

Policy recommendation



New jobs for 100,000 people with the power of social enterprises

Social enterprises have an extensive positive impact on society and they develop and spread social and ecological innovations. We are proposing four policy targets and measures which can be used to accelerate social enterprises' ability to create new jobs for 100,000 people, especially partially disabled people and other professionals who require support. The means already exist and require no public additional funding in comparison to the current level, only rationalisation and re-allocation.

RECOMMENDATION 1

Through procurements, the public sector assumes an active role in the promotion of employment and positive societal, social and ecological impacts.

Public procurements must be developed so that they promote the creation of a market of positive impacts in Finland. This will be implemented by making a concentrated effort to increase effectiveness-based procurements, by introducing indicators of societal benefit, such as SROI, in procurement processes and by producing information about the impacts and jobs created.

RECOMMENDATION 2

Social enterprises that integrate people with work are seen as an alternative for unemployment.

The operating conditions of enterprises that integrate people with work are protected through a sustained, effectiveness-based funding model. Employment policy allocates resources to organisations that offer diverse, coaching-like support and which both decrease the social and health costs employment causes for society and increase the positive well-being effects.

RECOMMENDATION 3

There is no punishment for accepting or performing work.

As part of the reform of social security, the incentive traps related to accepting work are dismantled by decreasing job-seekers' risk of losing their benefits or of having the payment of the benefits be delayed. Furthermore, the position of people who are in debt and in debt recovery proceedings is supported from the perspective of accepting work.

RECOMMENDATION 4

The availability of early-stage funding and funding that strives for growth is improved considerably for social enterprises.

Different financial instruments are changed to support the development of employment-oriented social innovations by piloting an application process whose granting criteria emphasise positive social and ecological impacts that are produced directly into society. The aim is that a bigger share of the funding granted would be allocated to communities that produce positive social and ecological impacts for society.

Social enterprises as the drivers of positive change

A social enterprise is not a separate corporate form; it is a way of practicing societally impactful business operations. Social enterprises build new solutions for sectors that are critical for society and services for areas that the public sector or traditional companies cannot reach.

Social enterprises do not have to be treated differently from other companies and the different support criteria may not be discriminatory. Instead, society must direct and encourage operations that create positive impacts. When implemented together, the objectives and measures presented above give all types of companies the opportunity to practice effectiveness-based business operations, develop new services and innovations – and show that employment is always more profitable than unemployment, for both society and individuals.

The new data page¹ of the Centre of Expertise for Social Enterprises identifies 2,500 social enterprises in Finland that have 61,000 jobs in total. Even though the Finnish society has been a pioneer in regards to things such as cooperatives, Finland still has significant amounts of unutilised potential when it comes to the employing capacity of social enterprises. In Belgium, whose population is about twice that of Finland's, about 570,000 people work at social enterprises. There are about 18,000 social enterprises in Belgium.²

Social enterprises' ability to produce and share positive effects through the means of business operations is a point of interest in both domestic discussion and the EU. At EU level, the social economy represents about 2.8 million organisations, over 13.6 million jobs and over 6% of labour.³ The social economy is one of the 14 industrial ecosystems of the industrial strategy of the EU. In addition to the EU, the International Labour Organisation (ILO), OECD and World Economic Forum have all wanted to promote business operations that have an important role in the solving of significant societal challenges.

The value- and mission-oriented approach provides social enterprises with the opportunity to seize the new possibilities offered by this trend. They reform the economy and increase well-being in ways that do not increase public spending or require additional funding in comparison to the current level. By re-allocating the resources now used to maintain employment services, we can pay people for working instead of being unemployed. For many people, having a job, even a supported one, is their first step in their integration with society in a meaningful and independent way.

According to different estimates, about 50,000 people use employment-related services every day. At the same time, 70,000–200,000 people included in the rehabilitation and retirement system would like to work.

¹ <https://yyo.fi/data/>

² Nyssens, M. & Huybrechts, B. (2020). Social enterprises and their ecosystems in Europe. Updated country report: Belgium. Publications Office of the European Union. European Commission. <https://europa.eu/Qq64ny>

³ EESC 2017: <https://www.eesc.europa.eu/sites/default/files/files/qe-04-17-875-en-n.pdf>

We need jobs and new ways of employing people and seeing the capacity to work

The group of partially disabled people and other people who need support for their employment has a significant role in the efforts our society makes to achieve the employment level of 80 per cent and sustainable solutions for the unemployment rate and labour shortage.

We do not only need new jobs and new professionals but also goal-oriented and coordinated support, guidance, training, continuous learning, and adjustment of work duties. In this way, we can create work that increases people's abilities and participation and which is more profitable than unemployment for both the individual and society.

At the same time, we can change structures and practical attitudes towards work and work ability. The work ability of an individual is not either/or, perfect or non-existent. The ability to work varies and it is influenced by numerous factors. Being partially disabled still includes the ability to work. When the requirements of the work are adjusted to meet the personal resources, the ability to work is maintained and developed with a human-oriented approach. In addition to structures, the daily attitudes require correcting. We, as a society, cannot only appreciate the elusive ideal worker; instead, we must see each person in the situation in which they are as individuals.

Organisations prioritising positive effectiveness are the promoters of this change. All social enterprises create work, but social enterprises that integrate people with work have a special role. By developing competence, arranging supported work, and coaching, social enterprises support the employment of people in poor labour market positions and people who are not employed and require support.⁴ Social enterprises offer a new, supply-based opportunity to advance a market that employs in a comprehensive manner and sees work ability in every person.



⁴ Engl., work integration social enterprise, WISE. E.g.

<https://yyo.fi/ajankohtaista/tyohon-integroiva-yhteiskunnallinen-yritys-mita-ihmetta/>

Jobs at the heart of societal change

Finland is changing. The ageing population, urbanisation, internationalisation, digitalisation, and sustainability crisis create both challenges and opportunities for society. Social enterprises participate in change through new innovations, actions and professionals. The core of the change consists of four critical areas that offer work and need workers: the social welfare and health care sector, the circular economy and reutilisation, the multi-location Finland that needs new services, and the digital and green transition.

All of these sectors are growing – and a significant amount of social enterprises are already operating in them. Reutilisation and the social welfare and health care services are sectors in which social enterprises have the most established position and, thanks to their special characteristics and the existing market, a significant employment potential. However, fast growth can also be achieved outside of these sectors.

New professionals and solutions: Social welfare and health care sector – care services in particular

The entire social welfare and health care sector suffers from labour shortage and the ageing of society increases the need for services. The sector's need for new workers is estimated to be about 200,000 person-workyears by 2035.⁵ The

social welfare and health care sector already is one of the largest sectors that have social enterprises – currently, there are about 900 enterprises in the sector.

The sector boasts strong evidence of the social innovations created by social enterprises and practices that reform the existing methods. For example, the Dutch model Buurtzorg has reformed the care for the elderly to be more customer- and worker-oriented, creating cost savings in the process.⁶ It has improved the attracting and retaining capacity of the sector by increasing employees' agency, it has enabled influencing your job description and time management and it has improved the experience of the meaningfulness and effectiveness of work.

New jobs: Circular economy and reutilisation

Sitra anticipates that there will be 75,000 new jobs related to the circular economy in the near future.⁷ The reutilisation of materials alone has the potential of tens of thousands of person-workyears. Repairing, reuse of textiles, and scarcity of minerals require increasing human labour that automation and robotisation cannot replace. Social enterprises are already pioneers of reutilisation – in both effectiveness and the employment occurring through minor work markets.

⁵ Tevameri Terhi (2021). Katsaus sote-alan työvoimaan. Toimintaympäristön ajankohtaisten muutosten ja pidemmän aikavälin tarkastelua. TEM toimialaraportteja 2021:2

⁶ E.g. Buurtzorg: revolutionising home care in the Netherlands (2018). Centre for Public Impact. <https://www.centreforpublicimpact.org/case-study/buurtzorg-revolutionising-home-care-netherlands>

⁷ Sitra (2016). Kierrolla kärkeen. Suomen tiekartta kiertotalouteen 2016–2025. Sitran selvityksiä 117, Sitra.

New services: Multi-location Finland

The small countryside municipalities and towns in particular should recognise their roles as a partner for service-providing social enterprises in areas that the traditional public sector or business operations cannot reach. Community-based social enterprises are the way to the peer production of different services. At the same time, they enhance local agency, economy and ability to positively impact the future. They also utilise the increasingly popular multi-location approach. In small municipalities in particular, these social enterprises hold significance that is larger than the enterprises themselves, but they can also respond to local service needs at a city level, for example. According to the OECD, there is a clear mutually nourishing effect between social entrepreneurship and regional development.⁸ Similarly, the European Commission emphasises the importance of the social economy and social entrepreneurship in the enhancing of the vitality of rural areas.⁹

Digital green transition that enhances engagement

A digital and green Finland will not create itself. There is the risk of excluding a lot of people from the transition. Social enterprises develop the preparedness of all citizens through everyday support, but also through companies that represent a higher degree of processing

and more demanding competence. Combining high-quality and innovative operations with a mission-oriented approach can create surprising success stories. For example, the Danish, globally active Specialisterne has created a new way of employing people who are on the autism spectrum in demanding expert positions in the field of data and IT. According to estimates, 10,000 jobs had been created by 2019.¹⁰ Finland cannot afford to leave anyone outside the agency of social change.

Effective companies and high-quality jobs

The creation of new jobs and how these jobs treat the workers are equally important elements.

The openness, strong participation and democracy related to value- and mission-based social enterprises are repeated in international reports that assess the effectiveness and efficiency of companies that solve social challenges. The ability of companies solving significant social challenges to achieve results is

⁸ OECD (2020). Regional Strategies for the Social Economy: Examples from France, Spain, Sweden and Poland, OECD Local Economic and Employment Development (LEED) Papers, No. 2020/03, OECD publications. <https://doi.org/10.1787/76995b39-en>.

⁹ European Commission (2021). A long-term Vision for the EU's Rural Areas - Towards stronger, connected, resilient and prosperous rural areas. COM/2021/345. <https://eur-lex.europa.eu/legal-content/FI/ALL/?uri=CELEX:52021DC0345> and the European Commission (2021). Building an economy that works for people: an action plan for the social economy. COM(2021) 778. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0778>

¹⁰ Sonne, Thorkil (2019). Why people with disabilities are your company's untapped resource. Articles of the World Economic Forum Annual Meeting. <https://www.weforum.org/agenda/2019/01/people-with-disabilities-autism-in-employment-thorkil-sonne/>

dependant on three characteristics that define culture, management and performance. These social challenges can include combating climate change, poverty and unemployment.

The organisations achieving effectiveness are connected by their many-voiced natures. They are communities in which the employees feel like their voices are heard. Having your voice heard is part of more comprehensive participation and the opportunity to influence your job description and duties in a systematic and

sustained manner. In efficient organisations, the ability to influence your work is also an opportunity to try, work and learn independently and together so that the decision-making power is decentralised to where the actual work is performed.¹¹

All the performance characteristics mentioned above are at the heart of social business operations. Social enterprises build a more sustainable working life where people are well and can work for longer.

Public procurements boost positive impacts and social and ecological innovations

The public sector annually spends EUR 47 billion on procurements. Even though it is important that this shared money is used cost-effectively, having a narrow understanding of the relation between prices and quality prevents the decision-makers from seeing the overall effects. How many people will the procurement employ? Could a person currently excluded from the labour market get employed through the procurement? Will the procurement provide its surroundings with well-being or unease? Will the procurement enhance out-dated elements or offer the opportunity to create something new?

Buyers are responsible for having a goal-oriented approach that they use to direct companies' operations so that they have a positive impact. In other words, business operations that create positive things can only grow if influencing is visibly encouraged and rewarded. It is crucial that the production of positive impacts is made a priority, as early as the planning of the procurements.

It is in the interest of both the public sector and social enterprises to develop their procurements so that they emphasise effectiveness and

¹¹ Ferraro, F., Etzion, D., & Gehman, J. (2015). Tackling Grand Challenges Pragmatically: Robust Action Revisited. *Organization Studies*, 36(3), 363–390. <https://doi.org/10.1177/0170840614563742>

the positive impacts of operations – the production of social and ecological benefits. These impacts can include employment and environmental sustainability. Here, the public authority must act so that the created demand for operators that create positive effectiveness is strong and vital and on a financially sound foundation. This is not about the re-allocation of benefits but creating a market of positive impacts in which all companies – social and traditional – can operate.

Social enterprises are strongly creating new social and ecological innovations that increase well-being by improving the effectiveness and sustainability of public procurements and they also promote new operations models and solutions. A competent public procurement that emphasises innovation is a significant opportunity for social enterprises and the scaling of their services.

The national procurement strategy produced by the Prime Minister's Office emphasises the increasing of procurement competence, preparing of procurement strategies for public operators and increasing of effectiveness-based procurements. These are excellent initiatives and their fast implementation must be one of the top priorities of municipalities and wellbeing services counties. Concrete and adequately ambitious targets must be set for the employment effect of the procurements. There must be more pilots related to the reserved procurements, but above all, the improving of the competence related to the procurements requires determined effort and work.

Avoiding sub-optimisation between the different areas of public administration is essential: the social total costs must be assessed when making procurements. For example, introducing the increasingly popular SROI method (Social Return on Investment) offers means for this.¹²

Effectiveness and employment effect as funding criteria

Social enterprises are the key to the employment of people requiring special support, the supporting of lifelong learning, and the development of competence. In employment operations, they utilise many means such as work try-outs or forms of supported work, career counselling or retraining. For society, even long-term employment support is always more profitable than unemployment.

For example, the participants of the Valo coaching model complete parts of vocational education or even entire degrees when they participate in services that promote employment or when they work in the minor work market. The guidance and duties come from a company, and an educational institution is responsible for assessing the competence. As a result, the companies get competent and qualified personnel flexibly – the society spends money on jobs, not unemployment.¹³

Even though the social benefits and innovations produced by social enterprises benefit the entire society, their structure means that they often are at a disadvantage on the finance market. This makes growing the operations and hiring workers difficult, and the enterprises are not always able to utilise their preferred financial instruments. For instance, a significant share of the corporate financing granted by bodies such as Business Finland and the Centres for Economic Development, Transport and the Environment is not at the moment available to all corporate forms.

In addition to openness, the common financing programmes and granting criteria must be developed to support the development of social innovations by, for example, piloting an application process that pays special attention to the positive social impacts produced by the applicant.

Change progresses through rewards, not punishments – concrete steps towards good new jobs

The structure of the labour market must reward companies for their employment effect, individuals for getting employed and the entire society for having good jobs, not for maintaining unemployment. The best results are achieved through encouragement, not punishment.

The threshold for accepting work must be lowered and the financial risks related to accepting work must be reduced. The benefits possibly supplementing the income from work should be expected and timely. The impact that incurring a debts and being in debt recovery proceedings have on the profitability of accepting work must be decreased. This can be promoted by, for example, increasing the protected portion of being in debt recovery proceedings, by facilitating the obtaining of months off of debt recovery proceedings, and by expanding the postponing of debt recovery proceedings in cases of getting employment. These actions also ensure that the employment that is pursuant to the

person's ability to work does not threaten the benefits the person is granted, should the employment end for some reason.

Social enterprises can create jobs for 100,000 people, reform society through jobs, and create new services and innovations for social welfare and health care services, circular economy and reutilisation, for making having multiple locations possible, and for the promotion of the green and digital transition. The responsibility for the breakthrough of an effectiveness-based market lies with the social enterprises themselves – but the bodies deciding on purchases and procurements have the power to boost the creation of this market. This concerns public procurements in particular; they need to make verified positive social effectiveness a criterion alongside with quality and price.

¹² Lindgaard, M., Thorgaard, P. & Wiene, M. (2015). Is it worth it? How to measure social return on investment. Deloitte. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/gx-is-it-worth-it.pdf>

¹³ On studification and the Valo coaching model, e.g.: Owal Group (2022). Opinnollistamisen mahdollisuudet työllisyyspalveluissa. Työ- ja elinkeinoministeriön julkaisuja. 26–27. https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/164462/TEM_2022_61.pdf?sequence=1&isAllowed=y

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The Centre of Expertise for Social Enterprises serves social business operations everywhere in Finland. The centre of experience has a network-like approach and it is coordinated by ARVO ry. The other members of the network are the Diaconia University of Applied Sciences, Rehabilitation Foundation, Pellervo Coop Centre, Silta Valmennusyhdistys and Vates Foundation. The Centre of Expertise is part of the social enterprises strategy accepted by the Finnish government and the Work Ability Programme. Its operations are steered and funded by the Ministry of Economic Affairs and Employment of Finland.

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