



# WP.T1\_CONTEXT ANALYSIS

## A.T1.1\_RESEARCH ACTIVITIES

D.T1.1.6\_Prospective report on participating  
regions' WISE sector

Version 2

30.06.2018

ENSIE

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FINAL VERSION				
approved by:	<i>Tea Golob, SASS (WP.T1 leader)</i>	date:	30.06.2018	



## SUMMARY:

1. INTRODUCTION .....	3
2. REVIEWS OF THE MARKETS ON WHICH WISES OPERATE.....	3
3. COMMON ISSUES AND DIFFERENCES OF MARKETS/SECTORS IN EACH REGION .....	4
3.1. Italy_Lombardy region .....	5
3.2. Croatia.....	5
3.3. Slovenia .....	6
3.4. Italy_Trentino region.....	7
3.5. Other Central European countries.....	8
4. PROSPECTIVE MARKETS FOR FURTHER DEVELOPMENT.....	8
5. CONCLUSION .....	9

## 1. INTRODUCTION

This report aims to assess and anticipate what is the possible room for maneuver within Work Integration Social Enterprises sector in Central Europe, it will evaluate the current state and potential developments of markets in the overall Central Europe area, and will highlight markets on which WISEs operate, and will then showcase similarities and differences of markets/sectors in each participating region. Finally, it will feature a prospective analysis to determine the potential development of WISEs' sectors in the whole Central Europe.

## 2. REVIEWS OF THE MARKETS ON WHICH WISES OPERATE

This section will first analyse what legal framework operates WISEs across partners' countries and in Central Europe countries followed by the description of targeted groups WISEs are working with. It will then present quantitative data on main sectors of activities WISEs are relevant in. After having analysed country reports and legal documents related to various existing legislations on WISEs' legal framework across concerned by this project countries, we can notice that most of WISEs are defined as physical or legal persons which employ disadvantaged jobseekers and which reinvest their profits into the social objectives of their activities. Historically developed to create separate spaces of work for populations considered less able to compete in mainstream labour markets, such as the physically and developmentally disabled, WISEs have evolved to target other disadvantaged and marginalised communities, such as individuals suffering from homelessness, youth disconnected from both school and labour markets, formerly incarcerated individuals seeking re-entry into employment, and welfare recipients required to work for benefits or as benefits are timed out. WISE organizations manage multiple goals, including the commercial imperatives of the product and service markets in which their businesses (cafes, bike shops, laundries, recycling centres, restaurants, and others) compete, and the pro-social goals of employment and integration for the disadvantaged communities they hire and train. Therefore, Work integration social enterprises (WISEs) represent a market based approach for workforce development and labour market integration that offer employment and training opportunities as well as bridges to the mainstream labour market.

WISEs may receive national/public financial support, as it is the case in Slovakia, where the government pays a contribution to the WISE on the first year of employment of the jobseeker. They also benefit from European Union's financial support through the European Social Fund.

The type of services and goods produced can vary significantly from place to place but most of the products and services supplied have a social connotation. WISEs are present in wide business area but they are predominant in some sectors.

The most-represented sectors in different countries from Central Europe are:

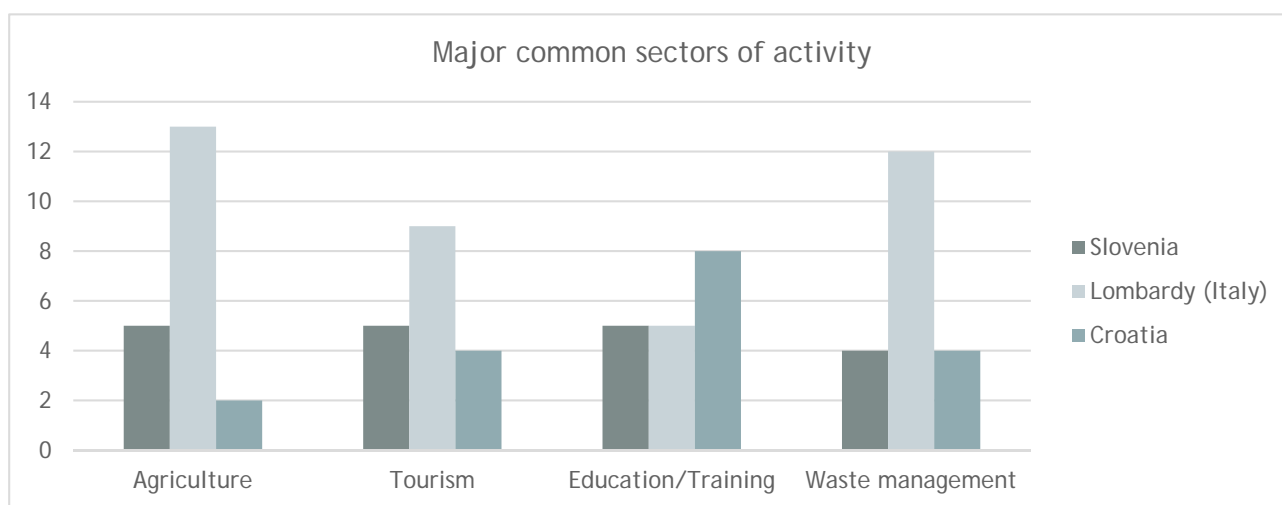
- Agriculture;
- Food production and processing;
- Food services, restaurants and catering;
- Tourism;
- Maintenance of green spaces;
- Education and training;
- Waste management;
- Cleaning services.



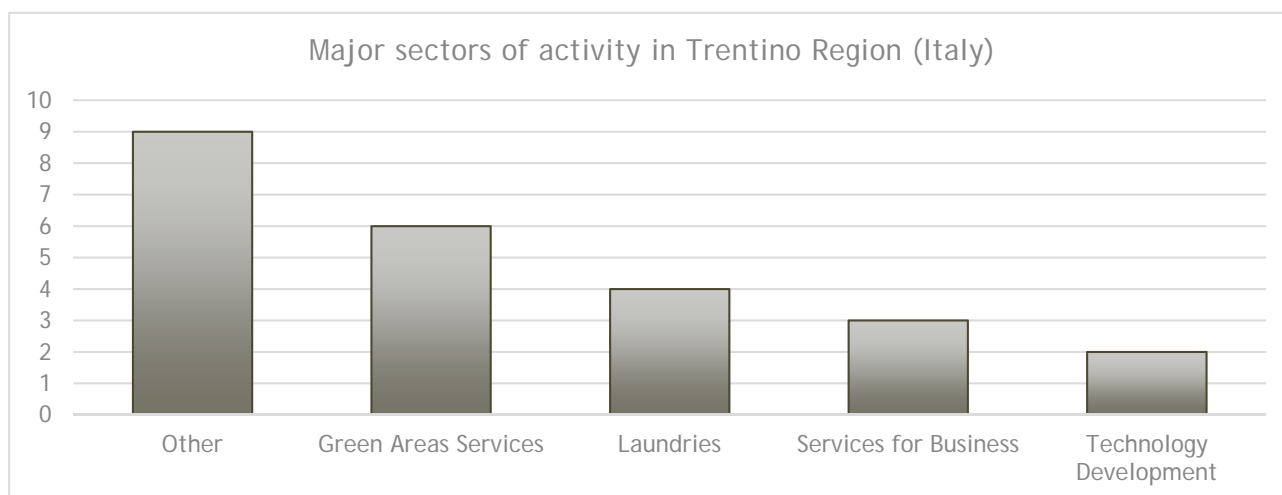
On top of that there are many other sectors to be taken into account, which will be highlighted in the next section, where similarities and differences in market structures among Central Europe countries are analysed.

### 3. COMMON ISSUES AND DIFFERENCES OF MARKETS/SECTORS IN EACH REGION

Based on the analysis of the different country reports, some common sectors of activity of WISEs across project partner countries can be highlighted, and they are summarised by the following bar graph:



The four sectors are present by varying degrees in the three countries under consideration. Substantial differences can be found in the Trentino Region (Italy), whose sector of activity for WISEs do not align with the ones reported above. Indeed, most of the sectors mentioned above are not present in the region, and the major sectors of activity for the Trentino Region are:



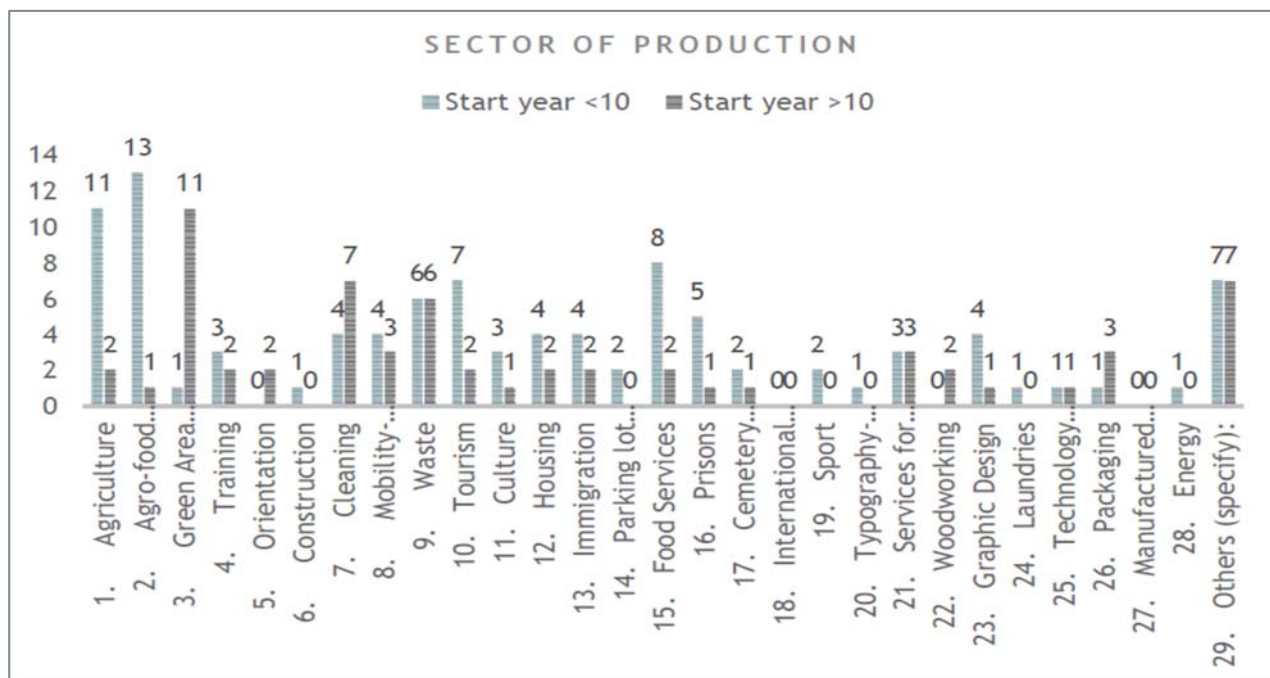


The difference is most probably due to the small size of the area, which leads to a specialisation of WISEs in few different sectors. Furthermore, it is worth noting that many WISEs did not identify with any of the categories in the survey.

Apart from the aforementioned four common sectors, each of the partner countries, as well as other countries in Central Europe, present its peculiar WISEs market structure.

### 3.1. Italy\_Lombardy region

In the Lombardy region, a line can be drawn between market sectors that have developed during the last ten years and those in which WISEs have historically been engaged in. Indeed, as shown by the following graph, the number of WISEs established in the various sectors may vary substantially if this ten years benchmark is set.



Indeed, over the last ten years, the new-born WISEs have concentrated their focus on three main sectors, namely agriculture (34.2%), agro-food production (36.8%) and food services (26.3%), while historically WISEs had been mostly interested in management of green spaces (31.5%), cleaning services and waste management (34.2%), as well as education (36.8%).

The overall spectrum of sectors in which WISEs operate is pretty large, mostly due to a recent enlargement of focus, and this could be an evidence that the WISEs sector in Lombardy is thriving and slowly consolidating in sectors that were previously dominated by conventional firms. Furthermore, a significant number of WISEs have declared that their activities pertain to a sector which was not included in the survey, making the real range of sectors even wider.

### 3.2. Croatia

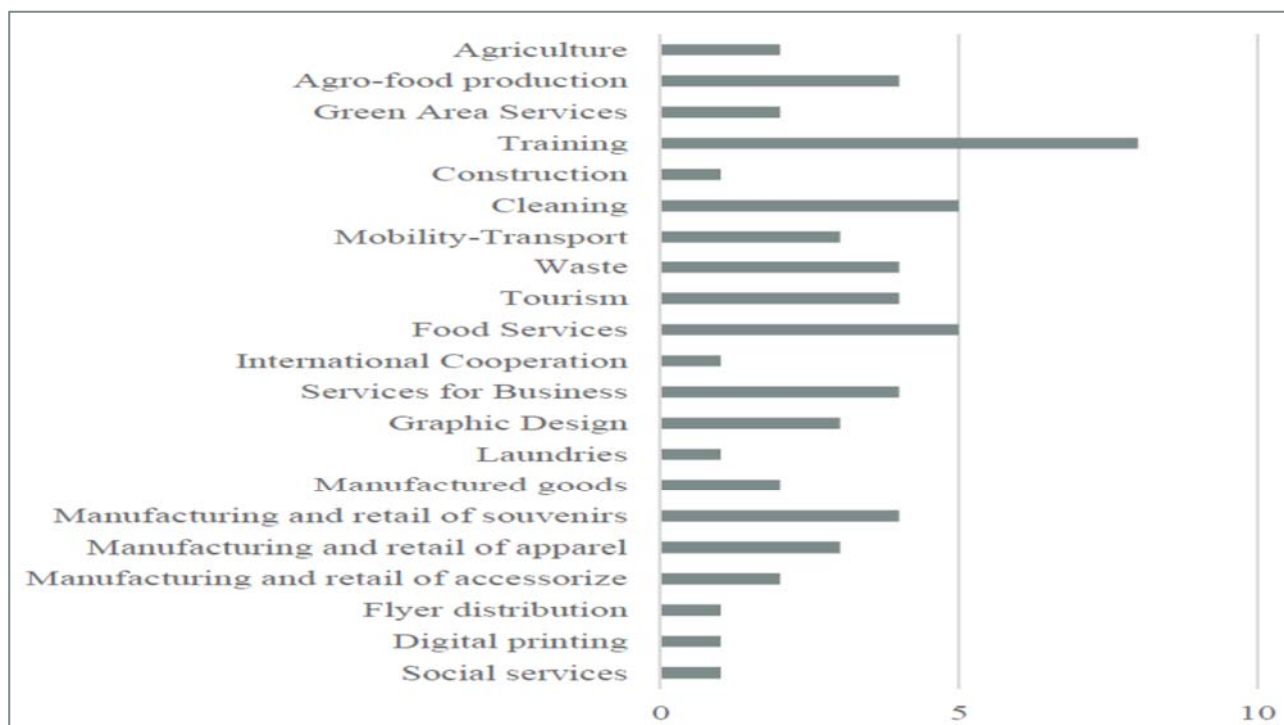
Croatia is also characterised by a pretty wide range of sectors covered by WISEs, even though the number of sector (21) is lower than for Lombardy.



Apart from the four main sectors that have already been identified as common among the project partner countries, there are numerous other sectors of activities in Croatia that span both production of goods to provision of services.

One peculiar sector that cannot be traced in any other of the project partner countries is the manufacturing and retail of souvenirs, apparel and accessories, even though this might due to some of the other countries summarising manufacture under a single heading (manufactured goods).

Below, a summary of all the different sectors of activity of WISEs in Croatia is provided:



According to the survey, Croatia ranks second in terms of number of sectors covered by WISEs, however, the number of sectors could be correlated with the size of the country and the number of inhabitants, therefore it is difficult to draw conclusions on how vibrant is the WISEs sector in each country based on this specific statistic.

### 3.3. Slovenia

Slovenian WISEs analysed in the survey cover a smaller range of sectors compared to the two areas approached in previous two paragraphs. Apart from the four common sectors mentioned earlier, Slovenian market for WISEs is characterised by a strong focus on manufacturing and administrative support activities.

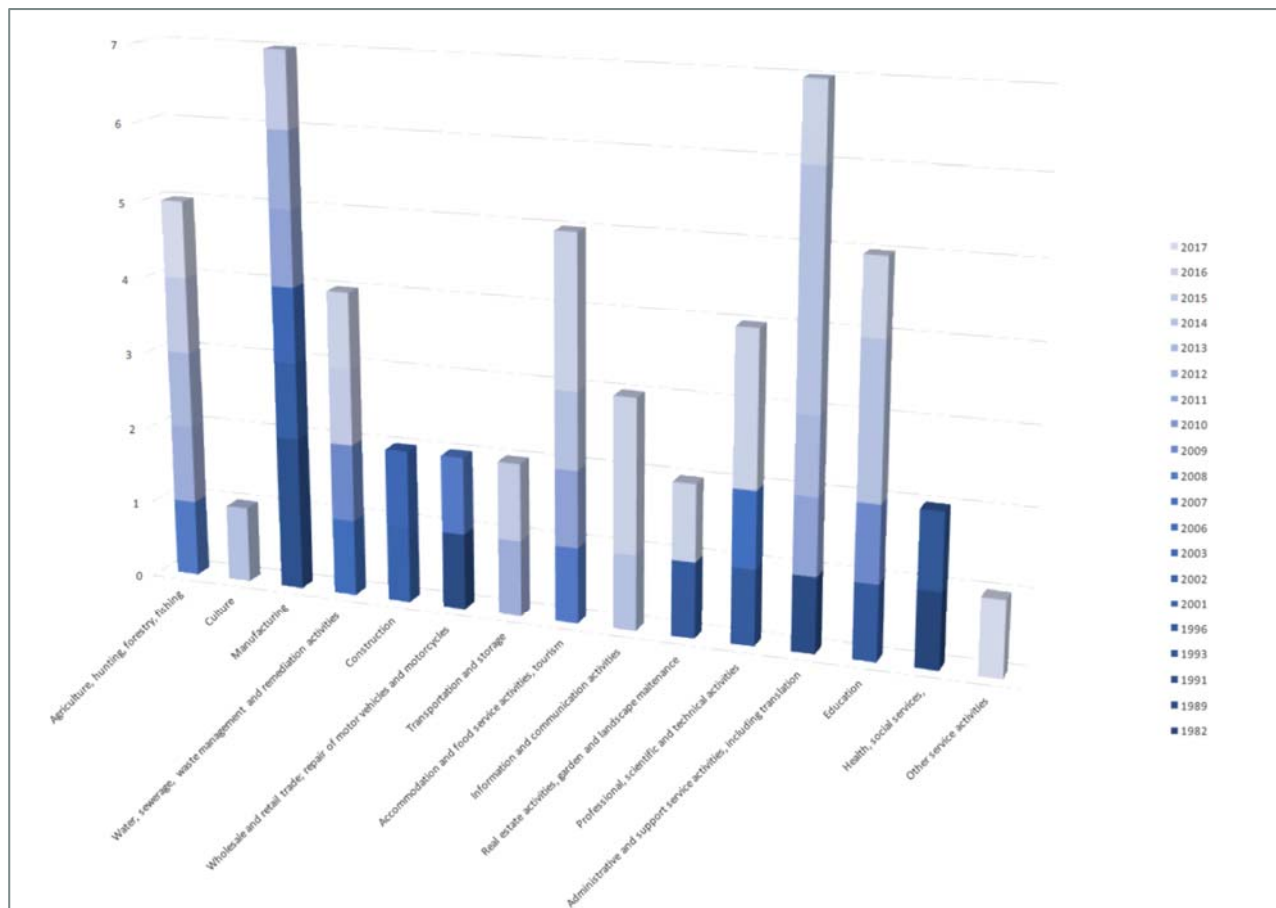
It is interesting to notice that, to some degree, the Slovenian market for WISEs has experienced a shift in focused fairly similar to the one seen in Lombardy, with the recent emergence of sectors like agriculture, tourism, information and communication activities. Only three sectors had been covered before the 90s, and the blossoming of WISEs, and especially their proliferation to a broader variety of sectors, has been a relatively recent phenomenon in Slovenia - mostly typical of the 21th century.

The wholesale and retail trade, construction, health and social services are the sectors in which Slovenian WISEs have been present for a relatively long time. This is also mostly true for the manufacturing sector. On the other hand, information and communication activities have only recently become more relevant for



the WISE operations. Similar can be argued for accommodation, food services and tourism, culture, transportation and storage, and other service activities. Other activities, mostly have their roots in the 2000s but have expanded even further during the current decade. This is typical for agriculture, education, water, sewerage and waste management, professional, scientific and technical activities.

The situation is best summarised by the following graph:

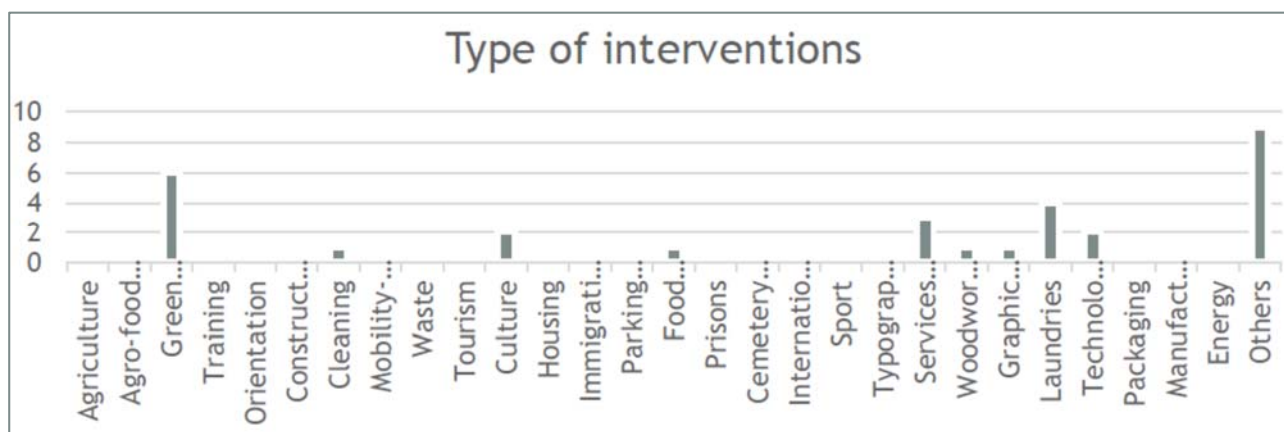


### 3.4. Italy\_Trentino region

As already mentioned, the situation in Trentino is substantially different from the one in the other countries who took part to the survey, and this is most probably due to the small size of the region. The sectors in which WISEs concentrate are typical of a WISEs sector which has not experienced the late shift we already noticed, especially in Lombardy and in Croatia. However, it is interesting to notice that a non-negligible number of WISEs (compared to the overall number) is focused on culture and technology development, which can be considered relatively young sectors.

Furthermore, as shown in the following graph, a large portion of respondents claimed that their activities did not fall in any of the categories that were submitted to them through the survey. Therefore, there could be a lot of untraced scope of the WISEs sector in Trentino:





### 3.5. Other Central European countries

As for the other Central European countries that are not partner of the project (Austria, Czech Republic, Germany, Hungary and Slovakia), WISEs are active in the production of goods and services in manifold sectors.

With the exception of Germany, which presents more of the sectors we identified as relatively new for WISEs, such as agriculture, tourism and waste management (this last one is also present in Austria), the main sectors are:

- joinery/carpentry/Painting/coating/metalworking;
- green space management/storage;
- relocations/repair/maintenance;
- services in/around the house;
- transport/renovation;
- second hand / Sale / Copy Shop;
- office services/administration;
- tailoring/dry cleaning/laundry;
- catering.

## 4. PROSPECTIVE MARKETS FOR FURTHER DEVELOPMENT

This section focuses on potential markets and developments to contribute to the development of a prosperous context for WISEs in Central European countries.

Analysing quantitative resources provided by partners countries, a shift in focus can be noticed, with new sectors, such as, agriculture, food service, waste management and tourism, recently consolidating as favourite sectors for WISEs. Furthermore, due to an increasing digitisation of our way of living, new sectors, like graphic design, communication and technology development, emerged. Another point worth stressing it the fact that the part related to 'other' categories of sectors WISEs are operating in is important, and this could imply that WISEs are starting to be active in sectors that are not conventionally thought to be of significance for them.

In order to contribute to the development of WISEs, few major actions should be followed in the future:





- all governments should develop a harmonised legal framework with a clear definition of social entrepreneurship and WISEs;
- it is important to contribute to the visibility of WISEs which is an important step to understand how WISEs contribute to the inclusion of disadvantaged people into the labour market;
- member states should develop their national strategy on the development of social enterprises in accordance with their particular national context;
- governments should improve the access for WISEs to finance in order to allow them to sustainably grow in the long-term.

## 5. CONCLUSION

Through these researches, project partners made a complete mapping of WISEs in Central Europe. We can conclude that, right now, it is clearer what are their institutional, technological and managerial capacities, but also needs and areas that might be improved for strengthening position, sustainability and visibility of WISEs in CE. Reflecting on the challenges and perspectives for WISEs, it is necessary to take into consideration main trends that will influence their future development.

The main trend is the emergence of new social needs and norms, linked for instance to the extension of life expectancy, to digitisation or to environmental degradation, that results in the appearance of new sectors to be colonised by WISEs. Furthermore, given the retreat of governments in their role of service providers, there is large room for WISEs to take on the responsibility to offer services to the general public, all the more so given the fact that they would collaterally integrate disadvantaged workers into the labour market. However, the future development of WISEs will be influenced by legislation on the third sector, which should be designed to reduce constraints on WISEs and increase the number of sectors of activity in which they can operate, in order to fill the widening gap between supply and demand that is present and to do it with a person-driven approach.

However, the impact of these factors on the development of WISEs and of the provision of services will depend on how the different types of social enterprises will react, to their ability to move to productions with higher social and economic value-added content, and to their capability in training disadvantaged workers in more skilled tasks demanded by the open labour market.