

SI-DRIVE

Social Innovation: Driving Force of Social Change

SOCIAL INNOVATION IN EMPLOYMENT

STATE OF THE ART SUMMARY

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1. Introduction

This document is the summary of the the state-of-the-art policy field report of Employment. It presents the outcomes of a policy field specific study on social innovation and the related governance system. It addresses the governance system and actors, recent challenges, corresponding practice fields of social innovation as well as illustrating social innovation projects, taking into account the European, national and global level. The central research questions are:

- *What kind of social innovation practices can be found in the policy field of employment?*
- *Which challenges and social needs are they responding to?*

Due to the iterative approach of SI-DRIVE this report is an initial attempt to describe the policy field background and context for social innovation. The national policy field reports of our partners are the main input for the overall policy field report and this summary.

2. Policy context and actors

The labour market is an open market, but governments determine the preconditions and often deal with market failures or other undesirable consequences. Therefore, all governments play a dominant role in the policy field of employment. How dominant the government role is, also depends on the type of welfare state (with Anglo-Saxon and Nordic countries as extremes). The role the government plays, also determines the 'space' available for civic and private actors to operate in the policy field.

In the EU, employment is a central policy field and closely related to the Europe 2020 strategy. The European Employment Strategy and the European Social Fund are the core of the employment policy and these are the context in which national regulations and policies are developed. The EU and national regulations and policies together are the context for the employers and employees as well as for government agencies (and other organizations) responsible for the implementation of employment policies and social innovations. The legislations and regulations are the conditions, the rules of the game so to speak, but also determine which potential challenges are addressed (and which not) and which new challenges evolve due to the regulations. The available funds on EU and national level are a stimulating factor for social innovation. Especially when social innovation is not an (explicit) issue in national employment policies, the EU funds are an important instrument to promote social innovation in countries.

There are social innovations in the field of employment in all countries, but the explicit attention for social innovation differs. In some countries, social innovation is not an explicit topic in government policies, although there exist initiatives which can be regarded as social innovation. Furthermore, a general accepted definition on social innovation is often lacking.

Due the complexity of the challenges and the overlap of the policy field with education and economy (job creation), many actors are involved making the processes to address the challenges complex. On all levels, a large number of government actors, social partners, NGOs and other private actors are involved, which, besides commonalities, all may have different interests at certain times. In democratic systems, this makes it difficult to change policies and regulations at central levels. The financial crisis created a need for change in many EU countries, depending on how severe the effects of the crisis were. Although the challenges in the field of employment are quite similar in different countries, the sizes of the challenges are different, making more radical change (policy reforms on a central level) necessary for the Mediterranean countries whereas in Germany and Austria there was less need for radical change, austerity politics and policy reforms.

The policy context has to be taken into account when analysing the social innovative projects in the mapping phase. The national policy contexts are complex and consist of many different aspects which could be compared among countries. This is beyond the scope of this study. For SI-Drive, it is useful to compare the policy aspects which directly influence a specific social innovation, for example to be able to assess whether the social innovation could be transferred to another country. Besides the policy context, there are many other developments influencing social innovations in the field of employment. The economy has been mentioned, as the financial crisis was an important cause to change employment policies in different countries. On the other hand, the financial crisis can also be a barrier for social innovation as (private and public) investments in research and development might be reduced. Technological innovations can be a driver and at the same time a barrier for employment as well. As a driver, technology creates new possibilities to develop and implement employment policies, and to develop new products

and services, which creates new jobs. As a barrier, technology can replace labour and make employees redundant. What drivers and barriers are for social innovations in the field of employment, will be analysed in the context of a specific social innovation. Other possible drivers, mentioned by our partners are: a constructive attitude of employers' organisations and labour unions, the possibilities offered by public private partnerships, an active civil society, the demand for corporate social responsibility and political support for social innovation. Other barriers might be: bureaucracy in the government organization and complex employment laws, the lack of monitoring and evaluation of employment policies, a lack of vision on social innovation, dependency of government funds (for the continuity of projects).

3. Challenges

The *unemployment* rate in the EU 28 was 11% in 2013 (ILO, 2015), which is relatively high compared to other developed economies in the OECD and the G20. Unemployment is a huge and complex challenge, closely related to the economic policies, and is high on the political agendas on EU and national level. The unemployment rates differ considerably between EU Member States. In 2013, Germany and Austria had the lowest unemployment rates, approximately 5%, and Greece and Spain had the highest unemployment rates: more than 25% (Eurostat, 2015).

Within the challenge of unemployment, youth unemployment is considered the most important. Youth unemployment was 24.1% in 2013 in the EU 28 (ILO, 2015). Young people which are "Not in Education, Employment or Training" (NEET) are a specific target group and this challenge is shared with the policy field of education. Of the people between 15 and 24 years old, 13% was NEET in the EU 28 in 2013 (Eurostat, 2015). Other specific target groups in the policy field of employment are the long term unemployed and other vulnerable groups (disabled, immigrants, low skilled).

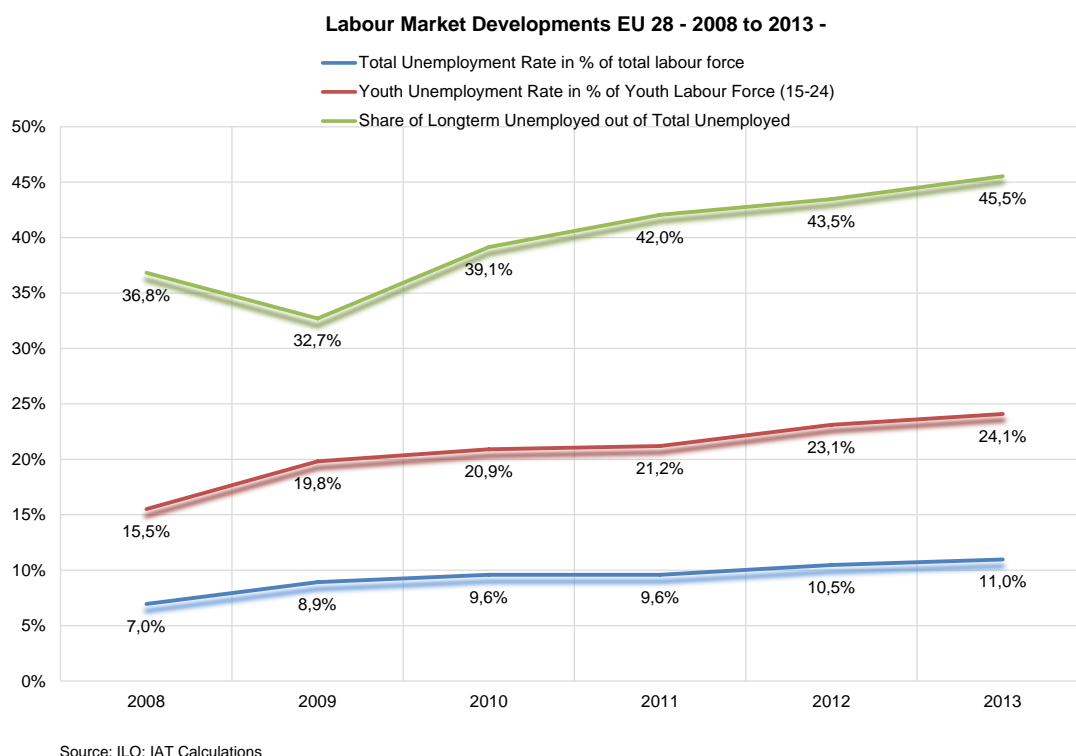


Figure 1 Unemployment, youth unemployment and long term unemployment EU 28, 2008-2013, ILO

Labour force participation is an additional challenge in the field of employment policies. This involves activating and supporting people who were not active job seekers. The labour force participation rate (LFPR) or economic activity rate (EAC) represents active persons (employed and unemployed) as a percentage of the (same age) total population.

The activity rate of persons between 15 and 64 is rising slowly but steadily since 2004; from 69.2% till 71.9% in 2013. The lowest participation rates in 2013 were around 63.5% in Italy and Croatia and the highest were 81.1% in Sweden and 79.7 in the Netherlands (Eurostat, 2015). The target groups regarding the policies and initiatives to increase labour force participation are partly the same as the target groups for unemployment policies (e.g. disabled, NEET), although there are important additional target groups: women and elderly.

If more people participate on the labour market, but the number of jobs remain the same, the unemployment rate increases. Therefore, the employment rate is an useful indicator, which represents employed persons as a percentage of (the same age) total population. The development of the employment rate in the recent past is less worrying than the development of the unemployment rate. The employment rate of the people between 20 and 64 in the EU 28 decreased from the highest point in this millennium of 70.3% in 2008 to 68.5% in 2011 after which it remained stable (68.4% in 2013). Sweden and Norway perform best with an employment rate of almost 80%. The lowest employment rates of the 20-64 years-old can be found in Greece, Croatia (and the former Yugoslavia in general), Italy and Spain, where the rates are below the 60% (Eurostat, 2015). The target regarding the Europe 2020 strategy is 75% of the 20-64 year-olds to be employed, which is still a huge challenge.

Furthermore, *modernizing and improving the performance of public employment services* are regarded as a priority. The public sector is not 'the most innovative sector', partly due to a lack of market competition. Budget cuts as a result of reduced tax income during economic downturns are often the main reasons for reforms in the public sector. In this context it is crucial to monitor, reflect and evaluate the performance before the public organisations are restructured and the policies are adapted. And exactly these activities are missing, according to a number of experts. The challenge is to continuously monitor, reflect and evaluate via feedback loops to create learning organisations which can adapt to changing environments (see also workplace innovation).

Improving the quality of work and creating more innovative and learning organisations is the fourth broad challenge in the field of employment. Developing the skills and innovation capacity of employees, for example by creating self-managing teams and challenging tasks, are crucial aspects of improving the quality of work as well as creating more innovative and learning organisations. In an increasingly faster changing environment, adaptation and innovation are getting more and more important and should be addressed by all employees in an organisation. Furthermore, monitoring and evaluation are crucial to create innovative and learning organisations and to improve the skills of employees.

The classic issue of *gender inequality* has different dimensions; income inequality, underrepresentation of women in managerial positions, and lower pensions for women, for example. There are important differences between countries, but in general all countries have some challenges regarding the inequalities of gender. For example, in Germany women receive lower pensions because of interruptions in their working career (child care) and lower wages during their career.

4. Practice fields and projects

Most of the social innovations selected by the partners are related to the implementation of employment policies and are often initiated by traditional actors in the policy field, like government agencies, employers and educational institutions. Besides the innovations in the implementation of policies, regulation and collective agreements can be renewed as well, but in general this is not regarded as social innovative. Changing legislation and regulation is often depending on political preferences and negotiation. Although changing legislation and regulation is necessary to tackle the challenges in the policy field, these will not be the focus of our research.

It is not easy to distinguish in a general way the practice fields of social innovation for employment. The challenges are easily recognized and categorized, the innovative projects as well (although the selection of these depend on the specific definition of social innovation), but regarding the practice fields no common language is used. Most partners categorized practice fields in relation to the challenge tackled or the specific target group ('creating work for young people'), some categorize the practice field in relation to the activity of the initiative ('preparing for work'), some make broad categories ('active labour market policy') and some specific categories ('creating work in bee-keeping').

We have clustered practice fields which cover all projects we collected in this study so far. The practice fields include job support and matching of job seekers (and inactive persons), training and education of job seekers (and inactive persons), adapting working conditions and working environments for specific target groups (disabled, elderly,

women), social entrepreneurships or enterprises employing vulnerable groups, and workplace innovation to improve the quality of work and the innovative capacity of an (private or public) organisation. These practice fields are presented in Table 1. We also show a few examples of social innovative projects. Projects often cover different practice fields.

Table 1 Overview challenges, practice fields and projects

| Challenges | Practice fields | Examples of projects |
|---|---|---|
| 1. Unemployment (and job creation) <ul style="list-style-type: none"> • Youth unemployment & NEETS • Long term unemployment • (Other) vulnerable groups of unemployed (disabled, immigrants, low skilled) | <ul style="list-style-type: none"> • Job search support & matching • Training & education • Social entrepreneurship/enterprise • Working conditions and environment | <ul style="list-style-type: none"> • Nestlé Youth Employment Initiative (Job search support & matching, training & education) (UK) • 1000-youth plan (Job search support & matching) (NL) • Starters scholarship (Job search support & matching) (NL) • Pathways to Success (education & training) (IE) • Woolly world (social enterprise) (LV) • MAMMU (social enterprise) (LV) • Young mums will achieve (education and training, working conditions and environment) (UK) • Social service Orionis (workplace innovation) (NL) • Bread fund (working conditions and environment) (NL) |
| 2. Labour Force Participation (elderly, woman, disabled) | <ul style="list-style-type: none"> • Working conditions and environment • Social entrepreneurship/enterprise • Job search support & matching | <ul style="list-style-type: none"> • Woolly world (social enterprise) (LV) • MAMMU (social enterprise) (LV) • Young mums will achieve (education and training, working conditions and environment) (UK) • Trading times (job search support & matching) (UK) |
| 3. Modernize and improve the performance of public employment services | Workplace innovation | Social service Orionis (workplace innovation) (NL) |
| 4. Quality of work & innovation capacity | <ul style="list-style-type: none"> • Workplace innovation • Social entrepreneurship/enterprise | <ul style="list-style-type: none"> • Slimmernetwerk (workplace innovation) (NL) • EUWIN (workplace innovation) (EU) • MyCompany2.0 (workplace innovation) (NL) • Expedition Social Innovation (workplace innovation) (NL) • Social service Orionis (workplace innovation) (NL) |
| 5. Inequality between genders | Working conditions and environment | Young mums will achieve (education and training, working conditions and environment) (UK) |

Most of the social innovative projects we have collected so far, focus on unemployment of vulnerable groups and labour force participation of vulnerable groups. It is difficult to distinguish these two challenges, as initiatives might

address both. For example, a NEET can be officially registered as unemployed or not, which makes the difference between addressing inactivity or unemployment.

Some challenges are more suited to address with regulation and other challenges with social innovations. Within inequality between genders, the difference in pension payment is an important topic in Germany. The lower pension payment is because women work less during their career (they take care of the children more often). Addressing this is more an issue of changing regulation and a political lobby than a social innovation. We collected the challenges without restrictions, so it might be that some challenges are not easily addressed with social innovation, but require lobbying and (political) decision making to change regulation.

5. Conclusions

Huge challenges and interdependencies with other policy fields

The high unemployment rates in the EU, also compared with the average unemployment rates of the OECD, the G20 and the world, are huge challenges for the EU. The unemployment rates are highly dependent on the economic development, which is a huge challenge for the EU as well. Education is an important pre-condition for employment and the trend for the future seems to be that a higher educated workforce is necessary, while the low skilled tasks are being automated.

Dominant role government actors

In the policy field of employment, the government actors play an important role, not only in the formulation of policies and regulations, but also in the implementation of these policies. In the selected social innovative projects this dominant position of government actors is reflected.

Policy contexts difficult to compare

The policy contexts in the field of employment are difficult to compare, because there are many relevant aspects which could be described and analysed. This would be a study in itself. However, it does not seem necessary to know all details of the policy context in advance. As the projects will be studied, the relevant aspects of the policy context will be taken into account.

Similar challenges, different sizes

There are many similarities between the countries inside the EU regarding the type of challenges. The size of the challenges and the policy contexts, however, differ considerably.

Social Innovation

Social innovation is not a widely used term in many countries and different definitions are used. However, in all countries there are many projects that can be labelled as social innovation.

Social innovation projects focus on implementation

Most projects selected focus on practical projects regarding the implementation of the employment policy or initiatives evolving from society (social enterprises). Regulation and policy development are the context, and although there are many differences in the national policy context and the size of challenges, the social innovative projects in the implementation are often not (too much) depending on these specific contexts or on the size of the challenges. This means that a project in one country seems to be suitable for applying (in an adapted form) in other countries as well.

Focusing on short term

The focus on the implementation also means a focus on the short term. A long term focus would mean investing in (regular) education and the economy (to create jobs) and this, again, depends on the actions taken by the traditional actors on the labour market (government, employers, social partners).

Small scale initiatives

Radical change often asks for changes in regulations to have an instant and country wide impact. Changes in the implementation often have a smaller impact.

6. Recommendations for the research

Focus on issues which are not addressed by the traditional actors

The starting point for the Employment policy field analysis should be the social problems for which citizens and organizations develop social innovations. To understand what the social innovations are in fact doing, it is important to start with analysing the current situation, e.g. how are the 'market' and 'public policy' functioning and interacting and what are the main future challenges. The question is which issues are not solved by this dominant (policy, delivery and innovation) model.

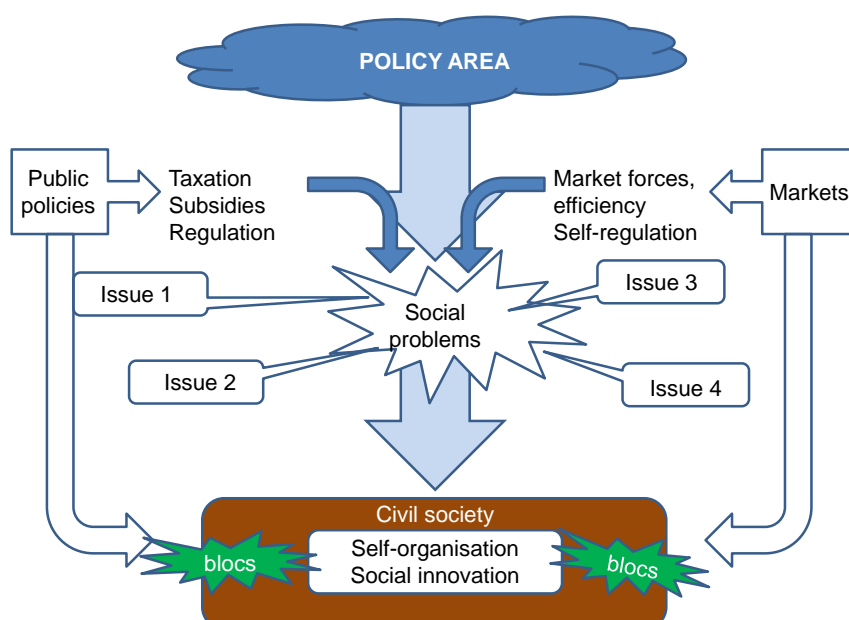


Figure 2 Policy, delivery and innovation model of social innovation

As we have seen in this summary, most important challenges in the field of employment seem to be on the agenda of governments and other traditional actors. Employment is a key factor for all societies and the policy field receives lots of attention from the traditional actors. However, these traditional actors do involve many different external partners in the policy area, including non-traditional actors and there might be some specific challenges which are addressed by civic society alone.

How to define social innovation in the field of employment

As we have seen, social innovation in the domain of employment across the Member States is very much linked to traditional employment policies and to the 'usual suspects' as involved actors. The crucial question that needs to be discussed is how social innovation can best be defined in the policy field of employment. If we strictly stick to the definition to rule out government and other traditional actors, we might miss an interesting group of innovations. In this stage of the research, we will include innovations by the traditional actors, as long as these projects contribute significantly to solving employment challenges (better than the solutions in the past). Furthermore, we will focus on projects in which other parties than the usual suspect are involved. In a later phase of the research we will reflect more on the definitions of social innovation in the policy field of employment.

A broader perspective

Although the main challenges are on the agenda of the traditional actors in the policy field, solving these complex problems is very difficult and other (non traditional) actors can play an important role as well. There are many ways to try to solve these problems and social innovation is necessary, as the current way of solving them is apparently (often) not effective enough. From the inventory of practice fields and examples, we may have to be more creative ourselves in searching for innovative examples and thinking 'out of the box'. There are many initiatives that people and organizations undertake as new economic activities, which may not be seen as social innovations for employment, but as examples of entrepreneurship. Several initiatives, for example, starting internet/web shops, taking up urban agriculture, the exchange of economic activities and services, economic autarky initiatives and share-economy activities all fill a void. We may not associate them with employment policies because the involved actors do not regard themselves as a target group. But when we look closer at what people do, we may see better how they prevent becoming inactive by being innovative. For example, many young people are active with social media and IT applications. Others develop activities related to sustainability, new ways of using transport and energy. When you look at youth employment from this perspective, we might better understand that solving youth employment is not merely a matter of creating jobs, but more of changing skills into new directions (in other words, traditional schooling is becoming obsolete extremely fast) and motivating individuals to explore new roads to new economic activities. Such activities may be organized rather differently than in today's traditional organizations and factories. People work in networks, in communities, as self-employed, via virtual collectivities in differing time scales (across the globe). By definition, social innovation for employment cannot be limited to the domain of employment and unemployment. The new definition should take that into account. A broader perspective on employment also means we need to be aware of the overlap with other policy fields.

In this stage of the project, some first insights in the challenges are given in the policy context, the practice fields and the projects. When the projects are studied more in-depth, more insights regarding the relationships between the policy context, the projects and the drivers and barriers for social innovation will be created.