs in social enterprises. Most of them operate under the status of private limited company or municipality companies³⁵. As of March 2014, the register contained the name of 94 enterprises³⁶. Since the updating of the Employment Law leading to the reduction of the subsidies, no new social enterprise has been added to the register. It is also unknown how many work integration structures fall out of registry due to the fact that they have not applied for the status of social enterprise (as defined by the Employment Act) (European Commission, 2016, p.19).

In terms of social enterprises defined by the Employment Act, social goal is explicit. The aim of those type of organisations (work integration structures) is to support disadvantaged people in their effort to (re)enter the labour market. Minimum threshold as regards to the proportion of employees being under reintegration contract as a total number of employees in the organisation is 30 per cent. Importantly, social enterprise as defined by the Employment Act may operate under any type of legal status including municipalities/



municipality established organisations, limited liability companies, civic associations, non-profit organizations providing public benefit services or even individuals (European Commission, 2016, p.13).

When considering social enterprises (work integration structures) defined by the Employment Act, important distinction shall be made. Firstly, those can have different legal forms and can be created either by private persons/legal entities or by municipalities/self-governing regions. In both cases, they often heavily depend on the public funding, or at least depended until the recent novelisation of the law which significantly reduces the maximum level of public funding. However, although social enterprises (understood as work integration) may depend on public funding, when the services provided are in the interest of public authorities, they are normally not managed, directly or indirectly, by these public authorities or other organizations (federations, private firms etc.). It should be also noted that law does require democratic ownership and structures of the social enterprise as a precondition for eligibility for public funding (European Commission, 2016, p.14).

To provide a mapping and a statistical evaluation of social enterprises is a complex task to achieve since one should ideally account for enterprises that do not have any official status yet and are therefore excluded from official statistics. Furthermore, there is only limited debate about the specific definition of the social enterprise in Slovakia. Some possible reasons may include low awareness about those concepts and also the existence of the legal definition of social enterprise that somehow grounded the way how social enterprise is understood. Typically, there is quite common perception that there is an equality sign between the social enterprises label and work integration structures (European Commission, 2016, p.18).

Insufficient amount and form of finance - Although the state is present and has been financing the work integration structures, there have been arguments that it should go much beyond it. There are practically no loans designed according to the specific need of social enterprises. And funding (also from the EU), although instrumental in the first stage, may turn out to be inadequate to stimulate the development of more entrepreneurial dimension and more rigorous approach to the social business (European Commission, 2016, p.29).

The amendment of the Act in May 2013 led to the reduction of the available level of state funding. It is likely that this has had an impact on some social enterprises (work integration structures), although at the current stage, no assessment is available (European Commission, 2016, p.30).

The state covered certain proportion of wages of the employees who have been hired under integration contracts. Available data from 2010 shows that the total public financial support provided to social enterprise to co-finance the integration workers was circa EUR 4.9 million (68 social enterprises benefited). Amendment of the Employment Act from May 2013 lowered down the maximum threshold from 50 per cent of the total wage to 25 per cent of average Slovak wage. In Bratislavsky region, 30 per cent of average Slovak wage in other regions with unemployment rate lower or equal to national average and 40 per cent of average Slovak wage in other regions with higher unemployment rate than national average. Yet the eligible group is not limited to the social enterprises as specified by the Employment Act anymore and cover all legal entities. Some state funding for non-profit organisations (and hence possibly some social enterprises) is also provided by Ministry of Finance from the revenue from lottery (European Commission, 2016, p.33).

In general, social enterprises (work integration social enterprises) are undercapitalised. This is partly due to low recognition of the concept of social enterprises and in general, insufficient amount of available capital - an equally pressing issue for classical for profit enterprises in Slovakia. Yet evidences also suggest that at least to some extent it is an offshoot of their low attractiveness for potential investors. Euclid Network, organisation gathering experts from non-profit sector, indicates for instance the inability of many non-profit organisations, often relying only on one donor, to diversify their funding sources⁶³. Representative of the NESsT added also that dominance of grants (including EU ones) as most available financial instruments, led to the popularisation of the concept of social enterprise on one had but also some sort of 'passive attitude' reflected by less entrepreneurial attitude of certain beneficiaries (European Commission, 2016, p.36).



Up until recently, social enterprises (work integration structures) could rely to significant extent on the public funding in the form of state funding (subsidies) to the salaries of employees being under the reintegration contracts. However, the amendment of the Employment Act that took place in May 2013 affected the social enterprises (defined as integration structures). To what extent though, it is not possible to establish due to the lack of data. However, by extending the eligibility criteria to other legal forms, it has offered at the same time some financing opportunities to other entities that could not benefit from the state support before May 2013 (European Commission, 2016, p.37).

6.3.2. The legal forms and statutes

6.3.2.1. Austria

There are 260 WISEs in Austria: 170 Social Economic Enterprises, 81 Non-Profit Employment project, 8 Integrative enterprises for people with special needs, and at least 1 WISE which operates with general subsidies. A clear north/south and east/west slope can be ascertained with respect to the distribution of WISEs.

The regular marketing of products and services, and the fact that they also pursue the explicit aim of integration on the labour market of the job seekers characterize WISEs in Austria. They contract for the production of the goods. The use of this workforce can result to a “competitive disadvantage”: some of the job seekers must be reintroduced to regular work, qualified, counselled and placed in the labour market. Nevertheless, this disadvantage is eliminated and reimbursed by public funding (Federal Umbrella Association For Social Enterprises, 2008, p.14).

In Austria, different forms of WISEs exist. They are based on the way they are funded and on the target groups they assist:

Social Economic Enterprise (SÖBs) with non-profit labour leasing

Social Economic Enterprises are non-profit self-help-based institutions established and managed for an undetermined length of time which combine labour market and socio-political aims. Social Economic Enterprises make a case for the greatest degree of economic independence realized through the marketing of goods and services and the generation of the associated profits (Federal Umbrella Association For Social Enterprises, 2008, id).

Social Economic Enterprises responsibilities are to provide temporary jobs, the organization of guidance and training opportunities in the scope of an economic enterprise for persons disadvantaged on the labour market and the elimination of obstacles to placement and the reintegration of temporary employees into the regular labour market. This will improve the reintegration opportunities for transit workers by means of targeted qualification

By definition, SÖBs are perpetual. Generating revenues equivalent to 20% of the total costs on their own is compulsory for SÖBs (Federal Umbrella Association For Social Enterprises, 2008, p.15).

Non-Profit Employment Project (GBPs) with non-profit labour leasing

Their main purpose is to earn 51% of their revenues by means of socially useful work and services for associations, communities and private households. Non-Profit Employment Project pursue primarily labour market and socio-political objectives. Non-Profit Employment Project are not required to generate their own revenues, at least 60% of the participants in GBPs must be long-term unemployed persons. They can also be limited in tenure (Federal Umbrella Association For Social Enterprises, 2008, p.14).

Integrative enterprises (IBs) for the disabled

Integrative enterprises are distinguished by the target groups, which they care for. They focused on the integration of disabled people. Depending on the type and seriousness of the disability, IBs prepare disabled people for full or partial reintegration into the labour market. These people with disabilities receive



protected jobs. Integrative enterprises also offer counselling services for companies and other institutions with respect to the employment of disabled people (Federal Umbrella Association For Social Enterprises, 2008, p.15). In Austria, there are a total of eight Integrative Enterprises.

WISEs which avail themselves of general funding and pursue other socio-political objectives

These new forms of WISEs are an exception, however. In Austria the first two forms of WISEs are clearly a majority and dominate the sector (Federal Umbrella Association For Social Enterprises, 2008, p.16).

According to a survey on WISEs in Austria are mainly micro, small and medium sized enterprises if only taken into account the number of employees. Prevalent are WISEs with less than twenty fulltime employees (Federal Umbrella Association For Social Enterprises, 2008, p.23).

At the provincial level WISEs have merged into associations. As a rule, members of these associations, networks and cooperative platforms are WISEs, GBPs and non-profit leasing personnel. The aims of these provincial organizations vary in part depending on the interests and available resources. Activities range from networking and the reciprocal exchange of information, joint quality assurance and public relations work via joint advertising platforms for the marketing of products and services as well as joint placement services for transit personnel to lobbying and the joint articulation and intermediation of interests with respect to the funding providers, the AMS and the provincial government. Such platforms have also been used for the purpose of joint submissions in the scope of EQUAL and other European programmes and initiatives. Cooperation and coordination between the individual WISEs in the individual provinces is taking place and being cultivated - particularly in areas where common interests prevail (Federal Umbrella Association For Social Enterprises, 2008, p.29-30).

At the federal level WISEs (as well as counselling and guidance centres [BBEs]) are represented by the federal umbrella association of social enterprises, bdv austria. The bdv horizontally links its member organizations, the provincial associations in all nine provinces listed above. Here the umbrella association acts as an information hub and promotes the exchange of information among members. Expert committees cooperate on certain issues and exchange findings. Represented by the provincial associations, policy makers and the administration, the bdv is also the interface between WISEs. It bundles the interests of its members and communicates their positions, for example to the National Office of the AMS, and in doing so it influences the arrangement of legal policies and regulations. The bdv also represents the interest of its members and distributes information about its member organizations in European networks (Federal Umbrella Association For Social Enterprises, 2008, p.31).

The federal public employment service is informing and discussing regulative changes and policies regularly with the Federal Umbrella Association for Social Enterprises (Federal Umbrella Association For Social Enterprises, 2008, p.23). Integration of people at a disadvantage on the labour market is regarded as a public task and makes part of the Austrian labour market policy. The main strategic actor defining criteria for support (both financial and social) is the Ministry for Economic Affairs and Labour. Some transnational programmes (like the European Social Fund or Employment Pacts) also co-finance integration measures. The Austrian Labour Market Service is the executing partner. Integration measures in Austria try to stop this downward trend. Since the early 1980s the Austrian Labour Market Service supports initiatives, projects and enterprises that fight the two major problems caused by long-term unemployment: growing inhibitions to take up a new job and social exclusion (Gruber, 2006, p.5).

The basic legislation for SÖB are § 28/4c and 34/4c of the Labour Market Promotion Law. They are part of the National Action Plan for Employment and the regional employment pacts. Most enterprises have links with the regional administration (Gruber, 2006, p.8).

6.3.2.2. Czech Republic

In Czech Republic, the general definition of a work integration social enterprise: publicly beneficial objective of employment and social inclusion of people disadvantaged in the labour market is formulated in the founding documents and fulfilled by the means of specific activities (OECD, 2016, p.34).



As in other central European countries, defining the universe of social enterprises is quite problematic in the Czech Republic. Some research findings acknowledge the mainly bottom-up origin of social enterprises and the key role played by civil society organisations. Other findings however, suggest that approximately half of the existing social enterprises have a commercial origin. These contrasting results confirm the difficulty of capturing the variety of social enterprise types and their relative weight (OECD, 2016, p.7).

A further difficulty is generated by the conceptual confusion that surrounds the concept of social enterprise and the lack of legal definition. The policy debate is still characterised by the misuse of concepts (i.e. social economy, social entrepreneurship and social enterprise), which are often employed interchangeably. The Thematic Network for Social Economy (TESSEA) played a key role in supporting a conceptual clarification by developing a definition of social enterprise that is accepted by a broad range of stakeholders in the Czech Republic. Despite these efforts, the specificities of social enterprises continue to be poorly understood leading to an incomplete mapping, with a tendency to recognise only specific types of social enterprises (WISEs). The lack of a legal definition of a social enterprise does not help in this regard (OECD, 2016, id).

The social co-operative is the only dedicated legal form for social enterprises, introduced in the Czech Republic in 2014, but still perceived as relict of the communist regime:

- Social co-operatives are defined in the Commercial Corporations Act (2012) as a “co-operative that is pursuing beneficial activities to promote social cohesion through work and social integration of disadvantaged people in society, prioritising the satisfaction of local needs and utilisation of local resources”. A social co-operative has to specify its social mission and rules of profit distribution in its statutes (e.g. maximum 33% of the profits can be redistributed to its members; assets can only be transferred to another social co-operative). Unfortunately, there are no advantages linked to this legal form. There is still a lack of experience and information regarding the use of this new legal form and the number of social co-operatives that have been created is so far practically equal to zero. The Government has recently decided to provide a legal framework for social enterprises, acknowledging their rising importance in the Czech socio-economic context (OECD, 2016, p.8).

Building on an initiative of the Agency for Social Inclusion, the Office of the Czech Government, along with the Ministry of Labour and Social Affairs and the Ministry of Industry and Trade, are working on a Draft Law on Social Entrepreneurship. According to the legislative plan of the Government, the law is expected to come into force in January 2018.

Only specific types of social enterprises (WISE) tend to be recognised by policy makers, practitioners, and supporters (OECD, 2016, p.67). The purpose of the law should be to define the social enterprise, establish the Council (i.e. an interdepartmental body, with an advisory, monitoring and co-ordinating role in strategies and policies for social entrepreneurship) and establish a register for social enterprises.

By recognising two types of social enterprises: (1) general social enterprises and (2) integration social enterprises, the Draft Law - which is line with the SBI approach - adopts a comprehensive approach, which is expected to further the development of social enterprises in a wide spectrum of general-interest fields.

The Law will not enforce any legal claims on benefits or preferential treatment but it will allow ministries to provide departmental support to sustain social enterprises and will enable other laws to react to it and incorporate advantages for social enterprises (OECD, 2016, id).

A first critical success step in the process has proven to be the development of a “common language” among public/local authorities and the social enterprise community. This common language would facilitate a better understanding of the specificities of social enterprises and an appreciation of the sufficiently different approach social enterprises follow in addressing social needs and problems. Consolidating this improved understanding into a permanent mutually beneficial interaction, might allow the identification of barriers that hinder the capacity of social enterprises to access the public market.

Social enterprises play a crucial role in generating new jobs. In general, social enterprises develop new activities and contribute to creating new employment in the sectors in which they operate, i.e. the social and community service sectors that show a high employment potential. Moreover, in certain cases they



allow for the employment of inactive workers, for instance women with children, who seek flexible jobs (part-time jobs, for example) and contribute to creating innovative models of industrial relations (Borzaga and Tortia, 2007; Borzaga and Depedri, 2005). More specifically, some social enterprises are aimed at training and integrating into work disadvantaged workers with minimal possibilities of finding a job in traditional enterprises (Nyssens, 2006).

This public acknowledgment of social enterprise's ability to create social value will, in turn, build the identity of a community able to deliver social impact by engaging in different activities, and will increase visibility, and hence access to private markets as well. This is of considerable importance in the Czech Republic as responsible procurement is a new trend that is also slowly emerging in the private sector. Several big companies, banks and public institutions are reported to express their interest in buying goods or services from social enterprises under their corporate social responsibility policies and practices. With the help of support organisations, they look for social enterprises that can meet their needs. However, it is difficult to match demand with supply because the offer of social enterprises is limited; their capacity is restricted by the limits of their employees and there is no intermediary at hand with up-to-date information.

According to TESSEA most of the existing social enterprises in the Czech Republic are work integration social enterprises that employ people with disadvantages. Based on a 2014 TESSEA survey, 99% of the questioned social enterprises were WISEs (OECD, 2016, p.26).

Despite the lively policy debate and interest of policy makers and researchers, social enterprises are still rather invisible. The key reason is that social enterprises continue to be little understood. The inability to grasp their full potential has so far contributed to a mismatch between the empirical development of social enterprises (de facto social enterprises emerge in an extremely wide spectrum of domains of general interest) and the policy framework designed to support their development. What is not clear is that there are different modes of creation of social enterprises: social enterprises that are externally driven are much easier to detect, whereas social enterprises that emerge spontaneously bottom up as a result of social mobilisation are often invisible. This is notably the case in the Czech Republic where lots of emphasis is placed on WISEs and very little attention is paid to the numerous organisations that manage to institutionalise community engagement with a view to pursuing general-interest aims of different kinds (OECD, 2016, p.47).

Access to public and private markets could be improved through systemic interventions aiming to alter stakeholders' mind-sets towards procurement. The following example refers briefly to such an attempt: it focuses on improving investment and contract readiness of social enterprises, and, thus, indicates an ambitious approach, which targets barriers to social enterprises in both access to markets and access to finance (OECD, 2016, p.52).

6.3.2.3. Germany

Since 2001 Law SGB IX 132 gives a clear definition of the so-called Integrationsfirmen. These firms are legally and economically independent companies that employ people with disabilities. The Integrationsfirmen are firms in which at least 25% of the people and a maximum of 50% of the people have disabilities (Schwarz, 2011). The reasoning behind the minimum of 25% and maximum of 50% is that the market position is not weakened, as the government argues that people with a disadvantage integrate the best in an as regular employment status as possible (Smit et al., 2008). Most Integrationsfirmen are able to generate 70 % of their income from the revenues of the market within their first 2 or 3 years of operation. The majority of the Integrationsfirmen operate in the service industry, but also a somewhat smaller part in other traditional - labour intensive - industries (Smit et al., 2008). The legal form of the Integrationsfirmen is called 'Gemeinnützigkeit'. Only firms that benefit the society can have this legal title. The profit should be reinvested to the organisation and not the shareholder. The advantage of this legal form is that there is a sales tax of a mere 7 %. However, on the downside these firms often face a difficult access to capital (Smit et al., 2008) (Van den Broeke, 2014, p.11).



There is a enormous diversity in the landscape of WISE (cf. Werner / Walwei 1997; Evers / Schulze-Böing 2001, Bode / Evers / Schulz 2004). It proves how difficult it is to generalize concerning the extent to which there is economic autonomy and even more the extent to which social capital and civic concerns are prominent in the field under study. What might be helpful is a kind of typology of different kinds of WISE in Germany, one crucial factor being how these WISE are formally embedded in institutional contexts. One might distinguish, then:

- *Potential WISE that are called in Germany "Social Firms"*: In some of the federal states of Germany, such as Thuringia, Saxony or Lower Saxony, a special type of enterprise called "social firms" has been created. As the name already indicates, these firms focus on occupying especially disadvantaged groups, mostly the long-term unemployed. They are supposed to foster their transition into the first labour market by offering them a job in a start-up business. For a period of four years, the business receives a (decreasing) public subsidy for this purpose. Afterwards, it must continue as usual, self-financing commercial enterprise. It should be noted that the quality of being "social" is referring only to the fact that people with low employability are taken on board. The economic activities can be of any kind. Moreover, these projects are meant as a temporarily subsidized but commercial start-up. Public funds shall just be used to run "on-top"-activities such as a companycentred training program. In addition to this, both the goal of profitability and a clear identity of being an economic actor have an impact on the firms' resource structure. Social capital resources by partnerships, networking or voluntary commitment do not play any significant role here. However, even though the number of such social firms is very limited, they are of interest with regard to an investigation of WISE. Given its specific experiences with a particular clientele, a social firm may indeed end up to be something different from a commercial company.

- *Municipality-owned WISE*: A second group of organizations has a much bigger impact than the one sketched before. Since the late seventies, a lot of municipality-owned WISE have been set up in order to offer fixed-term employment to jobless people. Their central aim was to prepare the socially disadvantaged for a subsequent entry into the first labour market. In general, municipality-owned social enterprises have considerably grown in importance during the last twenty years (Werner / Walwei 1997). In spite of much contest, they have remained the most important supplier of job facilities outside of the regular labour market. Although the municipalities are shareholders of these enterprises in most cases (Bode, Evers, Schulz, 2004, p.11), the latter are legally independent and frequently led by a management driven by some kind of entrepreneurial spirit. Using social assistance schemes as well as funds of the Federal Labour Office, these organizations fulfil a range of tasks deemed at the same time to be there for the public good.

During the nineties, a large range of organizations of this kind has been set up in Eastern Germany, too (Birkhölzer / Lorenz 2001). They gave work to more than 1,000 people in many cases. Yet it is not only job creation they have been concerned with: In their beginning, they also were to foster the development of the local economy (by developing new products, for instance), and to prevent social destabilization in the process of reunification. Due to a rapid impact as "social bumpers", they were supported by the municipalities even though their prospects as economic actors proved limited. Since the middle of the nineties, however, the importance of this special kind of WISE has been decreasing. The political pressure for quick solutions to the unemployment problem in the East has weakened, and the results in terms of self sustainability as well as in terms of bridge-building to ordinary labour markets were more or less disappointing. Recent figures show, however, that about 50% of the recipients of social assistance who are able to work still are occupied in such projects.

It should be noted that municipal WISE are embedded in a complex socio-political network. They are perceived as integrative factors within the community, caring for the socially disadvantaged and fulfilling tasks that are of public interest. Frequently, they are local political actors as well, by their networking with the local unit of the Federal Labour Office, with municipal offices, and with private enterprises to which they offer a workforce with tailored skills. Up until now, however, their work must meet the criterion of being additional to the existing business in the private and the public economy. Furthermore, they are bound to be not for-profit or even not permitted to make any surplus at all; but in reality, there is a lot of



space left for special juridical constructions that allow to make a surplus and to reinvest it into ones own fields of activity. The intermediary status of these organizations - between social and economic aims, between profitable activities and being

not for profit, between being linked with the public authorities but using civic support as well - offers them opportunities to match economic purposes in the public interest with the promotion of socially marginalized people.

- *WISE run by welfare associations*: The third group of enterprises in our field has evolved during the 1980s, too. In contrast to their municipality-owned counterparts, they are supported by third sector welfare associations working in the tradition of what would be called elsewhere a charity or "the voluntary sector". These enterprises - that are loosely coupled with regional and national roof organisations - often co-operate with further bodies of the local civil society. The local units that invest in programs of labour market integration understand these programs as a strategy against social exclusion. The idea of giving the disadvantaged access to a combination of a payment and work (and, later on, perhaps to an ordinary job) is in line with their tradition since they have always devoted themselves to the fight against poverty. It should be noted that these WISE respectively their umbrella organisations see themselves as socio-political agencies that offer services of various kind on behalf of public authorities (Zimmer 1999). Since the latter have set the welfare associations under increasing economic pressure, however, these associations have seen themselves obliged to streamline their activities, including those in the field of work integration. Yet they are still eager to offer their own complex support networks and structures for the purpose of an encompassing social integration, providing shelter, cure, education and counselling, instead of transforming themselves into mere sellers of specialised services in a quasi-market completely dominated by public programs and authorities as purchasing agencies. They comply with the public programs in some, but not in all respects. Some of these WISE, backed by their umbrella organisations as their supporters (Bode, Evers, Schulz, 2004, p.12), develop new approaches that go beyond the existing public programs, e.g. by addressing a larger cohorts of disadvantaged people instead of becoming specialists for helping only selected groups (Schmid / Schulz 2000).

In general, their projects usually follow two main objectives: first, to provide for a social stabilization of their clientele, and secondly, to attentively prepare their "come back" on the first labour market. To achieve these aims, training and employment are in many cases combined with the social support which is offered by welfare associations anyway (counselling, health care, social empowerment). Furthermore, welfare associations are networks based on relations between professionals and volunteers and between major local civic and political actors. Given this background, the respective WISE have the chance to use the potential of the "bounded" social capital to be found in the community, like for instance within the local catholic or reformatoric churches respectively parishes or within the milieu of social democrats and trade unions. By these relations, welfare associations have always been canvassing social capital as an additional resource, e.g. in the form of donations, material equipment, personal support and technical advice. WISE have the chance to do likewise. While WISE run by welfare associations in many respects do not differ from their municipality-owned counterparts they are different to the degree they may be embedded in a certain organizational culture, stressing a sense of belonging and responsibility. This is a resource not easy to construct by a municipality and a local policy that would need to active citizenship in order to create bonds of commitment that work like the ones in faith-based communities.

- *WISE run by local initiatives*: As a kind of grass root or a new social movement, a considerable number of local initiatives have attempted, especially in a period ranging from the late 1970s to the end of the 1980s, to give practical answers to what they perceived as major societal problems of their time. In pursuing alternative visions in areas such as environment, culture, and gender equality, they also began to use instruments of labour market policy, including wage subsidies for people with low employability and the participation in local workfare schemes. Frequently, they were applying to such programs just as a means to be able to employ paid professionals that would otherwise not be affordable. Hence, for many of these initiatives, the goal of occupational integration - in contrast to the aforementioned types of WISE - was (and is) not the only one or even secondary. They have developed as social enterprises with a strong work



integration aspect rather than WISE in the strict sense of the word. As to the aim of social integration, many of these grass rooted enterprises were pursuing a more encompassing approach, stressing a general social responsibility for the fate of the disadvantaged groups, one which is not dominated that much of the challenge of creating "employability". In a way, by their activities, labour market policy was re-integrated into a reformatoric conception of society. Even though the social "milieu" of these WISE has run dry to some extent, some of these WISE insist on an integral perspective that is different from a mere economist thinking about the labour market since issues of local culture, public health and housing play an important role in their approach. Obviously, while such local initiatives may have to rely heavily on social support in forms of social capital, they usually will have serious difficulties in finding stable allies and well institutionalized resources. They are often very much affected by risks and uncertainties in their environmental relations (Bode / Graf 2000).

Their difficult situation may ironically lead to situations in which the outcome of their contracted services - as evaluated by their stakeholders - proves to be especially important for their organizational survival. In contrast to the aforementioned types of WISE they are often not bolstered by resources from supporters others than their contract partners for these specific integration services (Bode, Evers, Schulz, 2004, p.13).

6.3.2.4. Hungary

Hungary recognizes social cooperatives (or the social purpose of cooperatives) in their existing legislation covering cooperatives (OECD, 2016, p.7). The legal forms and statutes for social enterprise are social cooperatives (as defined under Act no. X of 2006 on cooperatives) (European Commission, 2015, p.53).

Despite recent progress, there still have a lack of enabling policy framework for encouraging the creation, development and sustainability of social enterprises. The lack of a high-level strategy encompassing specialist support measures was seen as the most significant obstacle to the development of social enterprise. It was thought by stakeholders that the lack of awareness and joined-up thinking within Government about the needs of the "sector" contributed to deficiencies in the 'sector', and developing a strategy that would survive Government change was essential (European Commission, 2015, p.94).

The entrepreneurship and SME policy framework is set out in the National Strategy on Small and Medium Enterprises for 2014-20 and the National Employment Strategy 2014-20. With the exception of specific measures for youth entrepreneurs, there are very few policies and programmes that support entrepreneurship for other under-represented and disadvantaged groups. Support for youth includes entrepreneurship training, mentoring and grants. A small number of initiatives to support women entrepreneurs have recently been launched (e.g. training and mentoring), but these are small-scale initiatives (OECD, 2016, p.5).

6.3.2.5. Slovakia

In Slovakia, there were 7,508 sheltered workshop/sheltered workplace (Law 5/2004 amended in 2013) - form of WISE registered in 2014 (European Commission, 2016, p.20) Social enterprises are defined by Employment Law as the work integration structures which operate with the objective to (re)introduce disadvantaged²¹ people into the labour market. Social enterprise can operate under any type of legal form (e.g. cooperative, civic association, limited liability company). Sheltered workshops/sheltered workplace also focus on the work integration. Yet unlike social enterprises (as defined by the Employment Act), the targeted group are individuals with disabilities. Sheltered workshop can operate under any type of legal form (e.g. cooperative, civic association, limited company) (European Commission, 2016, p.11).

Slovakia is one of those Member States where the social enterprise sector is still in a nascent stage and the term 'social enterprise' is typically narrowly associated with the work integration structures because of existing legal constraints. Compared to other countries of the EU where the definition of social enterprise is quite broad and not restrictive in terms of the type of social objective, the legislation in Slovakia has narrowed down the understanding to primarily one type of organisation: that is, the work reintegration



social enterprise. The present report acknowledges some positive shifts towards a better understanding of social enterprises both on a general level (by the Slovak society) and on a more specific, legislative level.

The constellation of social enterprises in Slovakia is comprised, amongst others, of work integration structures; sheltered workplaces; cooperatives; municipality companies; agricultural social enterprises. In defining social enterprise borders, the operational criteria reflect the common approach in terms of defining the social enterprise sector. Social enterprises are evaluated according to their social dimension, governance dimension and the entrepreneurial dimension (European Commission, 2016, p.1).

The legal definition of social enterprise in Slovakian context has a rather narrow scope though and emphasises in first place the work reintegration of disadvantaged job seekers as a sine qua non condition to receive the status of social enterprise. Therefore, some argued that this reduced social enterprises to the role of employment policy tool¹². To some degree a consequence of structural problem of Slovak economy characterised by still relatively high levels of unemployment (European Commission, 2016, p.5).

Despite the difficulty in defining and classifying social enterprises, it can be suggested that Slovakia is one of those Member States where the social enterprise sector is still in a nascent stage and the term is typically narrowly associated with the work integration structures because of existing legal constraints¹⁵. The term is also used occasionally as a synonym for the third sector non-profit organizations. The present report acknowledges some positive shift towards a better understanding of social enterprises both on a general level (by the Slovak society) and on a more specific, legislative level (European Commission, 2016, p.7).

A major shortcoming of the Act 5/2004 is that it focuses almost exclusively on the integration of long-term unemployed persons in the labour market. Therefore, the possibilities of creating different types of social enterprises are still limited (e.g. in the field of public services). It is therefore important to remind that when compared with other countries of the EU, where the definition of social enterprise is quite broad and not restrictive in terms of the type of social objective, the legislation in Slovakia has narrowed down the understanding of the social enterprise to only one type of organisation (work integration social enterprises) whose main purpose is to prepare disadvantaged persons to enter the labour market. Arguably, major changes in the way social enterprises are understood by policy makers and legally defined is expected to occur in the coming years (European Commission, 2016, p.7).

A representative of the Provida stated that criteria of the operational definition reflect well the approach favoured by its organisation and in general, many other informed stakeholders. Yet again, representative reckoned that the label of social enterprise was somehow hijacked and the term is frequently and narrowly associated with the work integration structures as per the amendment of Employment Act. It was also said that sometimes it may have negative connotation due to the fiasco of the pilot programme initiated in 2009. Finally, Provida representative stressed that the criterion related to the governance and independence may have secondary importance in the Slovak concept, also for pragmatic reason - it is very difficult to evaluate them (European Commission, 2016, p.12).

6.3.3. Products and services

6.3.3.1. Austria

WISEs in Austria can be found in the most diverse sectors: small trades and simple services predominate (Federal Umbrella Association For Social Enterprises, 2008, p.39).

19,61% -> Joinery/carpentry/Painting/coating/metalworking

16,67 -> Green space management/storage

16,67 -> relocations/repair/maintenance

15,69 -> Services in/around the house

14,71 -> Transport/renovation



12,75 -> Second hand / Sale / Copy Shop

10,78 -> Office services/administration/expedit

8,82 -> Tailoring/dry cleaning/laundry

8,82 -> recycling

8,82 -> Gastronomie/catering (Federal Umbrella Association For Social Enterprises, 2008, p.40).

All Social Economic Enterprises are continuously producing goods and/or selling services. They are mainly engaged in the following fields: textiles, woodwork, restaurants, construction, metalwork, production, sale and repair of different goods, clearing out and waste disposal, home services (Gruber, 2006, p.8).

Most of Non-Profit Employment Project produce goods and/or selling services in administration/office work, social services, environment, renovation, art/culture/research, tourism, crafts and trade fields (Gruber, 2006, p.12).

6.3.3.2. Czech Republic

For social enterprises, accessing markets, both public and private, is essential to ensure their sustainability in the long term. Public procurement can, in this case, constitute an important avenue for enterprises looking to expand their markets. Traditionally, however, social enterprises struggle to compete in public tenders because contracting authorities typically award services to the lowest cost alternative. On 17 April 2014, the new EU Public Procurement Directive came into force and introduced rules which allow public authorities to give preference to bidders that offer better working conditions to their employees, favour the integration of disadvantaged workers, or offer sustainably produced goods.

The considerable expertise of the Agency for Social Inclusion in using socially responsible procurement, contributed to the transposition of the EU Directive into the national legal framework. The Public Procurement Act that came into effect in the Czech Republic on 1 October 2016 expressly declares the preference to evaluate bids based on qualitative criteria (e.g. the quality of the professional team), rather than on bid price only. However, it may be worth making an additional effort to prescribe enabling provisions that would focus on a dynamic field of activity for social enterprises that of general interest services, and more importantly on social, health and other services provided directly to individuals. So far, it is still unclear whether social enterprises will be able to benefit from the EU Directive on Public Procurement.

Responsible procurement is a new trend that is also slowly emerging in the private sector. Several big companies and banks are reported to express their interest in buying goods or services from social enterprises under their corporate social responsibility (CSR) policies. Even if exploratory initiatives do exist as an expression of CSR policies, the focus is still on the most visible part of Czech social enterprises, i.e. WISEs. Moreover, in the Czech Republic, intermediaries connecting social enterprises to the private sector are missing (OECD, 2016, p.9).

In addition to the demand of public agencies, there is a growing private demand for general-interest services other than those related to welfare and a demand for services and goods delivered by WISEs, which should be more effectively stimulated and addressed. Attention should therefore be dedicated to improving access to both public and private markets and specifically:

- Support and monitor the implementation of the 2014 EU public procurement Directive, as it has been transposed in the Czech legal system.
- Raise awareness among public authorities and the private sector about the different types of services offered by SEs (not only WISEs).
- Work with the responsible Ministry of Regional Development and public, regional and local authorities that have long worked on the concept, or have expressed interest in employing social clauses in their tenders.



- Encourage the use of smaller public contracts in order to make it easier for social enterprises to participate in public procurement processes.
- Monitor the implementation of and compliance with social clauses.
- Build the skills and competences of public officials and SEs in public procurement procedures in particular by improving their understanding of the specificities of SEs. Work to develop “how to” guides and promote them through events and training sessions directed both towards the social enterprise community and public contractors (OECD, 2016, p.14).

The type of services and goods produced can vary significantly from place to place but the products supplied have a social connotation - (OECD, 2016, p.30).

6.3.3.3. Germany

6.3.3.4. Hungary

Among social enterprises as ventures whose primary goal is to create social value, and which do so in a business entrepreneurial (market-oriented) way. Their reported products and services (“industrial sectors”) and their social activities classified social enterprises (social sectors). In Hungary 26 social enterprises come from businesses activities sectors, 23 are on Education, 11 focused on Community Social Services, 8 on wholesale and retail trade, 32 on Health and social work (European Commission, 2015, p.34).

6.3.3.5. Slovakia

The main sector activities of WISEs in Slovakia are social work activities, manufacturing sectors and repair of goods (European Commission, 2016, p.49).

6.3.4. The overall conditions of WISEs

6.3.4.1. Austria

A national report was made in Austria in 2009 about WISEs and their role in European policies. 248 organizations were written and invited to participate in the survey. Consequently, nearly all of Austria’s WISEs and GBPs and all eight integration enterprises for people with special needs were surveyed. In 2007 170 GBPs and 81 WISEs were subsidized by the AMS. 4 Of the 259 publically funded WISEs, 248 organizations were written with questionnaires provided to 102 of them and 51 completely and 41 partly filled out. This is a 39.9% rate of return. Drawing on only the completed questionnaires reduces this figure to 20%. Only an extremely incomplete illustration of the landscape of WISEs in Austria is available. For this reason, the results of the survey are to be interpreted with caution (Federal Umbrella Association For Social Enterprises, 2008, p.10).

25,49% are Social Economic Enterprises

24,91% are Nonprofit Employment Project

7,84% are Work Integration enterprises for People with special needs

4,90% are nonprofit Work Integration Social enterprises

2,94% are nonprofit employment company

15,96% are from other types of WISEs

18,63% didn’t reply (Federal Umbrella Association For Social Enterprises, 2008, p.11).



6.3.4.2. Czech Republic

Nowadays, the country is a developed, small and highly open economy where foreign trade in particular plays a vital role in accelerating economic growth and meeting the living standards of the core EU countries. In 2014, Gross Domestic Product (GDP), was EUR 155 billion (CZK 4 267 billion) and about EUR 14 165 per capita (CZK 390 000). In this respect, the Czech economy still lags behind the most advanced economies, reaching approximately 80% of the EU average, but is doing fairly well, compared to its regional peers (OECD, 2016, p.5).

Following the financial crisis in 2008, the total unemployment rate in the EU increased significantly (from 7% in 2008 to 10.2% in 2013) and this had a direct impact on the Czech economy which is highly dependent on trade and exports especially with other European countries. Despite economic stagnation, the Czech Republic is nonetheless characterised by relatively high entrepreneurial activity, increasing in particular for the younger generation but declining for women and the unemployed. Moreover, entrepreneurship is supported by the Government through the SME Support Strategy 2014-2020 which focuses notably on SMEs, which represent more than 1 million economic entities in the Czech Republic (i.e. 99.84% of all businesses). A number of citizens are however sceptical towards entrepreneurs' contribution to the improvement of socio-economic conditions due, among other things, to the frequent incidents of corruption connecting politics and business (OECD, 2016, p.6).

6.3.4.3. Germany

6.3.4.4. Hungary

The unemployment rate in Hungary averaged 9.1% between 2006 and 2015, reaching a peak of 11.3% in March of 2010 before falling to 5.1% in 2015 (Figure 1a). The unemployment rate in 2015 was well-below the European Union average of 9.6%. This trend holds true for most segments of the labour market. A marginal gap exists in unemployment rates between men and women, with male unemployment being slightly below female unemployment (6.6% vs. 7.7%) in 2015. The youth unemployment rate decreased from 28.2% in 2012 to 17.3% in 2015. However, youth in Hungary still face several challenges, including relatively high dropout rates and a high but declining NEET rate (i.e. those not in employment, education or training) (OECD, 2016, p.6).

The Total Entrepreneurial Activities (TEA) Rate (Figure 1c) was slightly above the European Union average for the period 2010-14 (8.5% vs. 6.8%), which is in contrast to the lower self-employment rates. This can be explained by differences in the two measures. The TEA rate measures pre start-up activities and new business ownership, but does not pick-up the stock of entrepreneurs in an economy. The TEA rate for women was substantially lower than the rate for men (5.4% vs. 11.7%) and youth were more active than older people (8.2% vs. 5.7%) in starting a business and operating new businesses (OECD, 2016, p.7).

6.3.4.5. Slovakia

Despite the third sector has gone through dynamic development in the nineties and in early 2000 (there is almost 40,000 entities - civic association, not-for-profit organization, foundations, etc.) and it is present in the public as an active social actor which is a source of new ideas and innovation, its economic power and capital base is rather limited. For third sector organizations, the concept of social economy is very compatible and they are natural allies, but there is a lack of interest in self-identification with this field, limited assets combined with a lack of enterprising culture among third sector organizations (Strečanský, Stoláriková, 2012, p.97)

Even before the amendment of the law that defined social enterprises in Slovakia, there were entities behaving as social enterprises - associations or foundations that performed economic activity while pursuing



social goals. They operated mostly in a small size, with limited capital and assets and with emphasis on social goals. Their attitude and work culture has been more socially driven than entrepreneurial. Once the law came into effect they did not embrace the new concept and only few of them registered as social enterprises. This could be due to different reasons. One of them could be their limited economic capacity and ability compared to business and public sectors. Another could be their self-identification as third sector organizations and not as social enterprises. What is also interesting is that no cooperatives registered as social enterprises, despite their stronger economic profile than the third sector organizations. The registration became more popular among limited companies and municipalities. However, the overall effect of these organizations on the employment has been limited (Strečanský, Stoláriková, 2012, p.96).

6.3.5. Work integration of vulnerable groups

6.3.5.1. Austria

In the view of the Austrian Labour Market Service, the longer the unemployment period, the lesser the chances of getting a new job. The long-term unemployed often have a low level of qualification, or no professional qualification at all, which makes it more difficult for them to find a job. But the period of unemployment itself also has a negative effect on their ability to find a job.

The reasons hereto are manifold. For example, demands for qualifications are changing over time. Thus, rendering obsolete vocational training received in the past. Unemployed people are also deprived of on-the-job training, which is of high importance for low-qualified workers. A long absence from the labour market also has negative effects on the motivation to look for a new job. Important social competencies - like teamwork, time management, punctuality - get lost. In addition, employers are aware of these negative effects of long-term unemployment and are therefore more reluctant to hire long-term unemployed. The tense situation on the labour market pushes the long-term unemployed into a vicious circle. Temporary employment in a social integration enterprise gives the long-term unemployed a chance to break this vicious circle. Besides the negative effects affecting them on the labour market, the long-term unemployed also risk social exclusion, which in turn may lead to severe social and health problems. The loss of income very often means the beginning of a debt crisis which all too often ends in isolation and addiction to alcohol and drugs (Gruber, 2006, p.5).

Social integration enterprises offer temporary employment for discriminated and/or (socially) handicapped persons. The target groups of Social Economic Enterprises in Austria are people experiencing discrimination on the labour market (the long-term unemployed, the disabled, young people with social handicaps, women above 45 and men above 50, women after a family break, problem groups like the homeless, alcoholics, drug addicts, released prisoners, etc). (Gruber, 2006, p.8)

10% more men are employed than women. Upon closer inspection of gender in the individual areas of employment, greater differences can be ascertained with respect to gendered distribution. Male employees are considerably overrepresented in job supervision while women clearly represent an overwhelming majority in the classic "female areas" of social-psychological counselling, administration and outplacement. In the qualification of transit personnel, this overweighting is only marginally visible (Federal Umbrella Association For Social Enterprises, 2008, p.26).

Basically the measures of Austria's WISEs consist of providing protected jobs, so-called transit jobs, for the unemployed in which they become qualified for job trials and are introduced to regular working life. Parallel to this, preliminary and supporting measures are carried out which can range from social-psychological counselling to training and qualification (Federal Umbrella Association For Social Enterprises, 2008, p.38).

Transit personnel are hired at the WISE and can be employed there for up to one year. In legitimate cases, an extension of the length of stay is possible. In practice transit personnel remain an average of eight months and just 5% of the funding lasts longer than one year (Federal Umbrella Association For Social Enterprises, 2008, p.39).



Social Economic Enterprises are primarily responsible for supporting job seekers with restricted productivity in regaining the capabilities required to enter the regular job market by providing them temporary jobs. They organise guidance and training opportunities in the scope of an economic enterprise for persons disadvantaged on the labour market. Social Economic Enterprises try to reduce obstacles and reintegrate temporarily employed into the regular job market. The improvement of transit workers' reintegration chances through specific qualification.

Integrative enterprises for people with special needs pursue almost the identical targets as SÖBs and GBPs. However, 60% of those they administer are people with disabilities. The target groups of WISEs are primarily unemployed persons who are difficult to place. Within this group, further distinctions can be made with respect to the length of unemployment or the social economic status (Federal Umbrella Association For Social Enterprises, 2008, p.32).

48,04% of employees are long-term unemployed persons, 16,67% are people with special need, 11,76% are people re-entering the workforce, 6,86% people with immigrant background, 2,94% are people with addiction disease, 1,96 are social-assistance recipient, 0,98% are people rehabilitated and other 0,98% are ex-prisoners. The majority of those employed in WISEs were in the prime age of employment between 25 and 49 years of age. Youths and older people were hired only to a small extent (Federal Umbrella Association For Social Enterprises, 2008, p.33).

As the Austrian Public Employment Service subsidize further training for key personnel in WISEs, further training is overwhelmingly and regularly offered for their personnel. In the last business year 2007 the enterprises surveyed spent a half million euro on the further training of their personnel. Further training is offered primarily in the area of social-psychological support and job supervision. Taken together, they comprise nearly half of all further training courses (Federal Umbrella Association For Social Enterprises, 2008, p.28).

The weight of training depends on the type of employed workers and the economic field in which the enterprise is active. All enterprises practice on-the-job training combined with theoretical training periods; some enterprises run their own courses, while others enable their employees to attend vocational schools to obtain a formal certificate (Gruber, 2006, p.7).

The quality of jobs in WISES is mainly dependent on the influence and sometimes pressure from the public employment service to enhance efficiency of integration and the overall economic development because large parts of WISEs funds have to be gained by selling products and services on the market. Both, public funding as well as market development put WISES under pressure in the last years, hence, job stability at WISES is decreasing and some services such as placements are outsourced to freelance personnel and contract workers. Nonetheless, key personnel as well as transit personnel are paid according to current collective agreements of the sector. Since 2007, both groups of personnel are paid according to the collective agreement of the confederation of health care and social workers in eight provinces (BAGS KV) if there is no agreement of the sector. In Vorarlberg, a regional collective agreement of the same organisation is in effect (Federal Umbrella Association For Social Enterprises, 2008, p.24).

6.3.5.2. Czech Republic

The employment generation capacity of social enterprises in the Czech Republic is especially relevant, given the high unemployment rates that affect, in particular, certain segments of the population that are especially at risk of exclusion from the traditional labour market (i.e. women with children, young people with low qualifications, minority groups, disadvantaged people, immigrants, homeless people, and former prisoners). Work integration is emblematic of the dynamics of social enterprises and a major sphere of their activity that can also be found in many other European countries (Nyssens, 2006).

The philosophy of these organisations, which first emerged in the 1980s in old member countries of the European Union, has been to empower and integrate excluded people. Against this background, disadvantaged workers have been encouraged to participate in social enterprises that offer them an



opportunity both to reassess the role of work in their lives and to gain control over their personal projects. This concept implies assisting disadvantaged workers, not only to develop an occupation, but also to acquire specific values through democratic management structures, as disadvantaged workers are often involved in the governance of WISEs (Galera, 2009) (OECD, 2016, p.25).

Social enterprises have proved to be able to play a key role at local level. Their beneficial impact on social and economic development can be seen from various perspectives. They provide general-interest services and goods complementing those provided by the public sector, generate new employment in particular for disadvantaged individuals, and contribute to enhancing social capital at local level.

The social benefits include employment and social inclusion of people disadvantaged in the labour market, employees and members participate in the enterprise's strategic decision-making and emphasis on the development of work competences of disadvantaged people.

There are many economic benefits. Any profits used preferentially can develop the social enterprise and/or achieve publicly beneficial goals. It allows the independence (autonomy) from external founders in decision-making and management, at least, a minimum proportion of total revenues and growth thereof accounted for by revenues from sales of goods and services, the ability to manage economic risks and asset lock.

Environmental and local benefits are the preferential satisfaction of the local community's needs and local demand. Other benefits are the preferential use of local resources and the consideration for environmental aspects of both production and consumption. Lastly, social enterprise cooperates with important stakeholders (OECD, 2016, pp.34-35).

The employment generation capacity of social enterprises in the Czech Republic is especially relevant, given the high unemployment rates that affect certain segments of the population that are particularly at risk of exclusion from the traditional labour market (i.e. women with children, young people with low qualifications, minority groups, disadvantaged people, immigrants, homeless people, and former prisoners) (OECD, 2016, p.7).

The historical analysis of social enterprises provides evidence of the crucial role played by these institutional arrangements in supporting development and especially in promoting the interests of the weakest stakeholders in society that would otherwise have been excluded from mainstream economic life. This said, as corroborated by numerous research reports, social enterprises have proved to be able to play a key role at local level. Their beneficial impact on social and economic development can be seen from various perspectives: they supply general-interest services and goods, contribute to a more balanced use and allocation of resources, generate new employment, and play a role in enhancing the social capital that is accumulated at local level. The factors explaining their beneficial impact are briefly described henceforth also through the support of case studies drawn from both the Czech Republic and other EU member countries (OECD, 2016, p.24).

Social enterprise contribution to filling gaps in general-interest service delivery; Social enterprise contribution to creating new employment; Social enterprise contribution to a more balanced allocation of resources at the local level; Social enterprise contribution to enhancing social cohesion (OECD, 2016, pp.24-27).

Training and support structures are indeed instrumental to assist social enterprises in building effective strategies to enter the market. In addition to providing social entrepreneurs with guidance on how to build viable business models and on how to diversify funding sources, support structures also enhance entrepreneurs' managerial and professional skills. Thus, Czech Government should support them (OECD, 2016, p.10).

Important sources of funding for social enterprises that employ people with health disadvantages are instruments of active labour market policies. Active labour market policies can be used under the same conditions by any employer who fulfils their terms and conditions. In that direction, the Agency for Social Inclusion promotes a system of permeable employment for long-term unemployed people which starts with activating measures (activating job opportunities, public service), continues with subsidised employment



(beneficial public work, workplace with a social purpose), then employment in a work integration social enterprise, and finally employment in an open labour market. WISEs are perceived as a pre-final stage before entering a regular job (OECD, 2016, p.46).

Despite the considerable development of third sector organisations at the beginning of transition in eastern, central and south-eastern European countries, social enterprises have gained momentum only recently and are still underdeveloped with regards to the potential demand for services as well as the entrepreneurial behaviour adopted by many groups of citizens (OECD, 2016, p.7).

6.3.5.3. Germany

There is a specific legal framework for WISEs for People with disability. Integration enterprises are predominantly for the handicapped (*Integrationsbetriebe*). Work-integration enterprises hired predominantly the unemployed (*Beschäftigungs- und Qualifizierungsgesellschaften*) (Birkhölzer, Göler Von Ravensburg, Glänzel, Lautermann, Mildenerger, 2015, p.6).

6.3.5.4. Hungary

6.3.5.5. Slovakia

The definition of a social enterprise can help us to understand better how vulnerable groups are integrated. This definition was introduced into Slovak legislative on the 1st of September 2008¹⁶ by an amendment of the Act no. 5/2004 on employment services. Social enterprise is defined as a physical or legal person, which:

- Employs workers that were disadvantaged jobseekers prior to the employment. At least 30 per cent of his workforce must constitute of disadvantaged jobseekers.
- Supports employed disadvantaged jobseekers in finding employment on free labour market.
- Reinvests at least 30 per cent of financial resources gained from own activities that remain after paying all costs associated with own activities into creation of new job positions or into improving working conditions.
- Is listed in the register of social enterprises. The physical or legal person must fulfil the conditions a) to c) to be accepted into the register of social enterprises and gain a status of a social enterprise. A social enterprise that does not satisfy these conditions for at least twelve consecutive months will lose its status.

Originally, the Act nr. 5/2004 defined a contribution for social enterprises. A social enterprise could receive a contribution of up to 50 per cent of Slovak average wage for each disadvantaged jobseeker in his first year of employment. If the disadvantaged jobseeker did not find a job on the free labour market during this period, the social enterprise could receive a contribution of 40 per cent of the average wage in the second year of his employment. After that, no further support was possible. This contribution targeted specifically social enterprises and could not be combined with any other (European Commission, 2016, p.7)

6.3.6. Managerial models and practices

6.3.6.1. Austria

Executive board, the managing body of the association, generally manage the association's transactions. It must consist of at least two persons. The members of the association (the general meeting) elect this executive board. The executive board generally consists of the chairperson, deputy chairperson, cashier, secretary, and, if needed, their deputies. Two certified public accountants are required for associations. The positions in the executive and advisory boards of the funding associations of bigger WISEs are filled by



voluntary representatives from the internal organizations of the social partners, regional politicians and representatives of confessions (Federal Umbrella Association For Social Enterprises, 2008, p.20).

A sole manager largely runs the business practices of the associations. In several cases, there are even two joint managers. They are part of the executive board or the executive board just appoint them in several cases. Important decisions regarding business orientation, investments or procurement as well as the carrying out work orders are generally made in a wider circle of employees in a cooperative fashion without dissolving the generally hierarchical structure of management. In a few isolated cases, there have been attempts to breach the hierarchical structure of management by means of “grass roots democratic” decision-making and equal employee participation by key as well as temporary personnel. This form of participation is limited by economic necessities.

Men in 44% carry out management and by women in 34% of the enterprises and most of them have a university degree. The areas of specialty in which managers completed their degree are distributed nearly equally to the fields of business and social pedagogy (Federal Umbrella Association For Social Enterprises, 2008, p.21).

6.3.6.2. Czech Republic

There is a Lack of managerial skills and competences of social entrepreneurs in Czech Republic (OECD, 2016, p.67). Most studies focusing on social enterprises underline that their survival and growth is constrained by internal factors. In fact, there are a lack of viable business models (particularly, in the case of social enterprises with a traditional non-profit provenance), excessive reliance on the public sector as a source of income, lack of commercial and entrepreneurial spirit and lack of managerial and professional skills/competencies necessary for scaling-up activity (EC, 2016; SEN, 2015).

Thus, in order to assist social enterprises to build effective strategies to enter the market, training and support structures are important and something that public authorities at all level should support. Regular business and social enterprises need to present a strong business case. Obviously, social ventures would need additional, more specialised support to develop their entrepreneurial ideas, but mainstream business development services often provide the basics for necessity-driven and opportunity-driven entrepreneurs. However, in many countries responsibilities for business development services are spread across different ministries and different levels of government (national, regional and local). In this manner, it is often difficult to combine financial and non-financial support schemes into a coherent support package, which reduces the effectiveness of public measures (OECD, 2016, p.60).

6.3.6.3. Germany

More than half of organisations have a formal advisory board. Advisory board runs most of older organisations (75%). In contrast, only 38% for organisations five to nine years old use these governance structures. However, in very young organisations (i.e., less than five years old), 51.7% have an advisory board. This could point to the recent professionalisation of the field that has resulted from increasing pressure for legitimacy and/or a necessity of networks to develop expertise in their founding phase (Scheuerle, Schmitz, Spiess-Knafl, Schües, Ritcher, 2015,p.499).

6.3.6.4. Hungary

6.3.6.5. Slovakia



6.3.7. Technology and ICT tools

6.3.7.1. Austria

In Austria, most projects focused on technological innovations. These projects try to bring innovations in environmental and tourism projects. Some other project try to reach companies and market-related, in order to provide them technological, ecological and design innovations, innovation in Eco technologies and energy technologies. These projects are proposed by extra-university research and technological infrastructure, competence centres and support for applied research. Which lets considerable reduction of investment in infrastructure (only needed expansions of technology centre and ICT infrastructure).

Therefore, we can surely conclude that there are innovative investments in these enterprises. The aim is to support companies (SME) in the development and execution of environmentally correct investments in environmentally compatible and innovative technologies within near-market and technological infrastructure. Environmental technologies and efficient resource management are developed. But it also strengthen structures and help them to move toward international competitiveness (technology) by strengthening the innovation in the economy, particularly in the area of R&D, continuous innovation, technological company start-ups, sustainable business orientation and by improving the level of quality and technological standard.

All these structures allow adaptation of new or improved technologies and processes and subsidization of institutions for technology (Federal Umbrella Association For Social Enterprises, 2008).

6.3.7.2. Czech Republic

Even if Czech Republic is in a good shape regarding economic aspects, many improvements can be done within technological and innovative aspects. A huge gap seems to remain compared with other identical economies (OECD, 2016, pp.16-17).

6.3.7.3. Germany

6.3.7.4. Hungary

6.3.7.5. Slovakia

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