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# **DRAFT REPORT**

on social entrepreneurship and social innovation in combating unemployment  
(2014/2236(INI))

Committee on Employment and Social Affairs

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on social entrepreneurship and social innovation in combating unemployment (2014/2236(INI))

*The European Parliament,*

- having regard to the Commission communication of 3 March 2012 entitled ‘Europe 2020: A strategy for smart, sustainable and inclusive growth’ (COM(2010) 2020),
- having regard to its resolution of 6 February 2013 on corporate social responsibility: accountable, transparent and responsible business behaviour and sustainable growth<sup>1</sup>,
- having regard to its resolution of 19 February 2009 on social economy<sup>2</sup>,
- having regard to Article 184 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds,
- having regard to its resolution of 20 November 2012 on the Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation<sup>3</sup>;
- having regard to its declaration of 10 March 2011<sup>4</sup>,
- having regard to the Council conclusions of 20 May 2014 on promoting youth entrepreneurship to foster social inclusion of young people<sup>5</sup>,
- having regard to Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation (‘EaSI’), which introduced the microfinance and social entrepreneurship axis,
- having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 20 October 2011, entitled ‘Social Business Initiative’ (COM(2011)0682),
- having regard to Rule 52 of its Rules of Procedure,
- having regard to the report of the Committee on Employment and Social Affairs (A8-0000/2015),

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

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

<sup>3</sup> Texts adopted, P7\_TA(2012)0429.

<sup>4</sup> OJ C 199 E, 7.7.2012, p.187

<sup>5</sup> [http://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XG0614\(04\)&from=EN](http://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XG0614(04)&from=EN)

- A. whereas the social economy provides employment for more than 14 million people, representing around 6.5% of workers in the EU; whereas there are 2 million social economy enterprises in the EU, representing 10% of EU undertakings;
- B. whereas, as a consequence of the economic and financial crisis, levels of poverty and social exclusion have increased, as has long-term unemployment;
- C. whereas social economy enterprises are more flexible and innovative, offer favourable working conditions and are better at adapting to economic and social circumstances;
- D. whereas social economy enterprises are characterised by the strong involvement of their members or partners in the management of the enterprise and the high level of transparency in their operations, and respond to the growing public demand for ethical, social and environmentally friendly business behaviour;
- E. whereas social economy enterprises comprise a wide range of companies, and most of these enterprises are not recognised by a European-level legal framework, being recognised only at national level in some Member States, with different legal forms;
- F. whereas social innovation refers to new ideas, whether they be products, services or social organisation models, designed to meet new social and environmental demands and challenges, such as the ageing population, balancing work and family life, managing diversity, youth unemployment and climate change;
- G. whereas the lack of recognition that frequently faces social economy enterprises makes it even more difficult for them to access both public and private financing; whereas social economy enterprises are chiefly SMEs and micro-enterprises;
- H. whereas education and training must be priority areas in fostering the entrepreneurial spirit among our young people;
- I. whereas the social economy, and in particular training and placement enterprises, offer job opportunities for people who are furthest away from the labour market;

## **Introduction**

1. Notes that social economy enterprises are enterprises whose main purpose is to achieve their social objective, which may be to create jobs for vulnerable groups, provide services for their members, or more generally to create a positive social and environmental impact, over and above maximising profits for their members or partners, and which reinvest their profits in order to achieve those objectives; points out that, despite legal disparities and the different activities carried out by social economy enterprises across the EU, they share a series of common recognisable features;
2. Points out that social economy enterprises have a strong local and regional basis, which means that they are more aware of specific needs and able to offer products and services which match those needs, thus improving social and territorial cohesion;

3. Welcomes the increase in the number of conventional enterprises which apply corporate social responsibility strategies as part of their business plans; points out that applying corporate social responsibility strategies is not in itself sufficient as a condition for being considered a social economy enterprise;
4. Believes that social innovation makes a significant contribution towards laying the foundations for a type of growth which serves a more sustainable, inclusive society generating social cohesion;
5. Points out that, in order to strengthen entrepreneurial skills, professionalisation, the conditions enabling social economy enterprises to develop and grow and the creation of social innovation poles, it is vital to promote exchanges with other innovative social enterprises, with the academic world and with social investors;

### **2020 Strategy**

6. Recognises that the EU is a long way away from achieving the targets set in the 2020 Strategy, particularly those relating to employment, innovation and poverty reduction, and that the social economy contributes to a sustainable, smart and inclusive economic model in line with the objectives of the 2020 Strategy;
7. Emphasises that, given its social and inclusive nature, the social economy offers jobs to the most vulnerable groups, contributing to economic growth, solidarity and social cohesion;
8. Calls on the Commission and Member States to include social economy enterprises in action plans for employment and social integration;
9. Calls on Member States to include measures to promote social entrepreneurship and social innovation in their national Youth Guarantee schemes;
10. Points out that social economy enterprises face difficulties in accessing public procurement; calls for action to facilitate their participation in public procurement by providing appropriate advice and simplifying the procedures; calls for bids to be rewarded that offer most economic and social value rather than the lowest price in public procurement, with social or environmental criteria being included in public procurement contracts;
11. Welcomes the reform of the Public Procurement Directive, which includes social clauses and criteria in order to promote social inclusion and social innovation, inter alia; urges the Member States to include social clauses and criteria in public procurement procedures;

### **Financing**

12. Regrets that social economy enterprises encounter even more difficulties in securing financing than traditional enterprises, whether through public or private channels;
13. Points out that access to financing is hindered by the fact that financial intermediary managers have little knowledge of the actual situation for these enterprises; stresses the

need to improve training for these managers with regard to social economy enterprises in order to facilitate their access to financing;

14. Welcomes the adoption of the regulation on European social entrepreneurship funds;
15. Highlights the role to be played by the social entrepreneurship axis of the EaSI and the remaining structural funds and European programmes in improving their financing;
16. Highlights the need to support social economy enterprises with sufficient financial resources at local, regional, national and EU level; considers it necessary to improve access to financing for the social economy through various forms of financing, such as European funds, risk capital funds, micro-credit and crowdfunding;
17. Calls on the Commission to be as flexible as possible with regard to state aid for social economy enterprises, and to help local and regional authorities understand and apply state aid targeted at social economy enterprises;
18. Calls for investment in the social economy to be taken into account when assessing European Strategic Investment Fund projects;

### **Training**

19. Calls on Member States to include the entrepreneurial spirit and the principles of the social economy in education and training curricula;
20. Points out that some social enterprises are competitive and are at the forefront of their sector, while others require specialised knowledge in order to launch, develop and manage their enterprises; calls on the Member States to develop training programmes targeted at and specifically tailored to entrepreneurs in the social sector with a view to developing basic business management skills and knowledge;
21. Calls on Member States to promote lifelong learning among older workers and the long-term unemployed to help them move into the social economy;

### **Support and promotion**

22. Regrets the low level of recognition of the social economy at European level; takes the view that improving the collection of data and the exchange of information and best practice at European level, and greater media coverage of the social economy and its achievements, would help to boost society's involvement in the social economy, gaining more understanding and recognition for the sector and raising its profile;
23. Calls on the Commission to carry out a comparative analysis of national certification and labelling systems for the social economy and to facilitate the exchange of best practice, in close cooperation with social economy enterprises;
24. Calls on the Commission and Member States to promote the creation of business incubators for social economy enterprises;

25. Calls on Member States to take account of best practice with regard to adapting national tax systems to favour social enterprises and social investment;
26. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

The EU defined its approach for the coming years in the 2020 Strategy, and it must not turn its back on the ambitious targets set.

Nevertheless, the economic and financial crisis that has affected the EU in recent years, and which is fortunately now coming to an end, has meant that we are still far away from achieving these objectives, and we must now rethink the social and economic model to ensure that future growth is not only sustainable but also tallies with the principles of economic, social and territorial cohesion on which the EU is based.

The EU must tackle significant challenges in the short term, including economic and financial sustainability, social well-being and especially job creation, taking particular account of the most vulnerable groups, including young people, women and older people, the long-term unemployed, people with disabilities, immigrants and the Roma community. In order to meet these challenges, however, the EU must also ensure that it takes account of future challenges, such as the ageing population and depopulation in rural areas.

The social economy must play a key role in achieving these objectives. Social economy enterprises have proved to be better able to withstand economic turbulence, and have been able to offer innovative solutions to boost social cohesion and inclusion and job creation. Moreover, social economy enterprises have a strong local and regional basis and are able to offer solutions tailored to specific needs.

Social entrepreneurship and social innovation will be crucial for the further development of the social economy. It is therefore vital to pay particular attention to education and training. The EU must instil the necessary innovative and entrepreneurial spirit in its young people from an early age.

It is also important to make a clear distinction between the social economy and corporate social responsibility (CSR). Social economy enterprises are enterprises whose primary objective is to have a social impact rather than generating profits for their owners or partners, whilst CSR refers to the voluntary integration of social and environmental objectives into the business plans of traditional enterprises.

Social innovation and social entrepreneurship are thus key factors in developing the social economy, and work needs to be done in the following areas in order to promote it:

- Education and training
- Improved financing
- Greater visibility at European and national level and exchange of information and best practice
- Action to promote the development of the social economy in the EU and Member States
- Improved legal framework.