Social Innovators of the Future – Social Entrepreneurship as a Challenge for Youth

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Abstract: Social entrepreneurship became the subject of the public debate with the proposal for the Social Entrepreneurship Act. Even though social economy or the third sector is highly developed in the countries of the European Union, it has not yet touched Slovenia in the formal sense; however, practical experience has been showing the first beginnings of social entrepreneurship for several years. Young people are the ones that are more open to change and will - with correct information and development - more easily adopt the social entrepreneurship as their own. The paper presents the idea of social entrepreneurship through the “Social Innovators of the Future” project, which is based on the fact that young people provided with integral support, counselling and appropriate guidance adopt the key competences of a social entrepreneur, expand the social capital and acquire knowledge and skills to independently embark on the path of a successful social entrepreneur.

Keywords: social entrepreneurship, youth, entrepreneurship incubator, non-governmental sector, third sector, social business.

1. Introduction

In Slovenia, social economy and social entrepreneurship within it represent relatively non-established and non-recognized concepts of operation, even though the terms themselves are used often. The proposed Social Entrepreneurship Act currently under consideration raised several debates – we find that there are several organizations and individuals in Slovenia that predominantly engage the subject in the international environment and subsequently transfer the knowledge to Slovenia. “Despite several past initiatives, despite elements of self-management and solidarity from the past regime, the supporting environment today is inappropriate, the social responsibility of the economy is negligible and many initiatives for the development of social entrepreneurship are seeking development potential and, above all, sustainable funding sources” (JAPTI, 2005). The development of Slovenia as a modern European country is, in the style of “new capitalism”\(^1\), also conditional on the development of social economy.

„Social entrepreneurship strengthens social solidarity and cohesion, stimulates cooperation among people and voluntary work, enhances the innovative ability of the society to solve social, economic, environmental and other problems, ensures additional offers of products and services in the public interest, develops new employment

opportunities, ensures additional jobs and social integration and professional re-integration of the most vulnerable groups on the job market” (proposed Social Entrepreneurship Act, 2011). If we wish to pursue the goals indicated by the Act, all actors engaged in social entrepreneurship will have to not only embrace the Act, but also internalize the values of social entrepreneurship. When discussing social entrepreneurship, Muhammad Yunus (2008) says that “the governments must contribute to the treatment of our most burning problems, but cannot work alone in solving them.” Therefore, not only political decision makers, we are all invited to contribute to the discussion and development.

In order for social entrepreneurship and social business to truly prosper in the long term, it is necessary to communicate their values and visions to young people. The Društvo mladinski ceh society, which has been active in the youth sector and has been contributing to the shaping of youth policy since 1992, is aware that the future rests on cooperation with young people; the “Social Innovators of the Future” project therefore actively involves the youth – with joint contributions to the development of programmes, training modules and concrete development of social entrepreneurship and social businesses.

2. Social Innovators of the Future: Youth with Integral Support by the System and the Society

The “Social Innovators of the Future” incubator of social businesses follows the guidelines of Slovenia’s Development Strategy, in particular the fourth development priority, which refers to the modern social state, especially through a higher level of employment; the Resolution on the Master Plan for Adult Education, which facilitates the development of new employment opportunities and capabilities and the Operational Programme for Development of Human Resources, in particular the objective of improving the conditions of entering the labour market for job seekers. Like the national policies, the EU recognizes and acknowledges the burning issue of youth employment and lays out the guidelines for its solving in several documents. In its communication (COM (2010) 447 final), the European Commission states its support of young entrepreneurs and self-employment as one of the key measures in employment of young people – seekers of first employment. The Commission communication states that those who are providing assistance in career planning to young people should seriously consider the option of self-employment. Young people also need more opportunities to experience entrepreneurship. In doing so, the key actors should provide guidance and support in preparing business plans and acquiring initial capital, as well as tutorship in the initial period. In its programme document, the National Youth Council of Slovenia, an umbrella organization uniting youth organizations in Slovenia, highlights the urgent need for establishing professional counselling and appropriate mechanisms for development of entrepreneurship among vulnerable youth groups. Within the framework of the Study of the existing situation in field of social economy in Slovenia, the “Introducing the Model of Social Entrepreneurship in Three Pilot Regions in Slovenia – a Feasibility Study” project partners designed a possible model of development of social entrepreneurship in Slovenia and presented recommendations for promoting its development in Slovenia. There is a need for a more systematic approach (including the appropriate legislative frameworks), roles and competences of the state and necessary forms of assistance, which, in the initial form, originate in appropriate education and training of the management of so-called social businesses, which do not strive towards maximizing the owners’ profit, but operate with the goal of ensuring social welfare and offer innovative approaches for employing at-risk groups on the labour market (disabled persons, long-term unemployed, former addicts, youth, women, older persons, etc).

3. Incubator of Social Innovations and Entrepreneurship

For several years, the Društvo mladinski ceh society has been involved with the social issues of young people, who, due to difficulties with entering the job market, represent a disadvantaged social group. We see one of the ways of solving this burning issue in social entrepreneurship; for this purpose, the Društvo mladinski ceh society is, together with its partners, the Izobraževalni center Kadis 2002 institute and the Community of Private Institutes (Skupnost privatnih zavodov, SKUP) establishing an incubator of social innovations and entrepreneurship for young people, with a developed training module and all supporting mechanisms for social businesses in establishing, operating and entering the market for beginners, as well as assistance with upgrading the existing youth
organizations into social businesses. The project is financially supported by the European Union within the framework of the European Social Fund, and the Slovenian Ministry of Labour, Family and Social Affairs.

For several years, we have been striving to increase the competences of young people and subsequently increase their employability, which is why we have developed several supporting mechanisms: modular youth trainings including project work, group work, writing CVs and job applications, rhetoric and public speaking, as well as several other skills contributing to the development of eight key youth competences. In addition, the Society developed Nefiks, a system of recording informally gained knowledge. For the purpose of employment and further education, young people involved in informal education in addition to their formal schooling can record all informally gained knowledge in a single index (in a booklet or electronic form).

With its focus on the vulnerable target group of first-time job seekers, among them those with a different ethnic background, who are, in addition to inexperience, lower functional literacy and a lack of familiarity with mechanisms for self-employment also faced with several other hurdles, the Society follows the development guidelines, numerous European and domestic strategies and documents, among others: the proposal of the European Commission on Youth Mobility in the document Youth on the Move, which focuses on the importance of career orientation and promotion of self-employment, Decision of the EU Council of May 12, 2009 on the Strategic Framework for European Cooperation in Education and Training (“ET 2020”), Strategic objective 4: Enhancing creativity and innovation, including entrepreneurship, and follows the initiatives of the National Youth Council of Slovenia for improvement of the situation in the field of (self)employment of young people.

“Social innovators of the future” enables young people to develop into responsible and competent social entrepreneurs and become capable of independently entering the field of social economy. It will enable young people to gain knowledge and skills and develop the competences required for:

- developing an entrepreneurial idea,
- presenting the entrepreneurial idea to potential investors,
- preparing project documentation for applying for tenders,
- project management,
- establishing a social business,
- running a social business,
- upgrading an existing youth organization to a social business.

The Incubator also provides assistance in market research, preparing a business plan and placing products and services on the market. In the first period of their operation, we provide tutorship to social entrepreneurs and social businesses. The Incubator will also offer youth mutual support and cooperation in a peer group. The “Social Innovators of the Future” project will place special emphasis on the support of green social businesses operating in the field of environment preservation and sustainable development. The training of new social entrepreneurs will also involve established managers of social businesses and other NGOs.

4. Social Entrepreneurship as Challenge – not only for Experienced Entrepreneurs, but also for Young People

In general, social businesses are recognized as an important source of entrepreneurship and jobs in the fields where a “run by the investor” business structure is traditionally not always feasible and public agencies cannot operate efficiently and successfully. In Europe, two main fields of operation of social businesses have long ago been established – work integration and provision of services, especially in the field of social care. Recent development trends on the EU level show that social businesses have expanded to new community interest fields, such as education, culture and environment, as well as public utility services. In addition, the concept of the social business expanded to a broader range of activities, which can be called socially entrepreneurial (Spear, Galera, 2010).

In the first quarter of 2008, the unemployment rate in Slovenia was 12%; it included 12,000 or 14.6% young people. Among the factors significantly affecting the employment of young people in Slovenia in the past years, prolongation of education and a relatively inflexible labour market are particularly important. The prolongation of education improves the educational structure of the labour force; on the other hand, it causes low levels of activity among youth. The issue of a long education period is also connected to a lack of work experience among youth. Among all registered unemployed persons, the rate of first-time job seekers in 2008 amounted to 16.9
%; a high 52.8 % of them were female (for comparison: the percentage of disabled persons amounted to 16.8 %). In addition to this data, the Association of Free Trade Unions of Slovenia points out that each year, there are approximately 50,000 new graduates and only slightly over 16,000 jobs for them. The National Youth Council of Slovenia points out a high level of concealed unemployment among young people, which is reflected in fictional enrolment on faculties and middle schools, extending the status in full-time education and working at companies through contracts or through self-employment. The unemployment rate was the highest among young people, that is, persons under 25 years of age. Different studies find that a person’s work activity and motivation for remaining on the labour market on the long term are determined by their first employment, which must be appropriate, otherwise it causes frustration, lowers the work motivation on the long term and prevents full use of the potentials of human resources; at the same time, we know that first employments are often inappropriate, for a fixed period of time, part time, and with minimal salaries, especially in case of young women. In the last ten years, the educational structure of unemployed persons has changed. The level of unemployment was increasing among persons with higher education and decreasing among persons with lower middle education levels. The entry on the labour market is certainly particularly difficult for young people with a different ethnic background, who face prejudice on the part of the employers and usually have lower education and functional literacy levels.

For the entire period of its operation, the Mladinski ceh society has been focused on assisting young people with entering the labour market by providing extracurricular activities and informal experience. We believe that this part is extremely important in seeking employment. In the situation arising on the labour market, we see social entrepreneurship as one of opportunities for young people to fare better on the labour market. Since there is an increasing number of educated young people (from vocational schools and an increasing number of university graduates) that are having a difficult time finding first employment and since they address our organization in high numbers with requests for counselling or even employment, we wish to use our knowledge to offer them an opportunity for employment and an opportunity to receive all support a young social business requires.

With a developed education module and all support mechanisms for establishing social businesses for the vulnerable group of young people, the social entrepreneurship incubator, focuses on the first theme field of the fourth development priority of the Operational Programme for Development of Human Resources, that is, social inclusion from the aspect of the social care, employment and entrepreneurial policies by socially activating persons from vulnerable groups by:

a) establishing an incubator for social entrepreneurship;
b) establishing education modules for establishing a social business;
c) establishing support mechanisms of tutorship and counselling;
d) specially adapting the project implementation and activities to the availability of individuals, especially females, from the aspect of adapting to balancing professional and family life;

and in this manner assisting the vulnerable target group in developing competences, facilitating the entry on the labour market and enabling the establishment of a social business, which significantly contributes to equal opportunities of young people, especially young women, in terms of infrastructural assistance, as well as in terms of motivating individuals for entering and remaining on the labour market.

As a rule, youth unemployment in Europe is 2 to 3 times larger than the unemployment among the general population (Ignjatović and Trbanc, 2008). In addition to the recorded unemployment, there is an extremely high level of concealed unemployment in Slovenia, in particular among young people, which is reflected in the prolongation of the student status, fictional enrolments, etc. – meaning social exclusion of youth.

With the “Social Innovators of the Future”, we will offer the opportunity of self-employment and thus equal entry on the job market also to those population groups that for various reasons are not competitive enough or interesting to the employers, while including them in social economy, which is underutilized, according to the Operational Programme for Development of Human Resources. In order for them to perform competitively on the job market, young people will be trained and directed on the path of social entrepreneurship with the following methods:

a) support mechanisms: education, counselling and tutorship - will enhance the individuals’ competence and develop functional literacy for the needs of their self-employment;
b) direct meetings with entrepreneurs – will enhance the social and human capital; one young person from a vulnerable group will be brought under permanent tutorship of one established (social) entrepreneur, who will introduce the young person to other key stakeholders if needed;

c) establishment of a social business with the support of counsellors, tutorship of entrepreneurs and mutual cooperation of peer groups will empower the vulnerable group and provide long-term motivation for further development on the labour market, also outside of social entrepreneurship;

d) young people already united in a certain society will be assisted in upgrading their activities to a social business;

e) via the umbrella organization of the National Youth Council of Slovenia we will strive to transfer good practice and ideas via the council of the Government of the Republic of Slovenia into politics. With the findings, we will participate in panel discussions and other events and in this manner strive to transfer the ideas into the legislation and other important regulations on the national level. Via the involvement of the European Economic and Social Committee, we will strive to exert influence on the European level.

5. The Initiative is Carried over to the Non-governmental Sector

Favourable indicators of entrepreneurship development and employment level in Slovenia do not apply to NGOs and non-profit organizations, even though some of them are recognized as operating in the public interest (the organizations referred to are categorized as belonging to the third sector). These are organizations that are active in the fields otherwise not defined as economic fields and operate according to different value principles than market economy organizations. They follow primarily social and other generally beneficial objectives and their motive of contributing to common welfare prevails over the motive of creation and above all, sharing of profit. Rare studies that have been carried out in order to determine the state and development of these organizations in Slovenia show that the Slovenian non-governmental sector has been growing intensively since the 1990s, but had not developed with equal success. Moreover, the study on the situation of NGOs in 2004 (Kolarič, ed. 2006) shows that all parameters used for measuring sector development have remained unchanged during the past eight years. The state has no developed mechanisms of statistical or analytic monitoring for this sector, which encompasses over 22,000 organizations. Societies, private institutes and institutions represent the main portion of these organizations; some other cooperatives and other status forms of legal persons also operate according to the aforementioned principles, but without a relevant legal framework (explanation of the proposed Social Entrepreneurship Act, 2010).

The most recent analysis analyzing the financing of NGOs and employment in this sector on the basis of data from profit and loss statements of societies, institutions and private institutes (Črnak Meglič, 2008) shows no improvement in the material situation of these organizations or a real increase in the employment level in this sector as compared to previous analyses. In total, the income of societies, institutions and private institutes amounted to 751,851 million Euro. With societies, where the income amounted to 517,283 million Euro (418,981 million in 2004), the income increased nominally by 23%; however, the number of societies increased by 18% over the same period of time. In 2008, total income of societies represented 1.39% of the GDP compared to 1.55% of GDP in 2004, which shows the actual material situation of societies in a much more realistic manner. In 2008, the societies realized 47.4% of their income on the market (based on international methodology), which represents an increase by 17.4% compared to 2004; in the same period, public funds have decreased. The data that labour costs represent only 11.4% of expenditures, as the majority of societies has no employees, is indicative – in 2008, 20,103 societies employed 2,870 employees. The data show that the situation is considerably worse when institutions are concerned, as the income in 2008 decreased by 21% in comparison with 2004. The largest share of income, 73.1%, is represented by income from own activities, which represents a 12.6% decrease since 2004, when this income amounted to 85.7%. In 2008, 79 employees were employed at institutions, in 2004, the number of employees was 52. As for private institutes, the largest share of income, 59.6%, represents income from own activities, while 35.6% of income results from carrying out activities of services of general interest. On average, a private institute employed 2.1 employees.

The income of all listed organizations represented 1.99% of GDP in 2008. When considering this, it must be taken into account that in 2004, 88% of all societies, the most numerous organizations in the group, submitted
their annual reports, whereas 94% of societies did so in 2008 (data by AJPES, Number of annual reports by individual types of commercial entities). The non-governmental sector represents a provider of short-term, bridging and long-term employments and enables the training of high-quality labour force. In comparison with the European average, the employment potentials of this sector are far from utilized; in EU countries, an average of 8.1% of all employed persons are employed in the non-governmental sector, whereas in the Republic of Slovenia, this share amounted to just 0.74% according to the data for 2004 (NGO Memorandum, 2009).

In Slovenia, the non-governmental and non-profit sector is still weak; however, it is not the non-profit sector that takes over social entrepreneurship. “Despite all the good work done by non-profit organizations, NGOs and foundations, we can not expect that they will heal all social ailments of the world. The very nature of these organizations literally renders this impossible.” (Yusuf, 2008) Social entrepreneurship is neither a part of the non-governmental sector, nor a part of the economy; rather, it is a complex web of entrepreneurship on one side and acting in the interest of the society and its values on the other.

6. Conclusion

In social entrepreneurship, the vision and mission of the organization do not suffice – business development skills are also important (Brinckerhoff, 2000). Exactly this is the knowledge and awareness that the consortium of partners Društvo mladinski ceh society, Kadiš 2002 and Community of Private Institutes wishes to bring to young people and broader public with the “Social Innovators of the Future” project. For a group of NGOs, the project represents a step on a fairly unreliable path, as in certain segments and aspects Slovenia is not yet prepared for such fast development. Social entrepreneurship is innovative, socially correct and anchored in various segments of operation of the economy, state and the non-governmental sector. With parallel growth of the legal basis, academic sphere, operation of public services and with support by the economy and the non-governmental sector, this can represent one of the paths towards “Slovenia without poverty”.

Figure 1: The figure represents the vision of the “Social Innovators of the Future” project, which, as an incubator of social businesses, joins innovation, entrepreneurship and socially responsible action into social businesses.

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References


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