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POSITION PAPER
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A European Action Plan on the Social Economy to Help Fight and End Homelessness

In recent years employment and labour market led solutions have been the guiding light of economic recovery in Europe. Grounded in a theory that a rising tide lifts all boats, employment policies around a youth guarantee, skills agenda, and mobilising the ESF to support people back to work, have been pillars of Europe's response to the last recession.

As Europe braces for another economic crisis following Covid-19, it is important to question the effectiveness of these employment and labour market led solutions for people experiencing homelessness. An estimated 700,000 people are sleeping rough or in emergency shelters every night in Europe, in all countries, excluding Finland, homelessness has been rising every year for the past decade. The evidence, trends and statistics across Europe are clear, when people experiencing homelessness are grouped into general and abstract categories of people such as 'vulnerable' and 'marginalised' they are forgotten and not reached. The upcoming Social Economy Action Plan presents an opportunity to support the fight to end homelessness, but only if it actively reaches out to those experiencing homelessness.

The social economy has become a popular answer to this problem, providing a win-win opportunity by simultaneously providing employment opportunities to people experiencing homelessness while combatting social exclusion and providing added revenue for, or subsidising, homelessness services.

In the context of questioning the effectiveness of employment and labour market led solutions, this paper explores social enterprises by: first, presenting a summary of the European context in which they are employed; then examining how they are defined in Europe; understanding their value; looking at examples of how they support people experiencing homelessness in Europe; identifying their limitations; and, presenting a conclusion with five recommendations for the future European Action Plan for the Social Economy.

The European Context

The Commissioner for Jobs & Social Rights, Nicolas Schmit, has been tasked with the responsibility of developing a European Action Plan for the Social Economy to enhance social innovation from 2021-2025. It is intended that this will bring the social economy into the socio-economic policies of the European Union and the strategies to meet the Sustainable Development Goals.

The European Commission is also organising a European Social Economy Summit to strengthen the social economy in Europe and harness its potential contribution to economic development, social inclusion, and green and digital transformations.

At the outset of the Covid19 pandemic in Europe, the Commissioner for Jobs & Social Rights wrote to Member States specifically highlighting the importance and value of social enterprises in helping vulnerable people across Europe, which suggests that in the coming mandate social enterprises will have a role to play in both European economic and social policy.

What is a Social Enterprise?

The exact definition of a social enterprise differs at Member State level, however general definitions note that it involves trading a product or service for a social purpose.¹ While they have become popular in recent years, the first social enterprise is said to have begun in Spain in 1879 when the Red Cross began selling a newspaper to subsidise its social services. Over the following century the concept has found models across Europe, with the Big Issue in UK and Nota Bene in Slovakia as examples of organisations selling street papers to support wider homeless services and people experiencing homelessness. The social enterprise model has also evolved and the intersection between homeless services and the social economy has led to creative enterprises such as the Rambler Fashion Studios who support homeless youth to create their own clothes, Spielen Hilft, a German escape room providing the public with insights into the reality of homelessness; Connection Crew, which runs logistic and tech supports for events; and social restaurants such as SOAM in Portugal, which employs people with lived experience of homelessness. The work undertaken in these social enterprises differs, but they all balance a handful of core functions, including:

- Investing profit back into social services or subsidising services
- Providing employment or training for people experiencing homelessness
- Building confidence, skills and empowerment for people experiencing homelessness
- Raising awareness about homelessness with the public

The parameters of what constitutes a social enterprise may seem abstract but, with an increased focus at national and European level on using social enterprises as a resource to combat social exclusion, it is important to have clarity of what the defining functions of a social enterprise are. In particular, it is important to distinguish general homelessness services that are not for profit from those that are a social enterprise. Investing in social enterprises shouldn't just be about creating enterprises and jobs but should also focus on their social impact.

The EMES (*L'Emergence de l'Entreprise Sociale en Europe*), a European research network devoted to understanding the social economy, defines social enterprises as:

[...] not-for-profit private organisations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dynamic involving various types of stakeholders in their governing bodies, they place a high value on their autonomy, and they bear economic risks linked to their activity.²

The EMES goes further in identifying a set of economic and social indicators that determine whether an enterprise is 'social'. From an economic perspective the enterprise should possess:

- A continuous activity in producing goods/services
- A high degree of autonomy

¹ <https://ec.europa.eu/social/main.jsp?catId=952&intPageld=2914&langId=en>

² *Social Enterprise in Europe: Recent Trends and Developments*, J. Defourney & M. Nyssens, 2008

- Significant level of economic risk
- Minimum amount of paid work
- Limited profit distribution

At the same time this should be balanced with social indicators including:

- An explicit benefit to the community
- Be launched by a group of citizens
- A decision-making process not based on capital ownership
- A participatory nature involving various stakeholders

In the Netherlands, the Dutch Network of Social Enterprises (NTMO, 2003) defines social enterprises as organisations that have been designed as:

[...] private enterprises, operating in a market situation, that at the same time use their means to fulfil a societal objective that is interwoven with (or parallel to) the common interest, that produces goods and services and that uses its profit entirely for the realisation of its societal objective.³

The starting point for a social enterprise is the market, the trading of goods and services for a social purpose distinguishes it from a private enterprise. This is in contrast with more general homeless services that are commissioned by governments or fundraise from the public or private sector and who first and foremost provide a social service and are not engaged in market activities.

The second important component revolves around the use of profit “entirely for the realisation of its societal objective.” The underlining motivation for the enterprise is the social objective, this helps distinguish social enterprises from large corporations with corporate social responsibility streams.

While these terms and definitions exist on paper, in practice it can be difficult to determine if an organisation is a social enterprise. In *Towards a Classification Framework for Not-For-Profit Organisations: The Importance of Measurement Indicators*, Denise Cossan proposed that social enterprises exist on a spectrum from economic activity to social activity, noting:

[At] one end of the scale [...] the focus for the social economy enterprise will be to have a more social and less economic focus, potentially only operating to generate enough income to survive. At the other end of the scale, the social economy enterprises will operate and present themselves as businesses that aim to maximise profits to fund underlying social objectives.⁴

This suggests that trying to land on a fixed definition of the social enterprise would not only be futile but counterproductive.

Value of Social Enterprises:

³ *Conceptualising Social Enterprise in Housing Organisations*, D Czischke, V Gruis & D Mullins, 2012

⁴ *Towards a Classification Framework for Not-For-Profit Organisations: The Importance of Measurement Indicators*, D. Cossan & J Til, 2009

The social economy can provide an important lifeline to social services. In many contexts they remain a vital component of the charitable and homeless sector, particularly where government funding is not available to secure these services. They also partner with homeless services to provide educational, training, and employment opportunities to build sustainable exits from homelessness.

Social enterprises provide different values to the homeless sector.

Subsidising services: For enterprises with a stricter focus on economic activities and generating an income, the profit is re-invested into the social service. Typical activities of this nature include selling Christmas cards, running cafés, sandwich bars and social restaurants. The model here relies on the public to purchase goods which are then used to fund homeless services.

Skills Development: Enterprises of this nature empower people experiencing homelessness to develop their skills and build confidence. People experiencing homelessness can struggle to find work due to the stigma of homelessness, lack of previous experience, and references in their C.V. or from a skills shortage. These enterprises can be a stop gap or a steppingstone to transition to employment in the wider labour market.

Empowerment & Confidence Building: The objective can also be pursued with skills development. But considering the often-traumatic experience that accompanies homelessness, some social enterprises focus on building the confidence of people and empowering them to make decisions about the direction of their life.

Providing a sense of self and purpose: Linked to employment, skills, and improved confidence, social enterprises can provide the motivation for individuals to tackle issues around substance use and find a renewed sense of self.

Raising awareness about homelessness: Homelessness is often a misunderstood phenomenon; false narratives circulate which blame individuals for their situation and lack an awareness about the structural causes of homelessness. Social enterprises can play an important role in building awareness about the reality of homelessness with the public and policy makers.

Examples of Social Enterprises:

Connection Crew, UK

Connection Crew is a social enterprise based in the UK which provides support to venues, studios, event managers and producers to get events, shows and productions up and running, from building stages and sets to setting up the lighting systems and logistics. The Connection Crew academy works with people experiencing homelessness by partnering with a homeless service to identify suitable people for this type of work. With an emphasis on skills development the Connection Crew Academy provides people experiencing homelessness with the technical expertise to not only work at Connection Crew but in time move into other forms of employment. In addition to working, people are paired with buddies in the service to ease the transition back to a working environment while building their confidence. The programme is very successful, with many people moving on after Connection Crew to other employment.

For more information: <https://connectioncrew.co.uk/>

Spielen Hilft, Escape Rooms, Germany

Hamburg based Spielen Hilft (Play Helps) provides an Escape Room gaming experience, with an added twist. This organization has partnered with charitable organisations to promote better understanding of the issues around social inequality and homelessness. Participants in this game learn first-hand how extenuating circumstances can rapidly, and often through no fault of their own, lead to an impending homelessness. To merely escape the room would be far too simplistic. At the end of the gaming event there is an opportunity to discuss and debrief what participants experienced and how they might channel their energies and resources in future to support people who are not able to support themselves. This social enterprise model helps to build an awareness about what homelessness is and how we sometimes are too quick at judging the circumstances of others, although we do not fully understand why and how they have landed on their current path. A portion of the profits go back into homelessness services and provide direct aid. The ultimate mission is accomplished when people learn from the game to take responsibility and help diminish the social divide in real life.

For more information: http://spielenhilft.de/ueber_uns/

Torreao Restaurant, SOAM, Portugal

Torreao is a social restaurant in Porto, Portugal. The restaurant employs people experiencing homelessness to work in the kitchen and as waiting staff. The staff are trained with the various skills needed to work in the hospitality sector. A common obstacle for a sustained exit to homelessness can be a skills gap and lack of professional experience to gain access to the labour market. This model of social enterprise builds people's confidence and supports a transition back to work.

More information: <http://www.torreao.pt/>

Rambler Studios, The Netherlands

The Rambler Studios, in Amsterdam, The Netherlands, provide a space for homeless youth to come together and learn how to design clothes. Youth are engaged in the entire design process, from choosing materials and creating design boards to sewing, to create their own clothes. The clothes get sold in a shop once completed. The purpose of the enterprise is not to generate a profit or provide formal employment to the young people, rather it is to build their confidence and give young people, who are often failed by the traditional education system, a creative outlet and discover their talents. The studios also help connect the young people to social workers and services that are available to help them access wider supports. In building their confidence and providing a positive experience they also reconnect youth to social services.

More information: <https://ramblerstudios.com/>

Limitations to Social Enterprises:

Social enterprises are not a silver bullet solution and the social economy will never provide

“the” solution to homelessness. There are some limitations that must be considered.

Market Competition: Social enterprises compete on the market. Whether it is to provide employment to people experiencing homelessness or to generate profit to subsidise homeless services, organisations must take part in the market economy (as well as the social economy).. This means social enterprises compete against private corporations for income, the pursuit of this market competition can lead to circumventing the original social aims of the social enterprise.

Typically, social enterprises have higher overhead costs in training and upskilling teams comprised of people experiencing homelessness. Some social enterprises reported that under pressure to stay profitable they selected people closest to the labour market to work for the social enterprise. For those that operate on a quantitative basis rather than qualitative basis, it did not matter how complex or great the need of the people experiencing homelessness were. This can lead to social enterprises excluding the people most in need of the employment opportunities. In time social enterprises can deviate from the social purpose towards the private purpose, for example the former CEO of one social enterprise noted:

First and foremost, we're a business and we have to be competitive in the market place, we have to deliver an excellent service, we have to be priced competitively, we have to be able to deliver in competition with all the other companies out there...⁵

Another social enterprise attempted to withstand these market pressures. They hired people experiencing homelessness rather than asking homeless people to work as self-employed, this was an important step to ensure the people experiencing homelessness had a steady income and wouldn't be penalised if the company couldn't attract business. However when the recession hit and business dipped the company couldn't afford the cost of permanent staff and had to close. Meanwhile, other organisations operating more like a private enterprise had the flexibility to withstand the recession and continue trading.⁶

Dependence on consumers: Some enterprises cannot compete with private competitors and so choose to flag their higher price but emphasise the social value of their work as part of their unique selling point. While this can work to a certain extent, the organisation is dependent on the goodwill and charity of their consumers to maintain business. When recession hits and consumers are attempting to make spending cuts the cheaper alternatives in the marketplace receive business and the social enterprise can fail.

Work First: Employment alone does not address underlining issues that cause homelessness. To equate employment as ending homeless is to grossly over-simplify and misunderstand the complexities of homelessness. A study looking at the value of social enterprises across various fields found that working for social enterprises had not solved individuals' housing problems, with all respondents (12) still living in hostels and emergency accommodation.⁷

⁵ *Hybridizing Housing Organisations: Meanings, Concepts & Processes of Social Enterprise in Housing*, D Mullings, D Czischeke & G Bortel, 2014

⁶ *Hybridizing Housing Organisations: Meanings, Concepts & Processes of Social Enterprise in Housing*, D Mullings, D Czischeke & G Bortel, 2014

⁷ *Empowerment, Capabilities & Homelessness: The Limitations of Employment Focused Social Enterprises in Addressing Complex Needs*

Relevance of the Working Element: Studies also suggest that the work undertaken in a social enterprise isn't the defining element that empowers users, rather it is the supportive environment and positive attitude of other staff and peers.⁸ Frequently these attributes are found in social enterprises that place a greater emphasis on the social element rather than the economic part of the enterprise, suggesting that the working element – upon which a greater emphasis is placed in organisations more closely resembling private companies in their focus on profit – is not particularly important.

Support Needed Beyond Work: Though important, work is only one dimension of our lives. Finding work is will not necessarily bring solutions to life's other challenges. Beneficiaries of social enterprises have found that the social enterprise gave a structure to their working days but found using spare time, evenings and weekends to be a struggle.⁹ It is important to remember many people experiencing homelessness require other supports beyond employment.

Lack of real development: The same study noted that staff in social enterprises were not satisfied with their skills development. They found that the skills they developed did not lead to new work opportunities in the wider labour market. In this particular study all participants were in social enterprises which allowed users to maintain social benefits while volunteering rather than working at the enterprise, this was found to have been disempowering and contributed to a feeling that they couldn't transition into other forms of employment.

Recommendations for a European Action Plan on the Social Economy

As the European Commission prepares for a European Action Plan on the Social Economy it is important to:

1. Disseminate and promote models of social enterprises that are designed specifically for people experiencing homelessness and their unique needs and obstacles to accessing the labour market
2. Ensure that enterprises that use the label 'social enterprise' are adequately assessed to measure their real social impact, in line with recommendations provided to the European Commission.¹⁰
3. Recognise that homeless services are first and foremost not-for-profit organisations providing services. Though some choose to rely on an attached social enterprise to support part of their offering, this does not mean they are a social enterprise.
4. Safeguard against the creaming of those furthest removed from the labour market and ensure that vulnerable groups with complex needs are not further pushed away from the labour market.
5. Recognise that employment and social economy policies can play an important part in approaches and solutions to preventing and ending homelessness in Europe, but

⁸ Empowerment, Capabilities & Homelessness: The Limitations of Employment Focused Social Enterprises in Addressing Complex Needs

⁹ Empowerment, Capabilities & Homelessness: The Limitations of Employment Focused Social Enterprises in Addressing Complex Needs

¹⁰ Social Business Initiative (SBI) follow up: Co-operation between social economy enterprises and traditional enterprises

they are not a guaranteed solution to all of that challenges that a homeless person might face.