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EU youth employment policies targeting the social economy: Assessing their capacity to advance decent work and social solidarity

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ABSTRACT:

Youth unemployment has dramatically increased in the European Union (EU), especially after the crises, creating a world of heightened uncertainty and instability. The EU has introduced a number of policy initiatives to eradicate the problem. Recently, it has turned to the so-called social economy. The social economy dates back to the Industrial Revolution and identifies with organisations, such as associations, cooperatives and social enterprises, which provide goods and services by combining economic and social goals in order to counter the inefficiencies and injustices of the market and to promote cooperation, equality and development. The aim of this article is to assess the capacity of EU’s youth employment policies to provide decent work and social solidarity via the social economy. The article draws from legal documentation and statistical data regarding youth employment and the European social economy; and supranational and national policy measures and programmes. It argues that despite attempts to reinstate social objectives in public policy and labour markets in the EU, prospects to advance work and solidarity may be hindered by the dominance of market values of competition, efficiency and growth. It suggests that the EU should revise its economic and social model by socially “re-embedding” the economy in accordance to Polanyi’s conception of the double movement. It explains how public policy and labour markets could be re-defined within the context of the social economy in order to combine different forms of social integration, namely the market (exchange), the state (redistribution) and the civil society (reciprocity).

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I. Introduction

Youth unemployment has dramatically increased across countries in the European Union, especially after the 2008 global crisis and the 2010 Eurozone crisis. According to ILO data, in 2017 the youth unemployment rate in EU-28 was 16.7% of the active population aged 15-24. Though the youth unemployment rate has been falling in the past years, it remains rather high in a number of European countries, including countries from the more developed parts of North and West Europe. In the crisis-ridden countries of Southern Europe, like Spain and Greece, youth unemployment rose to a high of 50%, resulting in large migration outflows of young, highly-skilled people.

Rising unemployment among young people can have serious consequences for individual and collective wellbeing, leading to further economic slowdown, social unrest and political instability. It is thus imperative to join forces and discuss the possible ways of solving it by introducing new policies and institutions. Youth unemployment was a serious problem in the EU before the crisis since the late 20th century. Thus, it is at the heart of EU policies, especially policies on education, employment and regional development. Recently, EU policies for youth unemployment have been attached to the development of the so-called social economy. The social economy includes organisations, such as cooperatives, foundations and social enterprises, which generally engage in the provision of social goods and services, and employ principles of solidarity, social responsibility, self-management, democratic control and the active participation of all those interested in the activities of these organisations.

The aim of this article is to explore the conditions under which the European social economy can create opportunities for the employment of youths. The EU policies for social economy play a crucial role because they exert considerable influence on Member States, and they set the framework for the functioning of national economies, the implementation of policies, the process of economic integration and the development of the single market. The article argues that if the EU gears economic integration processes exclusively toward market values of competition, efficiency and growth, then it may hamper the impetus of the European social economy to develop cooperative and democratic values and promote social inclusion, development and welfare. The article supports the view that building a social economy, which functions on the basis of solidarity and democracy, may depend on a revision of the EU's economic and social model by “re-embedding” the economy in the social realm, that is to say, by combining values of efficiency with values of redistribution and reciprocity and thus combining different forms of integration, namely the market, the state and the social economy. In this way, the European social economy will be able to pursue its economic and social objectives and promote the employment and integration of young people. It is worth noting that the social economy contributes to young people's employability and integration not only by offering them job opportunities, skills and financial independence, but also by helping them to contribute to society, to be creative and autonomous, and to participate actively and democratically in decision-making at the level of the firm and the economy as a whole.

The second section of the article provides data on the conditions of youth unemployment in Europe by using databases like EUROSTAT and ILO. In the third section, the article describes the

European social economy and its association with the employment and integration of young people in the labour market by presenting concepts and data provided by various EU institutions. The fourth section tries to tackle the questions: Can the social economy in the EU offer work to young people? Are EU policies sufficiently supporting a social economy? Are they conducive to a perception and practice of social economy that will support the production of social goods, inclusive of youth employment? To answer these questions the article appeals to EU documentation related to policies for increasing youth employment via the social economy. The article discusses the perceptions, measures and strategies put forth in these documents to determine the ways in which the EU understands unemployment and the social economy and decides to lend its support. It finds a discrepancy between the EU economic and social model, which generally relies on the primacy of the market, and the European social economy, which has developed historically in local and national economies and relies on the primacy of the “social”. Thus, the EU may need to revise its economic and social model in order to re-embed the “economic” into the “social” and thus to support social inclusion and youth employment within the European social economy. The key may lie in a fundamental transformation of work and business on the basis of social and solidaristic values and practices. The article closes with some concluding remarks.

II. Youth unemployment and the EU

A. Youth unemployment across the globe

Graphs 1 and 2 of the APPENDIX compare youth and total unemployment rates for a set of regions around the globe. Data was derived from ILO for the year 2017. Total unemployment rates refer to unemployed persons as a share of the labour force (or the active population) aged 15+, while youth unemployment rates refer to unemployed persons as a share of the labour force (or the active population) aged 15-24. Graphs show that youth unemployment is consistently higher in all regions compared to the total unemployment rate. This is a common finding across various countries and time periods, and justifies the special attention researchers and policy-makers have given to youth unemployment. It is often attributed to the difficulties young adults face in processes of school-to-work transition and labour market integration, due to absence of search and work experience, and the mismatches between demand and supply in the labour market (reflecting the shortage either in the demand or in the supply of specific skills and training in domestic markets). Research also focuses on the impact of work ethics and motivations, which are transmitted to young adults through the family and education system and determine their drive to participate in the labour market and succeed professionally (O’Reilly et al., 2015).

Graph 1 shows that the EU-28 has higher total and youth unemployment rates (7.6% and 16.7%, respectively), compared to most groups of countries in the world. Also the distance between youth and total unemployment rates is much higher in the EU-28 compared to the other groups. Thus youth unemployment seems to be a particularly acute problem in a more developed part of the

world, which, however, has suffered recently from both the 2008 global crisis and the 2010 Eurozone crisis. From Graph 2 it becomes evident that the European youth and total unemployment rates have been affected by conditions in Southern Europe, where youth unemployment has climbed to a high of 35.5%, due to the deep recession following the Eurozone crisis. In fact, it appears that youth and total unemployment rates in Southern Europe are higher than those in Northern Africa, South America, and the Arab States, which are also experiencing economic and political crises. Youth unemployment rates in countries of Western Europe (12.3%), Northern Europe (12.9%) and Eastern Europe (16.1%) are much smaller compared to the South, but in most parts they are still above the world rate (12.6%). Undoubtedly, youth unemployment in EU countries is a serious problem that requires further analysis and attention.

B. Youth unemployment in the EU

Graphs 3, 4 and 5 of the APPENDIX compare youth and total unemployment rates across the 28 Member States of the EU. Data was derived from EUROSTAT for the period 2000-2017. Total unemployment rates refer to unemployed persons as a share of the active population aged 15+ and youth unemployment rates to unemployed persons as a share of the active population aged 15-29. The average unemployment rate for the period 2000-2008 is compared to the average for the period 2009-2017, the breaking point being the 2008 global crisis. In both periods the youth unemployment rate is higher than the total unemployment rate in all countries. Graph 3 gives data for the period 2009-2017. These results confirm the severity of the problem as argued above. The percentage point difference between youth and total unemployment rates is highest for countries struck by the 2010 Eurozone crisis, namely Greece, Italy, Spain, Portugal, Cyprus and Ireland. In these countries during the period 2000-2008 the average total unemployment rates were between 5% and 10% and the average youth unemployment rates were between 6% and 20%. After the crisis, the average unemployment rates for these countries show that 10% to 20% of the total population and 20% to 40% of the youth population were unemployed.

Graph 4 depicts the average youth unemployment rates for the two periods in each EU Member State, along with the percentage point change between the two periods. It is evident that the EU-28 average unemployment rate increased after 2008 from 13.8% to 16.5%. However, one could not overlook the stark rise in the youth unemployment rates in countries affected by the Eurozone crisis: youth unemployment rose over 10 percentage points in Ireland, Portugal, Cyprus, Greece and Spain. Migration outflows became a serious issue in these countries as hundreds of thousands of youths, especially those with higher education and skills, as discussed later in the article, would seek employment abroad within or outside Europe. Some countries experienced a reduction in the average youth unemployment rate around 3 percentage points between the two periods; these countries are Germany, Malta, the Czech Republic, Finland, Bulgaria and Slovakia. The reduction in youth unemployment was highest in Poland: the average youth unemployment rate was 25.2% for the period 2000-2008 and fell to an average of 15.3% for the period 2009-2017, which is just below the EU-28 average.

Graph 5 offers a bird’s eye view of the percentage point change in the average total and youth unemployment rates between the two periods for each Member State. Reading the graph from left to right countries are ranked from lowest to highest average youth unemployment rate for the period 2009-2017. Generally, youth unemployment follows the direction of total unemployment, but changes tend to be more drastic for youth unemployment. Only Finland, Bulgaria and Poland, countries with rather high youth unemployment rates, managed to achieve a larger reduction in youth unemployment compared to the reduction in total unemployment. Germany and Malta have managed to reduce both total and youth unemployment, though these are countries with relatively lower unemployment rates. In Romania, total unemployment rates fell, but youth unemployment rates increased. Slovakia, a country with higher unemployment rates, managed to mitigate the problem somewhat, but the total unemployment rate fell by 3.7 percentage points, while the youth unemployment rate fell only by 2.7 percentage points.

Graphs 6, 7 and 8 present data on youth long-term unemployment compared to long-term unemployment in the total population. Again the average long-term unemployment rate for the period 2000-2008 is compared to the average for the period 2009-2017, the breaking point being the 2008 global crisis. In both periods the youth long-term unemployment rate is higher than the long-term unemployment rate of the total population in most EU countries. Graph 6 gives data for the period 2009-2017. It seems that only in the Netherlands, Finland, Germany, Denmark, Lithuania and Sweden long-term youth unemployment is at its lowest and below long-term unemployment in the total population. Notably, as discussed later in this section, some of these countries have a larger share of young people with temporary and (involuntary) part-time work compared to other EU countries. For the EU-28 the average long-term youth unemployment rate for the period 2009-2017 is slightly above the average long-term unemployment for the total population: 5.6% and 4.2%, respectively. Graph 7 shows that between the two periods, before and after the crisis, the EU-28 witnessed a rise in youth long-term unemployment: the average for the period 2000-2008 is 4.6% and the average for the period 2009-2017 is 5.6%. The percentage point difference between the two periods is more profound in countries that were struck by the crisis, namely Italy (3.7), Cyprus (4.4), Portugal (4.7), Ireland (6.6), Spain (8.6) and Greece (11.3). In these countries, the average youth long-term unemployment for the period 2009-2017 was among the highest compared to all EU-28 countries. In fact, in Greece, the average youth long-term unemployment for the period 2009-2017 reached a high of over 20% when the average long-term unemployment rate for the total population was 13.5%. This shows that young people were hit most by the crisis in these countries. Generally, Graph 8 shows that where long-term unemployment increased, youth long-term unemployment would follow, surpassing long-term unemployment for the total population, especially in crisis-ridden countries of the South.

C. Differences by educational level and gender

Graphs 9 and 10 of the APPENDIX depict average youth unemployment rates for the two periods 2000-2008 and 2009-2017 by level of education across EU Member States. Data was derived

from EUROSTAT. Youth unemployment rates represent unemployed persons as a share of the active population aged 15-29 at different levels of education: less than primary, primary and lower secondary education (levels 0-2); upper secondary and post-secondary non-tertiary education (levels 3 and 4); and tertiary education (levels 5-8).

Graph 9 shows that the average youth unemployment rate for the period 2009-2017 is consistently higher for lower levels of education across all countries. Reading the graph from left to right countries are ranked from the lowest to the highest average youth unemployment rate for the period 2009-2017. It becomes evident that even in countries with average youth unemployment below the EU-28 average, like the Czech Republic, Belgium, Hungary, Sweden and Bulgaria, the average unemployment rate for young adults with lower levels of education is over 30%. Average unemployment rates for young adults with higher education are relatively lower in all countries of the EU. However, higher education and specialised skills does not offer young adults much insurance in the crisis-ridden countries of Italy, Spain and Greece, where average youth unemployment rates are above 20% for young adults with higher education. Actually, in Greece more than a third of the young population with tertiary education degrees is unemployed.

Graph 10 portrays the percentage point change in the average youth unemployment rates between the two periods (2000-2008 and 2009-2017) across EU Member States for the different levels of education. Reading the graph from left to right countries are now ranked from lowest to highest percentage point change in the average youth unemployment rate between the two periods. Poland seems to have achieved the largest reduction in youth unemployment rates, despite the global and Eurozone crises, especially for lower and middle education levels. Finland, Slovakia and the Czech Republic have also achieved a reduction in overall youth unemployment, but this is mainly driven by the fall in youth unemployment for lower and middle levels of education, not by youth unemployment for higher levels of education, which has increased in these countries. The increase in youth unemployment for higher levels of education is highest in Greece and Cyprus, followed by Spain, Portugal and Ireland, which were affected by the Eurozone crisis.

Many spoke of “brain drain” when they counted the vast numbers of high-skilled youths that migrated to other countries to seek work, and translated into a considerable loss of valuable human resources in terms of individual and collective efforts for recovery.² The “devaluation” of higher education degrees has been a central topic in discussions of youth unemployment in many countries. It is usually attributed to demand-supply mismatches in the labour market; a deep culture of continuing studies and obtaining university degrees; and an infrastructure unable to efficiently allocate human capital resources in the economy. In less developed regions more education is often seen as a kind of impetus for higher economic and social status. However, families and the education system may invest in kinds of education that do not respond to labour demand, creating an over-supply or under-supply of labour in the market. Yet we must bear in mind that, on the one hand, education has intrinsic value as much as extrinsic value and, on the other hand, supply-side policies (improving human capital via specialised education and training) must be coupled with demand-side

² To illustrate, it has been estimated that between 2008 and 2013 over 200,000 individuals aged between 25 and 39 had permanently moved out of Greece in search for better work and living conditions (Bank of Greece 2016; Lazaretou 2016).

considerations, that is, with the re-structuring of business organisations and sectors toward the development and welfare of the community, besides profit and competitiveness. Section III discusses the potential of the social economy to enhance employment and community development and welfare.

Another interesting indicator is the NEET rate, which gathers information on young people who are neither employed, nor in education or training. Though higher education levels do not offer young people complete security against unemployment, being out of work without engaging in education- and skill-enhancing activities could adversely affect their chances of employability and integration in the labour market. Graph 11 of the APPENDIX gives the NEET rate for young people aged 15-29 across EU countries. Data represents the average for the period 2009-2017 in each country. We observe that for the EU-28 the average NEET rate is 15.0%. It is much higher for young women (16.9%) compared to young men (13.1%). In fact, the average NEET rate is consistently higher for young women in all EU Member States. The percentage point difference between the NEET rate for young women and for young men is above the EU-28 average in Germany (4.0), Italy (4.1), Bulgaria (5.2), UK (5.3), Malta (5.4), Poland (5.9), Greece (6.0), Estonia (6.2), Slovakia (7.5), Romania (8.1), Hungary (8.3), and the Czech Republic (10.0). The exception to this are Lithuania and Ireland, where the average NEET rate for young women is below that for young men and the percentage point difference is close to zero. A deeper analysis of gender differences is offered below.

Graphs 12 and 13 of the APPENDIX analyse youth unemployment in relation to gender. Data was again derived from EUROSTAT for the youth population aged 15-29. Graph 12 shows that the average youth unemployment rate for the period 2009-2017 tends to be lower for women than for men in most EU-28 countries. The reverse is true for countries like Greece, Italy and Portugal which are located in the South and are characterised by high youth unemployment rates. In most Western and Northern countries young men have higher unemployment rates than women. For Eastern European countries youth unemployment rates are higher for women compared to men in Slovenia, Poland, the Czech Republic and Croatia. Graph 13 shows the percentage point change in the average unemployment rates for young men and women across Member States. In countries where youth unemployment fell, namely Poland, the Czech Republic, Bulgaria, Malta, Finland and Slovakia, the fall in the average unemployment rate was higher for women than for men. In other countries where youth unemployment increased, the increase was relatively higher for men than for women.

However, this does not necessarily mean that in most European countries conditions are more favourable for women than for men. The European Parliament’s Policy Department for Citizens’ Rights and Constitutional Affairs recently issued a briefing on young women’s unemployment in the EU. According to this briefing, though gender gaps in the labour market are decreasing between 2007 and 2016, they remain high among the 25-29 age group: young women are more likely than young men to be NEET-inactive (i.e., neither employed, nor in education and training, as well as inactive); and when young women are employed, they are more likely than young men to hold part-time or temporary low-paid jobs, even when they have a high educational level. The briefing stresses that these outcomes may owe to the differential effects of employment, education and work-life reconciliation policies on gender, and particularly to the differential cultural norms and values concerning care and work obligations of women. It concludes that “policies supporting women’s

access to education and training or favouring employability and labour market reinsertion are particularly important in achieving a full participation of young women in the labour market” (European Parliament, 2017: 11). Generally, it seems that gender differences in unemployment are determined by both economic and non-economic factors. In other words, these differences may be affected not only by an individual’s skills and performance in the market or a region’s growth and competitiveness; it can also be influenced by social values concerning gender roles in the household and society.

D. Temporary and part-time employment

Even when youths are employed they often take on temporary, part-time jobs. EUROSTAT offers data on young adults aged 15-29 who are employed temporarily or part-time. It also offers data on those who work involuntarily on a part-time basis because they were unable to find a full-time job. The graphs below show average values for the period 2009-2017.

Graph 14 of the APPENDIX compares young employees and all employees with temporary jobs as a percentage of the total number of employees across EU Member States. Employees with temporary contracts are identified as those who declare themselves as having a fixed term employment contract or a job which will terminate if certain objective criteria are met, such as completion of an assignment or return of the employee who was temporarily replaced. Reading the graph from left to right countries are ranked from lowest to highest percentage point difference (in absolute terms) for the two groups of employees. It becomes evident that compared to the total number of employees with a temporary job, the percentage of young adults with temporary jobs is higher in all countries. The EU-28 percentage of young adults is 31.5%, which is almost three times higher the percentage of all employees (10.9%). The percentage point difference between total and youth temporary employment ranges from -2.1 in Romania to -36.0 in Slovenia. But there are various developed and less developed countries where the percentage difference is, in absolute terms, much higher than the EU-28 average. This may relate to the different conditions and institutions of school-to-work transition and labour market reintegration across European countries, which pose delays in finding a permanent post. However, there is no doubt that young adults face serious difficulties in securing more stable and secure conditions of employment. In fact, if we distinguish between young men and women, it is women who are most likely to hold temporary jobs in most EU countries. In 2017 the EU-28 percentage of young men with temporary jobs is slightly lower than that of young women: 31.7% and 33.4%, respectively.

Graph 15 of the APPENDIX gives part-time employment as a percentage of total employment for young people and compares it with the part-time employment in the total population. These are computed as the average values for the period 2009-2017. Reading the graph from left to right countries are ranked from highest to lowest percentage point difference for the two groups of employees. It is evident that in most EU-28 countries the average percentage of part-time youth employment is higher than the average percentage of part-time employment for the total

population. The EU-28 percentage of employed young adults with a part-time job is on average 22.7%, whereas the percentage of part-time employment for the total population is on average 18.5%. Only in Germany, Austria, Luxembourg, Belgium, France and Croatia is the average percentage of part-time youth employment lower than the average percentage part-time employment for the total population. In Spain, Sweden, Slovenia, Finland, the Netherlands and Denmark the average percentage of part-time youth employment is higher than the average percentage of part-time employment for the total population and the difference is over 10 percentage points. If we distinguish between young men and women with part-time jobs, it becomes evident that in most EU-28 countries part-time employment as a percentage of total employment for young people is higher for young women. Actually, in 2017 the EU-28 percentage of employed young women with a part-time job is 31.4%, which is almost double that of young men (16.9%).

Again social norms regarding gender roles may explain the reason why young women get stuck with part-time jobs. Mainstream economic theory would say that young men and women are simply maximising their preferences given constraints. Whether they actually “prefer” part-time arrangements is given by EUROSTAT data on involuntary part-time work among young adults. Graph 16 shows involuntary part-time employment as a percentage of the total part-time employment for young people by gender. Values range from about 8.7% in Slovenia to 75.1% in Italy. More than half of young people with a part-time job took this job because they could not find a full-time job in France, Portugal, Spain, Cyprus, Greece, Romania and Italy. Most of these countries are less developed or suffered from the Eurozone crisis with the exception of France. However, percentages are high in other countries as well. In the UK, Finland, Latvia, Lithuania, Poland, Ireland, Slovakia, Croatia, Sweden, Hungary and Bulgaria over a quarter of young people with a part-time job took it involuntarily. By distinguishing between young men and women it becomes evident that countries with different levels of development and gender norms fall under the same category. Women may take on part-time employment to preserve the family’s living standards in times of crisis, or accept less demanding positions in terms of working hours and subsequent wages, regardless of their qualifications, in order to balance work and family obligations.

III. The social economy in Europe

A. Concepts and practices

According to the European Commission (2011: 3), the social economy includes: cooperatives, associations, foundations and social enterprises. Cooperatives, associations and foundations comprise traditional forms of private, not-for-profit organisations, which pursue broader social goals other than economic profit, whilst social enterprises are recognised as contemporary, private businesses whose main objective is to have a social impact rather than make a profit for their owners or shareholders (European Commission, 2013: 22-32).

In Europe, social economy organisations are characterised by a variety of institutional frameworks and legal forms due to the different economic, social, political, historical and cultural contexts shaping meanings and practices across countries and regions. A conceptual definition of the social economy is found in the *Charter of Principles of the Social Economy* which was adopted in 2002 by the European Standing Conference on Cooperatives, Mutual Societies, Associations and Foundations (CEP-CMAF), the EU-level representative organisation for the social economy, now called Social Economy Europe.³ According to this definition, social economy organisations in Europe share a set of common principles, including (CIRIEC, 2012: 19):

- The primacy of the individual and the social objective over capital
- Voluntary and open membership
- Democratic control by the membership
- Combination of the interests of members, users and general interest (society)
- Defence and application of the principle of solidarity and responsibility
- Autonomous management and independence from public authorities
- Reinvestment of the surplus to pursue sustainable development objectives, services of interest to members or the general interest.

According to the European Commission’s *Guide for Social Europe* (European Commission, 2013), social economy organisations are set apart from conventional enterprises because their ultimate goal is not the pursuit of profit and its distribution to its owners. The main goals pursued by social economy organisations include (European Commission, 2013: 21-22):

- The provision of goods and services, including employment opportunities, to their members or the broader community.
- The pursuit of general interest objectives, including the provision of services in a wide range of key areas (such as health, education, social care, energy, water, transport, waste management, and renewable resources), and the protection of fundamental rights, people’s well-being and the quality of life.
- Property rights are not recognised by investors, but by stakeholders, such as employees, customers, users, and volunteers.
- Democratic decision-making procedures are in place, in which critical decisions are taken with the participation and vote of all members of these bodies.

³ The European Standing Conference on Cooperatives, Mutual Societies, Associations and Foundations (CEP-CMAF) was set up in November 2000 and in 2008 changed its name to Social Economy Europe (<http://www.socialeconomy.eu.org>).

Europe has a long tradition of cooperative values and institutions dating back to the Industrial Revolution. Organisations like cooperatives, mutual societies and associations were created across countries to combat the rapid rise of capitalist production and the social calamities it brought: the rise of poverty and inequality, the poor working and living conditions, the pollution of the environment, and the excessive use of natural resources.

Toward the end of the 20th century, the traditional institutions of the European social economy faced conditions that threatened their survival and their social objectives: 1) the liberalisation of domestic and international markets; 2) regional and global economic integration among countries on the basis of free and competitive internal markets; 3) the reduction of the welfare state by restricting social protection expenditure and public policy intervention; 4) the competition of large capitalist companies with considerable economies of scale and investment opportunities, particularly in innovation; and 5) the difficulties of obtaining funds and credit resources in the traditional banking and financial market with a focus on a company's financial performance. Social economy organisations were pressured to adapt to this transformation by engaging further in commercial activities and the provision of goods, and by increasing the efficiency of their funds. Their main concern was that a shift to economic objectives would ultimately undermine their primary social objectives for solidarity, democratic participation and surplus reinvestment. They mobilised to ensure their social and institutional character by seeking a new compromise between social benefit and profitability, social cohesion and economic efficiency (Vienney, 1994/2008).

These conditions led to the creation of new organisations, like social enterprises. Social enterprises identify with alternative forms of managing and organising production on the basis of principles of general interest, democratic participation, solidarity, employment, redistribution and autonomy. They are different from for-profit firms and public welfare agencies in that: (i) they combine economic aspirations with social priorities; (ii) they promote technical and social innovation; and (iii) they respond in a more direct and comprehensive way to local and specialised needs, particularly those of vulnerable groups – the unemployed, the poor, and the socially excluded (European Commission, 2013: 21-22). In other words, the viability of social enterprises does not depend solely on traditional perceptions and measures of business performance that focus on the stock and returns of physical and human capital. It also depends on a qualitative assessment of the social impact of the enterprise, namely its contribution to increasing employment, combating social exclusion, tackling poverty and inequality, protecting the environment, and promoting community development.

Social economy organisations are considered a supplement to market and state institutions and values. The market focuses on exchange and profit and thus may be unable to account for the social costs and benefits of economic activity within and outside the enterprise: (i) the destruction of the natural environment; (ii) the specific education and training of workers; (iii) the provision of goods and services targeted at specific social needs, especially those of vulnerable groups, which may require special care and treatment for their employment and inclusion; (iv) the unequal distribution of production within and outside the organisation; and (v) the exclusion of individuals and groups

from decision-making processes in corporate and community governance structures. On the contrary, the primary objective of social economy organisations is to pursue social goals and processes, and to assess their social impact on members of the organisation and the community at large.

On the other hand, the state focuses on redistribution and bureaucracy and may be unable to plan and implement public policies and social expenditures on the basis of long-term management and social welfare considerations. The state can fail to fulfil its obligations as a result of: (i) the absence of information regarding the existence and nature of specific social needs; (ii) the primary satisfaction of public officials' personal goals and particularised interests of lobbyists and rent-seekers; (iii) complex and vague legal frameworks; and (iv) excessive bureaucracy and time-consuming procedures. However, social economy organisations may have information about specific social needs. Also its combination of social and financial incentives compels it to adopt a business plan, as well as social auditing and monitoring procedures, which will ensure its long-term viability.

Ultimately, by pursuing social values and objectives, the aim of the social economy, and particularly of social entrepreneurship, is to reshape business models and economic structures on the basis of alternative principles of participatory, democratic governance at the firm level and the economy as a whole. However, the social economy encounters difficulties, especially when it functions within a fiercely competitive environment. The European Commission recommends a business ecosystem for the social economy, which can be put into effect to promote the viability of social economy organisations (European Commission, 2014a). Private-public partnerships are formed to create a supportive framework, which can provide the social economy with: (i) specialised managerial personnel in social entrepreneurship; (ii) financial and credit institutions that specialise in social impact investments; (iii) resources to supplement the income generated by their economic activity; and (iv) a legal framework that recognises and assesses social economy organisations' commercial activities, the distribution of surplus, their partnerships with private and public agencies and their social impact in pursuing economic and social objectives within and outside the organisation.

However, the business ecosystem hardly addresses critical aspects of social relations: underlying motivations; the politics of recognition and identity; the dynamics of conflict and struggle; the pursuit of generalised participation; and the ways in which the social enterprise becomes a source for social change, challenging the primacy of competition and profits over cooperation and social welfare. According to Sacchetti and Campbell (2014), a model of community ownership can create conditions that are more favourable to the promotion of participation and development within and outside social economy organisations, compared to a model of community failures. Community ownership is grounded on social values of cooperation, trust and networking, inclusive and creative spaces, public-private synergies, and the satisfaction of community needs via innovative activities, leading to community responsibility and generalised participation. To the contrary, community failures identify with the dominance of individualist values, exclusive and constraining spaces, and particularised interests which foster paternalistic links with powerful groups and state bureaucracy and thus fail to meet community needs, leading to inequality, mistrust and conflict (Sacchetti and Campbell, 2014: 34-35).

In other words, building a socially beneficial development model requires the participation and cooperation of the broader community in the planning and delivery of services. By the same token, labour market policies that target youth unemployment via the social economy must be assessed in relation to the community development model they interact with. Nowadays, many researchers and policy-makers argue that to deal with the current crises and achieve sustainable development we need to re-assess and reshape the governance structures of our economies by applying the lessons and practices of the European cooperative tradition. These policies have only recently been applied and therefore it is difficult to operationalise their social dimensions and conduct an in-depth analysis of their economic and social impacts. This article makes an initial assessment of these policies by consulting relevant EU documentation, such as policy reports and national plans for youth unemployment via the social economy. It checks how social needs, collaborations and impacts are envisioned and put into effect in the context of Member States and EU guidelines and directives. Before it engages in this analysis, it discusses data on the social economy in Europe.

B. Data on the social economy in the EU

According to Table 1 of the APPENDIX, the social economy in Europe seems to play a considerable role in the economy and the society. It provides paid employment to over 14.5 million Europeans, which is equivalent to approximately 6.5% of the working population of the EE-27 and 7.4% of the working population of the traditional Member States of the EU-15. In fact, in Sweden, Belgium, Italy, France and the Netherlands, the social economy accounts for 9% to 11.5% of the working population (see also CIRIEC, 2012: 29, 45-46).

Secondly, the size of the social economy in terms of paid employment generally tends to be relatively smaller in the new EU Member States compared to the traditional Member States of the EU-15. Paid employment in the social economy as a share of the working population is, on average, 5.2% across Member States in the EU-27. In traditional EU-15 countries the average is 7.3%, which is above the EU-27 average, and almost three times higher than the average for the group of countries that joined the EU after 2000. Among the EU-15, it is Nordic countries (Sweden, Finland and Denmark) that have a relatively high average at 8.7%, whereas Mediterranean countries have a rather low average at 6%. The relatively low average in Member States outside the traditional EU-15 is mostly influenced by the low average of Eastern European countries (Estonia, Hungary, Bulgaria, Poland, Czech Republic, Slovakia, Romania, Slovenia, Lithuania and Latvia). We observe a similar pattern in terms of voluntary, unpaid work: on average, the EU-15 has a higher share of volunteers in the adult population (29%), compared to the rest of the Member States (22%). The relatively higher average of the EU-15 is driven by the average of Nordic countries (34%), while the low average in the rest of the Member States is driven by Eastern European countries (22%). However, in this case, the average of Mediterranean countries (17%) is smaller than that of Eastern European countries.

Many studies argue that Member States of Northern and Continental Europe have had a more developed institutional and legal framework for social economy organisations (Evers and Laville,

2004; Osborne, 2008; see also CIRIEC, 2012, 2017; European Commission, 2014a). They often refer to the cooperative organisational and institutional structures of the economy in Nordic countries, which bring together representatives of the productive classes and public authorities at local, sectoral and national levels. This is in contrast with the contemporary experience of some Southern and Eastern European countries that have only recently passed legislation for the operation of social economy organisations and have started implementing strategic plans for developing the social economy. The history of these countries features examples of people mobilising and organising collectively on the basis of cooperative values and institutions to face the dominance and exploitation of economic powers and the rise of inequality and poverty. However, these efforts have often been undermined by authoritarian regimes, national conflicts and foreign intervention. Thus, cooperatives operating in the economy were few or under the control of powerful groups, so they did not rely on autonomous civil society initiatives and the promotion of generalised interests. In particular, in Eastern Europe, the rather low participation in the social economy is attributed to a series of factors: the poor civic tradition inherited from the prior socialist regime of the Eastern bloc; the difficulties of institutional change during a process of transition from a planned economy to a market-oriented economy; and, most importantly, the negative experience of cooperatives in the prior regime, which represented the narrow interests of the powerful at the expense of the public interests they allegedly served.

Thirdly, Table 1 shows that paid employment in the social economy increased in most countries between 2002-03 and 2009-10: jobs increased from 11 to 14.5 million. Perhaps these outcomes are indicative of the dynamic potential of the social economy to deal with the current crises and contribute to employment, development and recovery in Europe. However, it would be interesting to study the impact of the social economy on employment, wages and the age of the employed. There are concerns that, in the name of social welfare, lower wages will be offered, putting further pressure on wages in the labour market as a whole, and workers will be exploited, especially those who belong to vulnerable groups and face conditions of social exclusion and poverty, such as young people or people with disabilities, who have limited access to market and state resources (see also CIRIEC, 2012: 29, 45-46).

Fourthly, by focusing on figures for unpaid work, we observe that a considerable share of the adult population, almost a fifth on average across EU-27 countries, invest time, effort and skill in voluntary work. Studies show that people take up volunteer work for a variety of reasons. According to these studies it seems that people combine financial and personal incentives (remuneration, training and career prospects, creativity, flexibility and autonomy in the workplace), with altruistic and relational motivations (assistance to vulnerable groups, association with people inside and outside the workplace, solidarity and social welfare, shared ideals and values). More importantly, it appears that non-economic incentives foster a higher level of commitment and devotion to the organisation's activities and objectives, which constitute important building blocks for enhancing participation and sustainability in the social economy (European Commission, 2013: 61).

However, it is worth noting that the relationship between paid and unpaid work in the social economy is less clear and requires further study. It appears that the combination of paid and unpaid work depends on the interaction of different economic and non-economic factors which affect individuals' decision to participate in the social economy and offer their services. Some studies argue

that the combination between paid and unpaid work depends on the type of social economy organisations and the various economic and collective objectives they pursue. For example, one might expect more volunteers in charities and associations, which do not engage fundamentally in commercial activities and rely mainly on donations and external funds, whereas one might expect more paid work in social economy organisations, which typically engage in commercial activities such as cooperatives and mutual associations. Social enterprises, which are considered as more recent additions to the social economy, constitute a special case and combine both paid and unpaid work, because they are “hybrid” forms combining both economic and social objectives by deploying a variety of resources (including sales revenues, public funds, and voluntary work) derived from members, workers, volunteers, users, consumers, and other firms and public agencies. Even the way these resources are combined to achieve the social enterprises’ objectives reflects the historical and cultural background of the social economy in each country. For example, countries in which traditional social economy organisations, like cooperatives, depended on top-down initiatives and state funds may crowd out autonomous and spontaneous bottom-up initiatives and grassroots associations targeted to serve specific community needs (e.g., integration of vulnerable groups at the local level) and general interests at a larger scale (e.g., changes in social values and institutions to assess and shape strategies and policies in order to combat inequalities) (see also CIRIEC, 2012: 29, 45-46).

Finally, we must be cautious when making cross-country comparisons. Differences in the legal, institutional, cultural and historical background lead to various definitions and measures of the social economy across European countries. To illustrate, in Table 1 of the APPENDIX data was collected for 2010, so it does not include data on social enterprises for Greece, which were established by law in 2011. Thus in Greece employment and business opportunities were offered by traditional social economy organisations, namely associations, mutuals and cooperatives. Furthermore, information on social economy organisations is collected by countries’ official business and associations registries, so it reflects the “formal” social economy. As a result, data on the social economy exclude informal groupings that provide training and services to vulnerable groups and produce a palpable social impact in terms of higher participation in the social economy. At the same time, it includes organisations that may have obtained a legal form, but have not begun operations or do not have a considerable social impact in terms of higher employment.

It is worth mentioning that statistical services have started to take notice of social economy organisations and have made some steps in systematically gathering information on the social economy. Interestingly, EUROSTAT gathers data on countries’ labour market policies (LMP) and recognises various kinds of support to cooperative managers and employment in social enterprises as measures that fall under the label of LMP. Some may argue that these measures do not constitute LMP, because they do not rely on conventional top-down initiatives, but rather reflect the activation of bottom-up, private collective initiatives. However, this merely confirms the hybrid character of the social economy that also takes active part in the planning and implementation of public policy. EUROSTAT accepts the status of LMP so long as the country incorporates such measures in its own national policy for labour markets. Yet it is difficult for countries to collect such data since relevant measures have only recently been implemented and considered part of national plans for labour

market policies. Thus EUROSTAT does not systematically provide relevant figures.⁴ On the other hand, EUROSTAT does provide statistics regarding the business structure of national economies, where partnerships, cooperatives and associations are recognised as a separate category of business with a certain legal form. Though partnerships may reflect network relations and official exchanges among private and public agencies at the local level, it is difficult to incorporate them fully in the social economy when they are considered to have market-oriented objectives and activities and their social interests and goals are rather implicit. As a result this category does not coincide with what we would define as a social economy and may cover business operations outside the boundaries of this sphere.⁵

Therefore, we still have a long way to go in defining the concept and the context of the social economy and properly measuring its size in terms of employment and production. Of course, we must keep in mind that the social economy's impact does not exclusively rely on quantitative measures like the number or share of production units, the volume and price of goods and services provided, and the number and share of workers employed in this sphere. There are studies that construct social impact indicators, as well as social accounting and auditing techniques, and they suggest various social impact metrics to assess the financial and social impact of these organisations (see European Commission, 2014b, for an overview of social impact measures suggested for the European social economy). If we accept that social economy organisations constitute an alternative way of work and business on the basis of cooperative and democratic principles and practices, then any evaluation system of the social economy and its social impact must prioritise the satisfaction of social needs and goals. Therefore, financial reports should be accompanied by social impact measures, such as: the number or share of workers employed from vulnerable groups; the improvement of their economic, social and health conditions; the collaborative networks developed within and outside organisations for the promotion of general interests; the fulfilment of public policy objectives (employment and socio-economic integration of youths, women and disabled); the contribution to community development, and environmental preservation; and the promotion of alternative values and institutions in the workplace, the labour market and the economy as a whole.

In this manner, social economy organisations not only gain access to specialised financial resources and credit to raise capital, but also increase the awareness and transparency of their operations among citizens. But we are still in a very early stage to be able to provide a general framework of micro, meso and macro indicators capturing the impact of the social economy at the level of the organisation, the community or the national economy as a whole. One of the difficulties in this process is the fact that different social economy organisations aim at serving specific needs and segments of the population within and across communities and countries, so comparability is rather compromised.

⁴ See EUROSTAT metadata documents, http://ec.europa.eu/eurostat/cache/metadata/en/Imp_esms.htm, for details regarding LMPs.

⁵ See EUROSTAT metadata documents, http://ec.europa.eu/eurostat/cache/metadata/en/bd_esms.htm, for details regarding business demography statistics.

Despite cross-country differences in Europe, Galera and Borzaga (2009) try to devise a more encompassing definition. They argue that the European social economy generally relies on the idea of the “collective entrepreneur”, who combines economic objectives with cooperative values, focuses on the needs of the most fragile segments of the population, and adopts non-distribution clauses and participatory governance. They distinguish the collective entrepreneur from those social managers, who employ social means and objectives to primarily achieve professional advancement and corporate goals, such as increasing market shares and searching for profitable opportunities. In fact, the distinctive characteristic of the collective entrepreneur is his/her drive for social change, that is, for promoting alternative perceptions and practices of work and business that transcend the organisation and the social economy and place the supply of general-interest goods and services over and above profit maximisation.

However, one might ask: Do EU institutions and policies support this ideal of the social entrepreneur? In the following, we try to single out and discuss EU policies for increasing employment via the social economy, especially for youths, and examine whether they are consistent with collective and cooperative values and institutions, which Europe has historically been identified with.

IV. EU institutions and policies on youth employment and the social economy

A. Divergent visions among EU institutions

First of all, it seems that the social economy is the responsibility of the European Commission’s DG on the Internal Market, Industry, Entrepreneurship and SME’s. In fact, it is seen as one of the many industrial sectors the DG focuses on. According to the Commission,⁶ the social economy comprises social economy enterprises (including cooperatives, mutual societies, non-profit associations, foundations and social enterprises), which operate a very broad number of commercial activities, provide a wide range of products and services across the European single market, generate millions of jobs, and constitute a major engine of social innovation. In particular, “social economy enterprises contribute to the EU’s employment, social cohesion, regional and rural development, environmental protection, consumer protection, agricultural, third countries development, and social security policies”.⁷ Thus, they appear as a means for growth and employment in a number of EU-funded, EU-supported programmes that fall under these policy areas.

⁶ See website of the DG on the Internal Market, Industry, Entrepreneurship and SME’s, European Commission, http://ec.europa.eu/growth/sectors/social-economy_en.

⁷ Ibid.

The DG provides supporting information on the social economy, including the conclusions drawn up by the Council of the European Union (2015) on *The promotion of the social economy as a key driver of economic and social development in Europe*. The Council delegates that:

“[the social economy] plays an important role in the transformation and evolution of contemporary societies, welfare systems and economies thus substantially contributing to economic, social and human development across and beyond Europe and are supplementary to existing welfare regimes in many member states.”... [It] further contributes to several key EU objectives, including the achievement of smart, sustainable and inclusive growth, high-quality employment, social cohesion, social innovation, local and regional development and environmental protection. It is also an important tool which contributes to ensuring people's well-being. Even more important, the social economy is a sector which has weathered the economic crisis much better than others and is gaining increasing recognition at European level” (Council of the European Union, 2015: 2).

Thus, for the Council, the social economy is not solely considered as a kind of entrepreneurial activity that brings social innovation, growth and employment. It is also seen as source of transformation and welfare that brings social and human development in the long-run. Put differently, the Commission's DG leans toward a kind of social economy that becomes a means for the expansion of the internal market, whereas the Council is more explicit in recognising the transformative dimensions of the social economy and its role in human development. The Council also makes explicit reference to the support the social economy can provide to more vulnerable groups, such as youths and women, by encouraging them to participate not only in the labour market, but also in governance and decision-making processes at the organisational and public policy levels. Apparently, there is a distance between the Commission's perception of the social economy and the Council's vision. The following analysis delves deeper into this issue by focusing on some EU policies and programmes which connect youth employment with the social economy.

B. EU policies, youth employment and the social economy

The social economy and employment, especially youth employment, are brought together by the EU mainly in two kinds of policies: labour market policies and cohesion policies. According to the European Commission (2015), labour market policies (LMPs) comprise a range of financial and practical policy interventions that can help people when they face difficulties in the labour market by bringing the unemployed and the inactive into employment and helping people find better employment opportunities.

Total spending on LMPs varies significantly across Member States. Based on 2013 EUROSTAT data total spending ranges from more than 3% of GDP in Denmark, Ireland and Spain to less than 0.5% of GDP in Lithuania and Romania. These spending levels reflect different policy choices and represent the allocation of spending in each Member State across three types of interventions: *services* (e.g. job searching assistance); *active measures or activation policies* (e.g. training); and *supports* (e.g. unemployment benefits). Member States which experienced a sharp rise in unemployment over recent years, namely Spain, Italy and Portugal, seem to spend a high share of LMP expenditure on *supports*. On the other hand, Nordic Countries (Finland, Sweden, Denmark), as

well as some Baltic States (Latvia, Lithuania) and Central and Eastern European countries (Czech Republic, Bulgaria, Poland, Hungary), spend a large share (more than 30% of all spending) on *measures or activation policies*. While the emphasis on activation policies is common in the Nordic countries, a number of other Central and Eastern European countries are also taking a greater interest in these policies. In general, total LMP expenditure increased in 2009 and 2010 following the onset of the crisis and the large rise in unemployment in 2009. However, despite increases in unemployment in 2011 and 2012, expenditure on LMP decreased or increased proportionally less than unemployment and less than in 2009 (European Commission, 2015).

The European Commission purports that although immediate income support is required when people lose their job, it is equally important to apply activation policies imminently and effectively so people will not lose their skills and become discouraged from participating in the labour market. As mentioned above, EUROSTAT's LMP statistics include national labour market policies that encourage employment via the social economy and social entrepreneurship. The rationale is that the social economy is characterised by alternative forms of entrepreneurship and production that combine economic activity with social purposes, like social inclusion and social innovation. In this manner, the social economy is consistent with the Europe 2020 Strategy for smart, sustainable and inclusive development, and maintains the potential to deal with the crisis. However, it is still difficult to detect national actions related explicitly to the social economy and calculate the amount of expenditure channeled specifically to these actions, especially if they draw funds from various national and supranational sources. Thus, it is essential to track down some of these sources at the supranational level to make a first evaluation of the role granted to the social economy by the EU to deal with youth unemployment.

The social economy and social entrepreneurship are themes that figure prominently in EU's Cohesion policies, that is to say, EU's regional development policies, during the recent programming period 2014-2020. The Member States' operational programmes feature the social economy and social entrepreneurship as key objectives related to social inclusion and support for disadvantaged groups. Operational programmes are the national plans for regional development approved by the Commission and financed by specific funds set aside for regional development, namely the Structural and Investment Funds. Thus, the European Social Fund⁸ (which was established in the 1950s by the founding members of the EEC and aims at serving employment objectives), in conjunction with the Youth Employment Initiative (which was recently established to deal with rising youth unemployment after the crisis), constitute the main sources of finance for programmes related to the social economy and social entrepreneurship. In some cases, the European Regional Development Fund, which was established in the 1970s and has been a major source of regional funding, pitches in to support these initiatives.

⁸ In fact, with a series of projects, some of which were initiated during the previous programming period (2007-2013), the ESF is actively supporting the establishment of social enterprises as a source of jobs, especially for groups of people who find it difficult to get work. These groups include young long-term unemployed, disabled people and people in rural communities (<http://ec.europa.eu/esf/main.jsp?catId=531&langId=en>).

Generally, the Cohesion policies see the social economy and social entrepreneurship as a means to exploit endogenous regional resources, increasing employment and combating social exclusion. It is worth noting that the term “social economy” is explicitly mentioned in the key objectives of operational programmes in regions of Belgium, France, Italy, the Czech Republic, Portugal, Spain and Hungary. Interestingly, Belgium introduced the Flemish Ministry of Work and *Social Economy* which is responsible for these programmes. The terms social enterprise and social entrepreneurship are more broadly used in operational programmes across Member States. As a matter of fact, all regional operational programmes of Greece make mention of social entrepreneurship as a driving force for recovery and employment. Other countries using these terms include France, Germany, UK (Scotland) and Spain, and a larger number of Eastern European countries, namely Croatia, Romania, Bulgaria, Slovenia and Slovakia. One explanation for this choice of terms, particularly in Eastern countries, may be the negative experience of cooperatives in the former Eastern bloc, where general interests were side-stepped and cooperative values of participatory and democratic governance were compromised. Another explanation may be a renewed commitment to meeting with economic objectives of competitiveness and growth in parallel with social objectives in order to adopt a culture of performance and output evaluation and monitoring (also as a “check and balance” on individual and collective interests), and secure sustainability of social enterprises and employment policies in the local and global economy. Yet we should bear in mind that placing the social economy within an entrepreneurial mindset that focuses more on commensurable outputs, financial performance and private business initiatives, especially in the provision of social goods, traditionally delivered by the welfare state, may undermine its impetus for social transformation and development, channelling it toward mere profit maximisation.

However, the EU seems to demonstrate a rather weak commitment to social transformation and development via the social economy. The 2013 Council recommendation on establishing the Youth Guarantee, a fund which reflects Member States’ commitment to combatting youth unemployment, makes no mention of the role of the social economy and social entrepreneurship (Council of the European Union, 2013). This is also true for the Commission’s 2016 Communication on the progress of the Youth Guarantee and Youth Employment (European Commission, 2016). At the national level, Youth Guarantee Implementation Plans make scant reference to the social economy and social entrepreneurship.

The Committee on Employment and Social Affairs of the European Parliament tries to amend this omission in its 2015 report on social entrepreneurship and social innovation in combatting unemployment. The European Parliament, in alliance with the objectives of the Europe 2020 Strategy and the Social Business Initiative, “calls on the Member States to coordinate measures to promote social entrepreneurship with their national Youth Guarantee Implementation Plans; calls on the Commission and the Member States to encourage social entrepreneurship and innovation in the ESF's national Operational Programmes; urges that the Youth Guarantee schemes be implemented effectively and efficiently” (European Parliament, 2015: 9). Moreover, it explicitly states its regret that various single market strategies of the Commission and other EU investment funds fail to mention or give proper merit to social and solidarity-based economy enterprises and their potential contribution to the achievement of the Union's goals. The European Parliament “[d]eeply regrets the low level of recognition of the social and solidarity-based economy at European level; takes the view

that improving the collection of gender-disaggregated data and the exchange of information and best practice at European level, together with greater media coverage of the social and solidarity-based economy and its achievements, would help to boost society's involvement in the social and solidarity-based economy, thus securing it more understanding and recognition and raising its profile” (European Parliament, 2015: 16).

C. Social economy or social “market” economy?

A possible explanation for the EU’s reluctance to actively promote alternative, socially-oriented work values and governance structures in the economy is its allegiance to an economic and social model favouring market liberalisation and welfare state retrenchment. According to Fazzi (2017), LMPs, especially “activation” programmes, initially designed to improve human capital and employability, have been characterised by a “creeping conditionality”: the payment of social benefits to the needy and the unemployed has become conditional on their willingness to seek work and attend vocational training courses. As a result, public policies are understood and applied not as a means to redistribute resources and respond to citizens’ needs, but as a means to enable individuals to manage risks in a responsible manner. More importantly, this leads to the individualisation of responsibility and the stigmatisation of the unemployed, without considering the broader economic, social and political factors that contributed to these problems. Therefore, policies to enhance employment generally rely on the individualisation of means and ends of human action, which are inconsistent with a social economy founded on principles of democratic participation and multi-stakeholder governance.

Furthermore, such an economic and social model not only shapes our perceptions of unemployment and the unemployed, of state and public policies, but also our understanding of the dimensions, operations and objectives of the social and solidarity-based economy. In 2011 the European Commission set the framework for the social economy at the EU level by publishing a Communication, the well-known *Social Business Initiative*. It envisions a social economy that responds to the needs of the single market for inclusive growth and employment for all and the growing desire of Europeans to live and work in an economy more aligned with ethical and social principles. In particular, the *Initiative* reads that:

“In order to promote a ‘highly competitive social market economy’, the Commission has placed the social economy and social innovation at the heart of its concerns, in terms of both territorial cohesion and the search for new solutions to societal problems, in particular the fight against poverty and exclusion ...” (European Commission, 2011: 2).

“...to enable social enterprises to use their full potential, the Commission proposes an action plan in general support of social innovation to help create a favourable climate, in close partnership with stakeholders in the sector and the Member States” (European Commission, 2011: 6).

Therefore, initiatives for the promotion of the social economy are placed within the context of a “highly competitive market economy”. However, the *Social Europe Guide on the Social Economy*

and Social Entrepreneurship, published by the European Commission, stresses the discrepancies between the “social economy” and the “social market economy” (European Commission, 2013). It argues that social economy relates to a specific part of the economy, namely the set of organisations characterised primarily by social aims and a participative governance system, producing goods and services alongside the market and state. On the other hand, the social market economy refers to a political-economic model created in the post-war period to combine the principle of market freedom with the principle of social security by giving the state an active role in balancing market competition and social development. The idea was to avoid the malaise of the two extremes, on the one hand, *laissez faire* capitalism (where the state has minimal intervention) and, on the other, centrally planned economies (where the state has complete control) (European Commission, 2013: 12).⁹ In this setting, the social economy is portrayed as a set of private collective initiatives that restore the balance between competition and welfare, alongside the state.

The question that arises is whether the social economy and the social market economy are compatible. The view supported by this article is that the problem is not so much how the social economy can discover its position alongside traditional market and state institutions, but whether its philosophy for generalised participation is consistent with the logic of the social market economy. In the context of the social market economy, atomised self-seeking individual action is the dominant motivation and prime principle of human action in the economy and society. Therefore, non-market institutions, like the state and the social economy, are instrumentally employed to preserve market mechanisms and objectives. This situation may lead to what is called the degeneration of the social economy as organisations’ operations are gradually restricted to the economic goals traditionally pursued by for-profit firms, namely profit maximisation and competitiveness.¹⁰ However, we should bear in mind that treating non-market institutions as a means to achieving market goals may not only compromise the objectives of the social economy; it may also create inefficiencies and instability in the market as well.

As Polanyi argues markets are not only shaped by the context of social life; they are unable to operate without it: “To allow the market mechanism to be sole director of the fate of human beings and their natural environment, indeed, even of the amount and use of purchasing power, would result in the demolition of society. For the alleged commodity ‘labour power’ cannot be shoved about ... In disposing of a man’s labour power the system would, incidentally, dispose of the physical, psychological and moral entity ‘man’ attached to that tag” (Polanyi, 1944: 73). Thus, market exchange could not stand on principles of economic liberalism alone; it must also draw on institutions beyond the market, based on: “...the principle of social protection aiming at the conservation of man and nature as well as productive organisation, relying on the support of ... the

⁹ In fact, the principles of the “social market economy”, conjoining competition, growth and innovation with social policy, justice and welfare, appear in the EU Treaties to which all Member States are bound.

¹⁰ Notably, the report of the European Parliament on social enterprise and social innovation draws our attention to the clear distinction between the social economy and corporate social responsibility: “Social economy enterprises are enterprises whose primary objective is to have a social impact rather than generating profits for their owners or partners, whilst CSR refers to the voluntary integration of social and environmental objectives into the business plans of traditional enterprises” (European Parliament, 2015: 14).

working and the landed classes ... and using protective legislation, restrictive associations, and other instruments of intervention as its methods” (Polanyi, 1944: 132). In other words, the market relies on principles of redistribution, which belong to the state, and principles of reciprocity, which belong to the third sphere of the economy, part of which is the social economy. Thus, a prosperous and peaceful union of countries in Europe may actually rely on another kind of integration, whereby the market is re-embedded in a context where redistribution and reciprocity are pursued as ends in themselves, not as a means to economic liberalism and market competition.

A closer look at the key actions of the action plan may point to the primacy of market institutions. Key actions are summarised in Table 2 of the APPENDIX. Notably, the Commission is concerned about social enterprises’ access to funds. It has been argued that the pursuit of social objectives and the reinvestment of profits may not render social enterprises favourable candidates for credit by conventional financial and banking institutions, especially in light of the liquidity constraints and the precarious conditions imposed by the recent crises. To secure financial resources for social enterprises the Commission aspires to create specialised financial instruments for social impact investments under the EU’s Programme for Social Change and Social Innovation. It also calls upon the Structural Funds and Community Programmes to support social entrepreneurs, especially those focusing on youth actions in the labour market. However, the management of these funds are subject to conditionality clauses, ex ante and ex post evaluations and result-oriented performance indicators. Though such practices may enhance the check and balances on individual and collective activities, controlling for the wasteful use and misappropriation of private and public resources, they fail to look into the human and social dynamics of the social economy. These refer to the dynamics of power structures, social inequalities, identity-building, trust and institutions, which depend on economic and non-economic factors and thus require a qualitative assessment.

In the action plan, the Commission shifts attention from financial resources to human and social resources by acknowledging the need to communicate the virtues of the social economy and to support improvements in the legal environment. However, actions taken to enhance people’s understanding and awareness about the social economy are narrowly pursued by sharing best practices and fortifying legal forms across European countries. These actions may be important in scaling-up and institutionalising social economy organisations, activities and goals within the integrated EU market. However, they should expand to consider the social dynamics that are at play and the economic and social values that distinguish the social economy from both market and state institutions. In this way, they will promote collective action and principles that are at the core of the social economy, particularly its transformative potential. Indicatively, EU and national public agencies will further need to determine effective ways in mobilising and organising local agents to take on bottom-up initiatives and jointly pursue common values and goals. They should also apply ways that consolidate the democratic and participatory values and principles of social economy organisations to give them social and ethical meaning and legitimacy, not only legal “form”.

Finally, the action plan seems to limit the social economy’s activities to the provision of social goods and services. Indeed, the social economy makes a considerable contribution in social provision and protection by targeting the specialised needs of disadvantaged areas and vulnerable groups, especially when the state has insufficient information and funding to meet these needs. However, it

may be used by those who support welfare state retrenchment to transfer social provision and protection to the private sector, where organisations may not have sufficient resources and motivations to perform additional redistribution and coordination functions that belong to the state, and are thus forced to compete with one another, further compromising their social objectives.

To connect with our discussion in Section III, it is questionable whether the social market economy as it stands can provide a development model capable of promoting and expanding the cooperative and democratic values and principles of the social economy, and in the long-run transform market and state institutions to practice exchange and redistribution within a context of reciprocity. To strengthen their commitment to the core values and institutions of the social economy and effectively combat social problems like youth unemployment, EU policies and institutions should revise their understanding not only of the social economy, but also of market and state institutions, and particularly the ways they perceive and implement processes of economic integration.

V. Conclusions

This article investigated the plight of youth unemployment and the potential of the social economy to combat this problem with a focus on the European Union. After presenting data on youth unemployment and the social economy in the EU, it appealed to EU documentation to analyse EU policies for youth unemployment via the social economy. Thus, the article makes a first attempt to assess the ability of EU policies and institutions to transform the economy and establish alternative values and institutions for work and business that would enhance the employability of young adults and their integration in the labour market.

The data presented in the article reveals that in the EU youth unemployment rates have increased after the crises and are much higher compared to other parts of the world. For instance, in Greece, after the 2010 debt crisis, almost two thirds of the young population was unemployed and hundreds of thousands, mostly highly educated young adults left the country in search of work elsewhere, leading to a considerable loss of valuable human resources that could have enabled the country's recovery and future development. In some countries, a large part of the young female population becomes inactive, limiting opportunities for participation in the public sphere. Even if young people have a job, they usually end up with temporary, part-time posts that might not offer sufficient wages and security. On the other hand, data on the social economy reveals a growing sector with an aim to enhance social inclusion, development and welfare by offering employment to vulnerable groups, like youths and women; by providing social goods and services to the less privileged; and by promoting social innovation in the form of new participatory and democratic governance structures. Therefore, the social economy in Europe is developing a strong impetus to efficiently and effectively utilise the valuable human resources available in the economy and thus fulfil Europe's objectives for growth, employment and innovation.

However, an analysis of EU policies for youth unemployment via the social economy reveals differences between the European cooperative values and institutions in local and national economies and the economic and social model supported by the EU. The EU economic and social model is based on principles of market freedom, competition and efficiency that may not suffice to support youth employment and social economy. The article argued that social inclusion and welfare also depend upon public values of redistribution and social values of reciprocity cultivated by state and social economy institutions. If these values are overpowered by market values, then not only will the social economy’s potential for employment and social transformation be undermined; the process of European integration and the creation of the single market will also arrive at an impasse. Thus, the article suggested that the EU should adopt alternative work and business values and institutions that are more consistent with the social economy, such as multi-stakeholder participation and democratic governance, if it wishes to realise the idea of “collective entrepreneurship” and its drive for social change.

Of course, as argued in the article, this would require more active participation and collaboration of both top-down and bottom-up initiatives. Further research can focus on the kind of synergies that private and public entities can develop to re-embed the economy in the social realm and combine forms of integration and values of exchange, redistribution and reciprocity. A useful start would be the literature on multi-level governance, polycentric structures, and certain strands of social capital research in order to practically determine the balance between vertical and horizontal relations, autonomy and legitimacy. Local bottom-up initiatives and national policies may require broader cross-country coordination and negotiation to fight prevailing forces of competition and profit in the global economy, which can compromise the social objectives and collective efforts of the social economy.

Youth unemployment has serious consequences on individual and collective well-being: not only does it affect young people’s future employability and financial independence, but it also hinders their capacities for self-determination and building a sense of identity and belonging, leading to further economic slowdown, social upheaval and political polarisation. If we continue to pursue processes of integration that bring together markets, but separate peoples, then such a plan really serves no purpose.

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APPENDIX

TABLE 1: Paid work in the Social Economy (SE) compared to voluntary (or unpaid) work in the EU

Country	Employment in SE 2009/2010 (in thousands)	% of total employment (working population aged 16-65)	Δ% since 2002/2003	Number of volunteers 2011 (in thousands)	% of adult population
Sweden	507.21	11.16%	146.58%	1636.16	21%
Belgium	462.54	10.30%	65.42%	2341.99	26%
Netherlands	856.05	10.23%	10.87%	7787.38	57%
Italy	2228.01	9.74%	66.72%	13484.22	26%
France	2318.54	9.02%	16.79%	12646.91	24%
Finland	187.2	7.65%	6.73%	1740.61	39%
Luxembourg	16.11	7.30%	122.32%	144.53	35%
Denmark	195.49	7.22%	21.60%	1949.37	43%
Spain	1243.15	6.74%	42.53%	5867.52	15%
Estonia	37.85	6.63%	62.80%	341.17	30%
Germany	2458.58	6.35%	21.00%	24065.07	34%
Austria	233.53	5.70%	-10.23%	2638.26	37%
UK	1633	5.64%	-4.57%	11774.46	23%
Ireland	98.74	5.34%	-36.43%	1124.54	32%
Portugal	251.1	5.04%	19.03%	1082.53	12%
Hungary	178.21	4.71%	135.51%	1878.24	22%
Bulgaria	121.3	3.97%	n.a.	784.5	12%
Poland	592.8	3.71%	12.02%	2914.61	9%
Czech Rep.	160.09	3.28%	-3.11%	2072.86	23%
Greece	117.12	2.67%	67.72%	1355.39	14%
Slovakia	44.91	1.94%	-54.28%	1332.15	29%
Romania	163.35	1.77%	n.a.	2549.41	14%
Cyprus	5.07	1.32%	12.83%	153.53	23%
Malta	1.68	1.02%	604.62%	55.98	16%
Slovenia	7.09	0.73%	51.87%	598.3	34%
Lithuania	8.97	0.67%	16.51%	679.14	24%
Latvia	0.44	0.05%	46.67%	426.63	22%
Total EU-15	12806.37	7.41%	25.14%	n.a.	n.a.
Total EU-27	14128.13	6.53%	26.79%	n.a.	n.a.

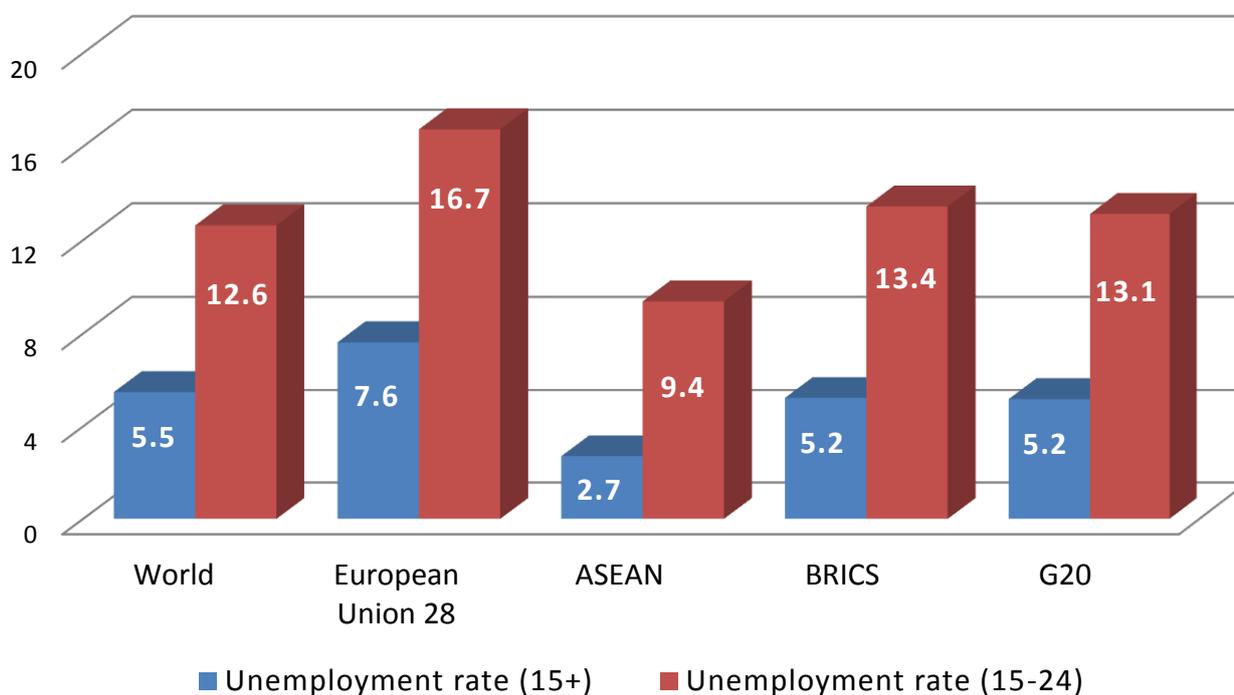
Source: Author’s elaboration of Tables 6.2 and 6.5 of the study CIRIEC (2012: 48, 51). Countries have been ranked according to the employment in SE as a share of the total workforce in each country (Column 3). Employment data have been derived from EUROSTAT, while data on volunteering have been derived from Eurobarometer/ European Parliament 75.2: Voluntary work. Figures on voluntary work should be treated with caution due to differences in definitions, methodologies and survey samples. In some countries figures have been calculated on the basis of the percentage or number of volunteers provided by the national study/survey and Eurostat population figures for the population aged 15+, although a small number of studies are based on volunteering figures for an age group 15-64/75 (GHK Consulting Ltd (2010), *Volunteering in the European Union: Final Report submitted by GHK*, Audiovisual & Culture Executive Agency (EAC-EA), Directorate General Education and Culture (DG EAC): 63).

TABLE 2: Action Plan for Supporting Social Entrepreneurship in Europe

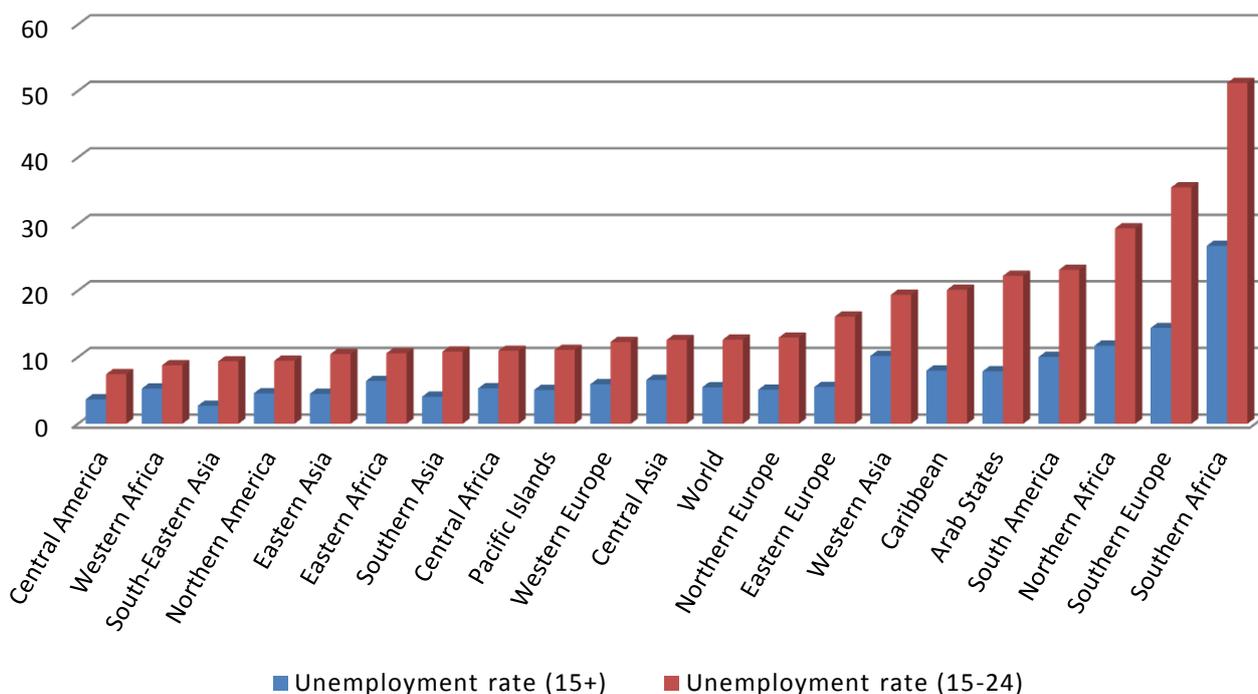
IMPROVING ACCESS TO FUNDING
Facilitating access to private funding
<ul style="list-style-type: none"> ▪ <i>Key action No. 1: Propose a European regulatory framework for social investment funds</i> ▪ <i>Key action No. 2: Improve analysis, promotion and development of the legal and institutional environment for micro-credits.</i>
Mobilisation of EU funds
<ul style="list-style-type: none"> ▪ <i>Key action No. 3: Set up an instrument to facilitate access to funding for start-up, development and expansion of social enterprises by way of investment in solidarity investment funds</i> ▪ <i>Key action No. 4: Provide an investment priority for 'social enterprises' be expressly introduced in the ERDF and ESF regulations from 2014</i>
INCREASING THE VISIBILITY OF SOCIAL ENTREPRENEURSHIP
Developing tools to gain a better understanding of the sector and increase the visibility of social entrepreneurship
<ul style="list-style-type: none"> ▪ <i>Key action No. 5: Identify best practices and replicable models by developing a comprehensive map of social enterprises in Europe</i> ▪ <i>Key action No. 6: Create a public database of labels and certifications applicable to social enterprises in Europe</i> ▪ <i>Key action No. 7: Promote mutual learning and capacity building of national and regional administrations in putting in place comprehensive strategies for support, promotion and financing of social enterprises</i>
Reinforcing the managerial capacities, professionalism and networking of social businesses
<ul style="list-style-type: none"> ▪ <i>Key action No.8: Create a single, multilingual electronic data and exchange platform, and to promote and increase accessibility of Community programmes in support of social entrepreneurs.</i>
IMPROVING THE LEGAL ENVIRONMENT
Developing appropriate European legal forms which could be used in European social entrepreneurship
<ul style="list-style-type: none"> ▪ <i>Key action No. 9: Simplify of the regulation on the Statute for a European Cooperative Society in order to reinforce its independence in relation to national laws and to make it easier to create social cooperatives; propose a regulation for a European foundation statute, in order to facilitate foundations' cross-border activities; initiate a study on the situation of mutual societies in all Member States.</i>
Public procurement
<ul style="list-style-type: none"> ▪ <i>Key action No. 10: Enhance the element of quality in awarding contracts in the context of the reform of public procurement especially in the case of social and health services, and to study ways in which the working conditions of persons involved in production of goods and services under the contract could be taken into count</i>
State aid
<ul style="list-style-type: none"> ▪ <i>Key action No. 11: Simplify the implementation of rules concerning State aid to social and local services</i>

Source: Author’s elaboration of the action plan described in European Commission (2011: 6-11).

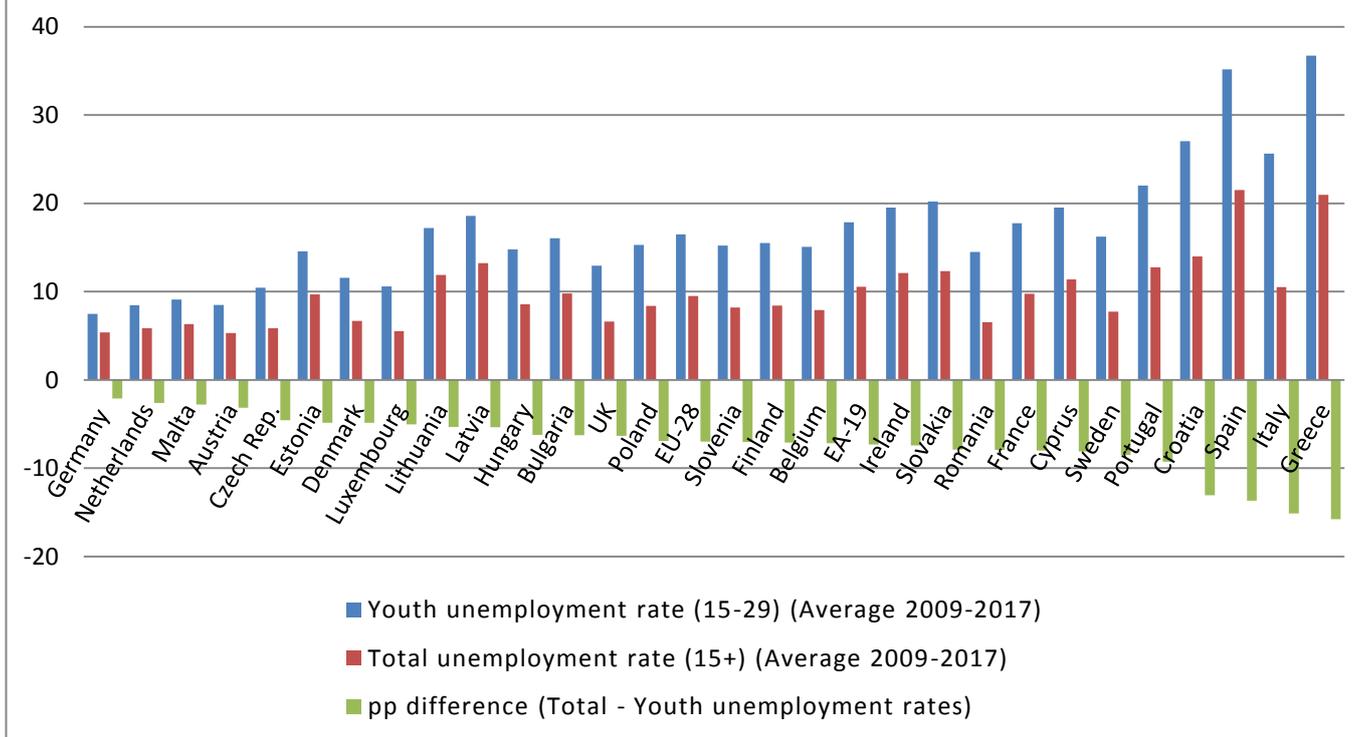
GRAPH 1: Unemployment rate 2017 by region, ILO



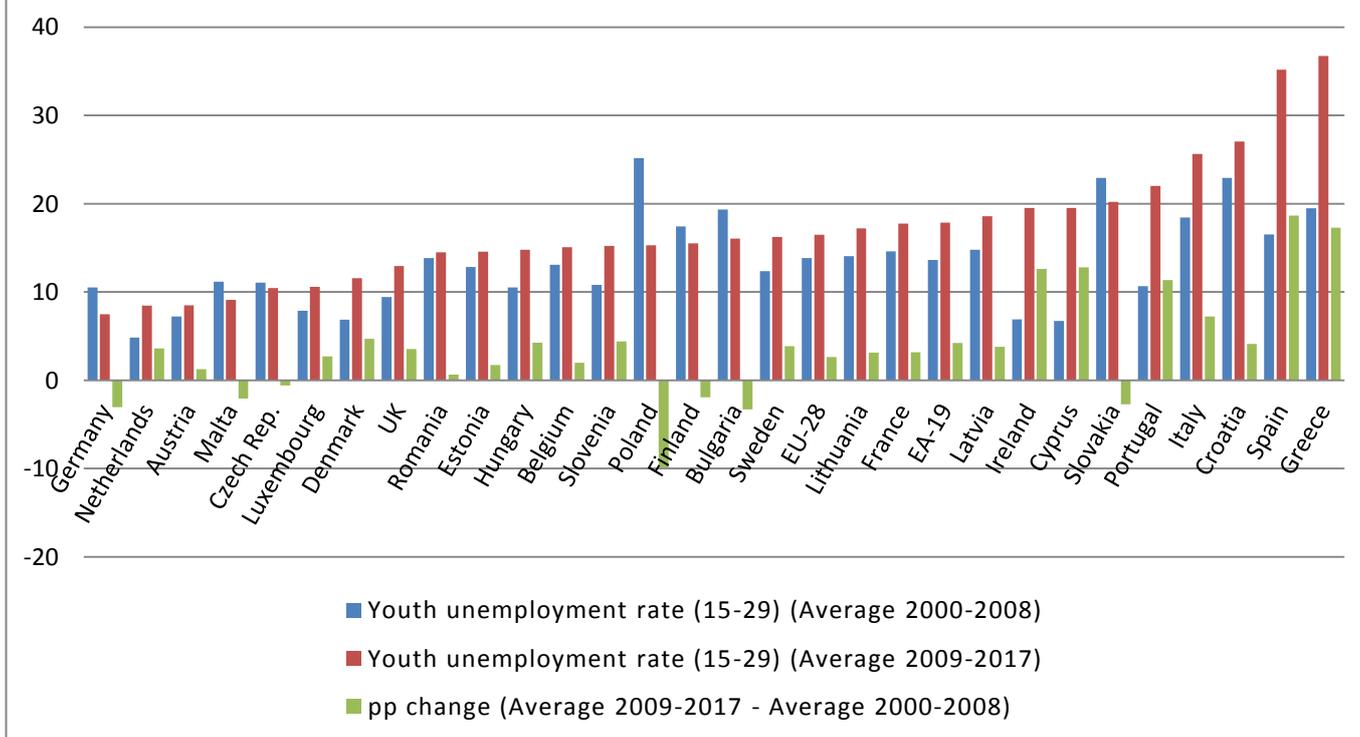
GRAPH 2: Unemployment rate 2017 by region, ILO



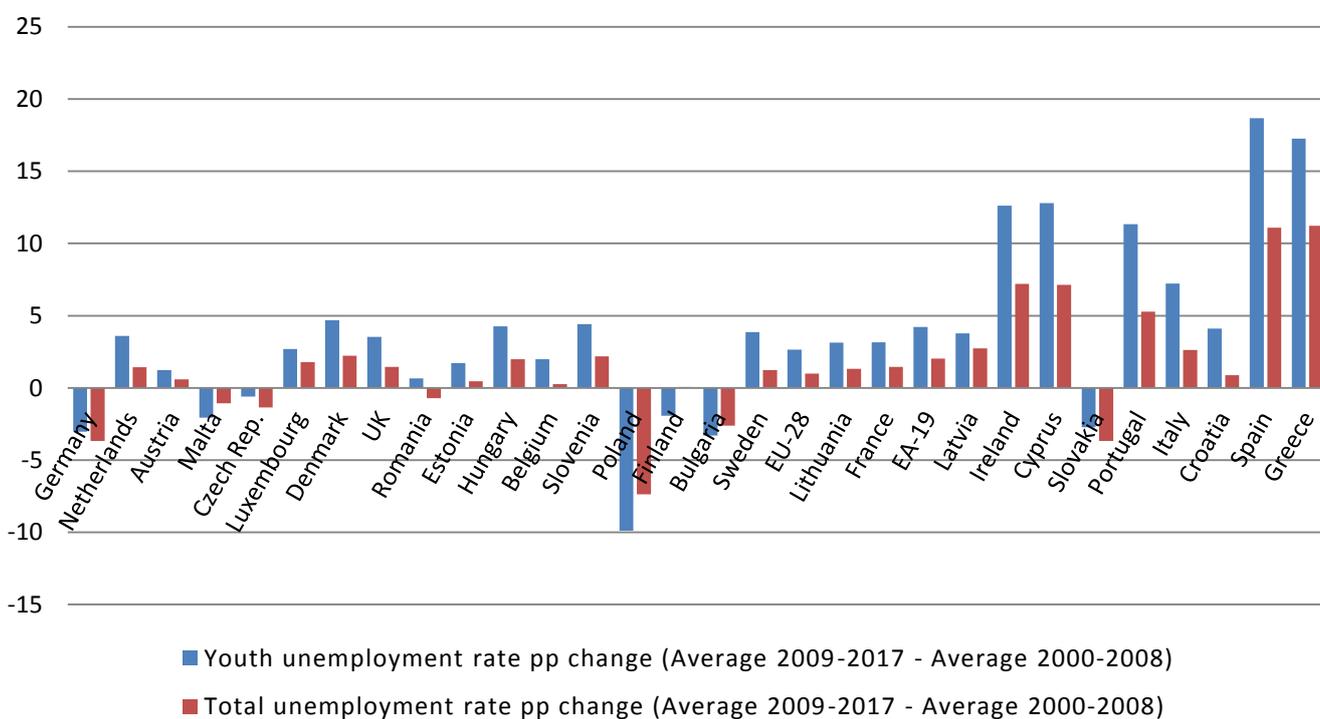
GRAPH 3: Unemployment rate across EU-28, EUROSTAT



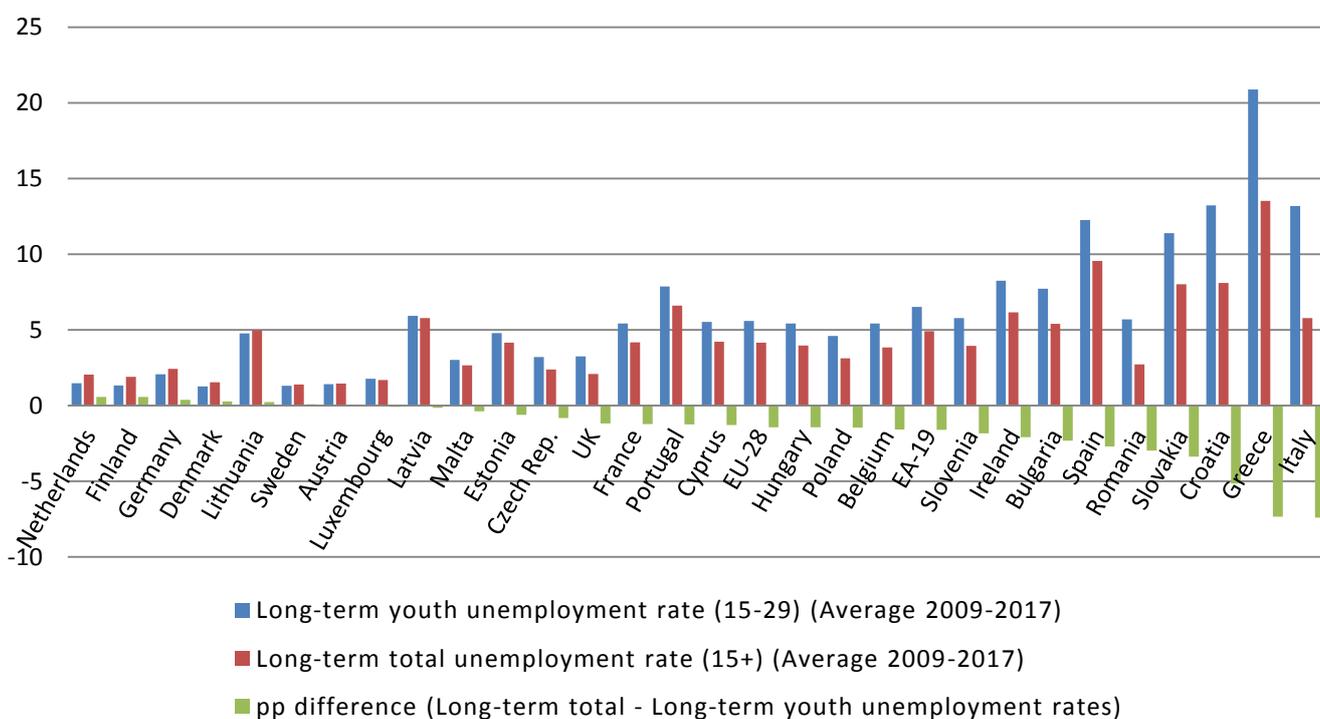
GRAPH 4: Youth unemployment rate across EU-28, EUROSTAT



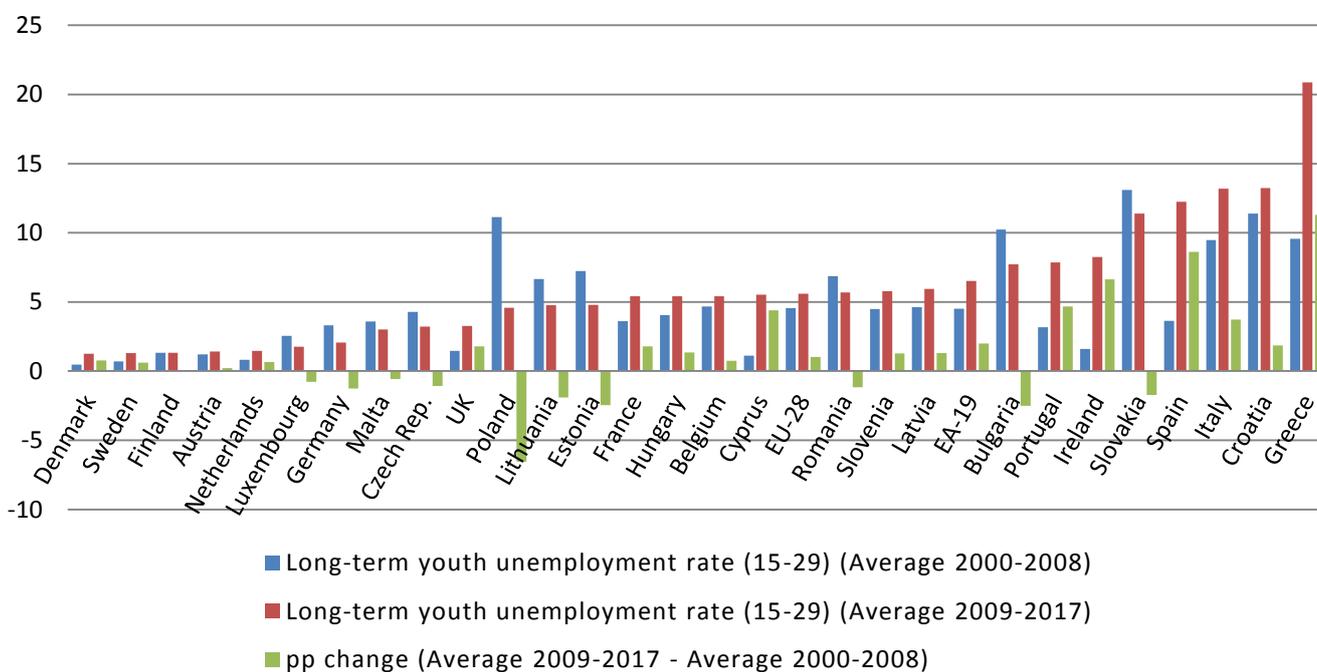
GRAPH 5: Change in unemployment rate across EU-28, EUROSTAT



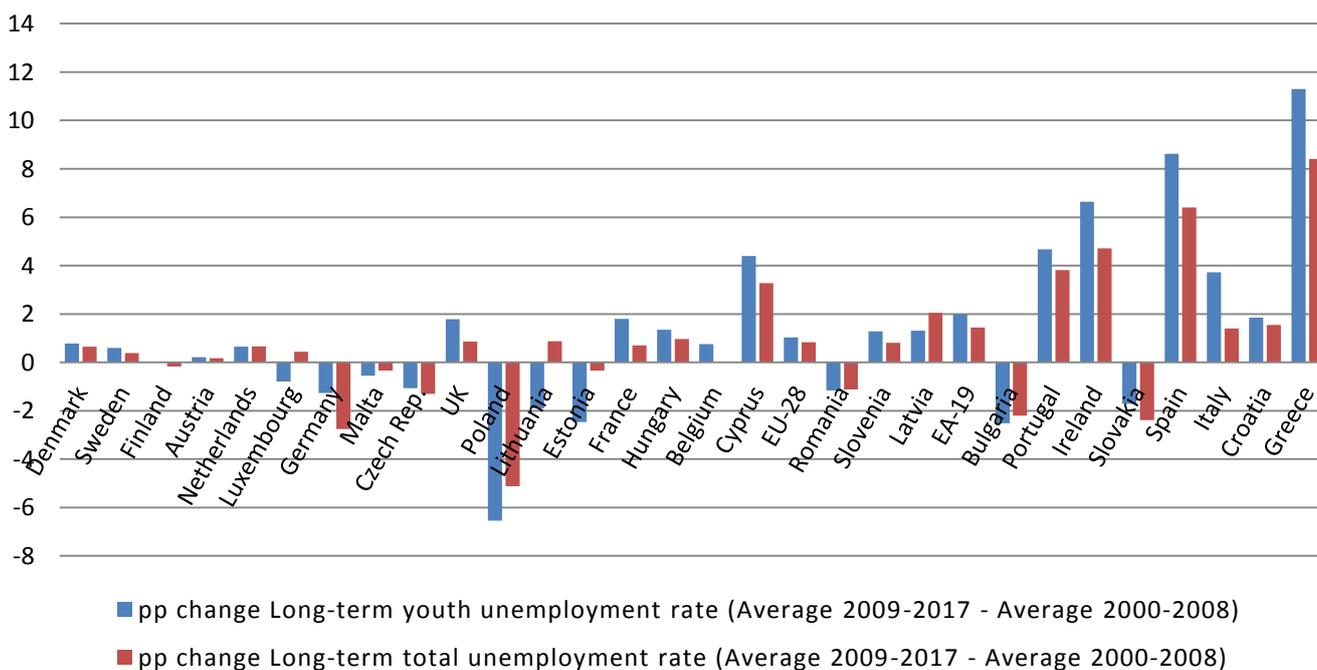
GRAPH 6: Long-term unemployment rate across EU-28, EUROSTAT



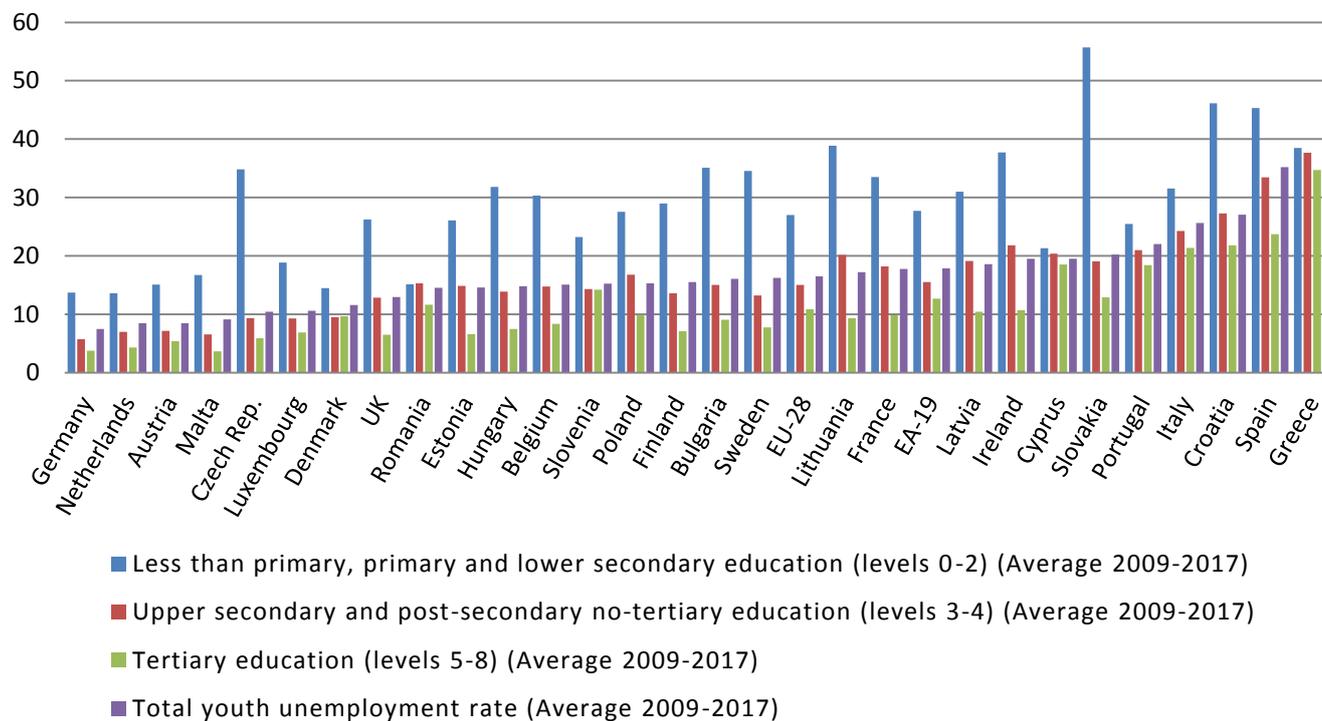
GRAPH 7: Long-term youth unemployment rate across EU-28, EUROSTAT



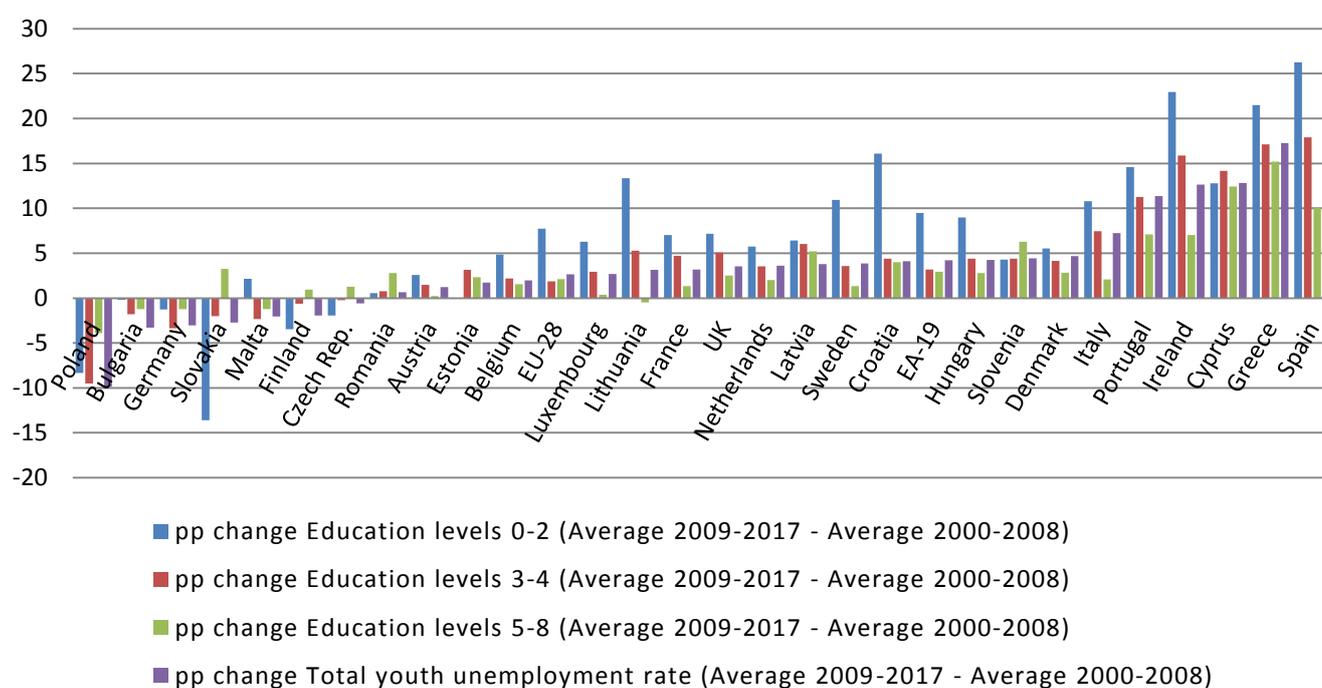
GRAPH 8: Change in long-term unemployment rate across EU-28, EUROSTAT



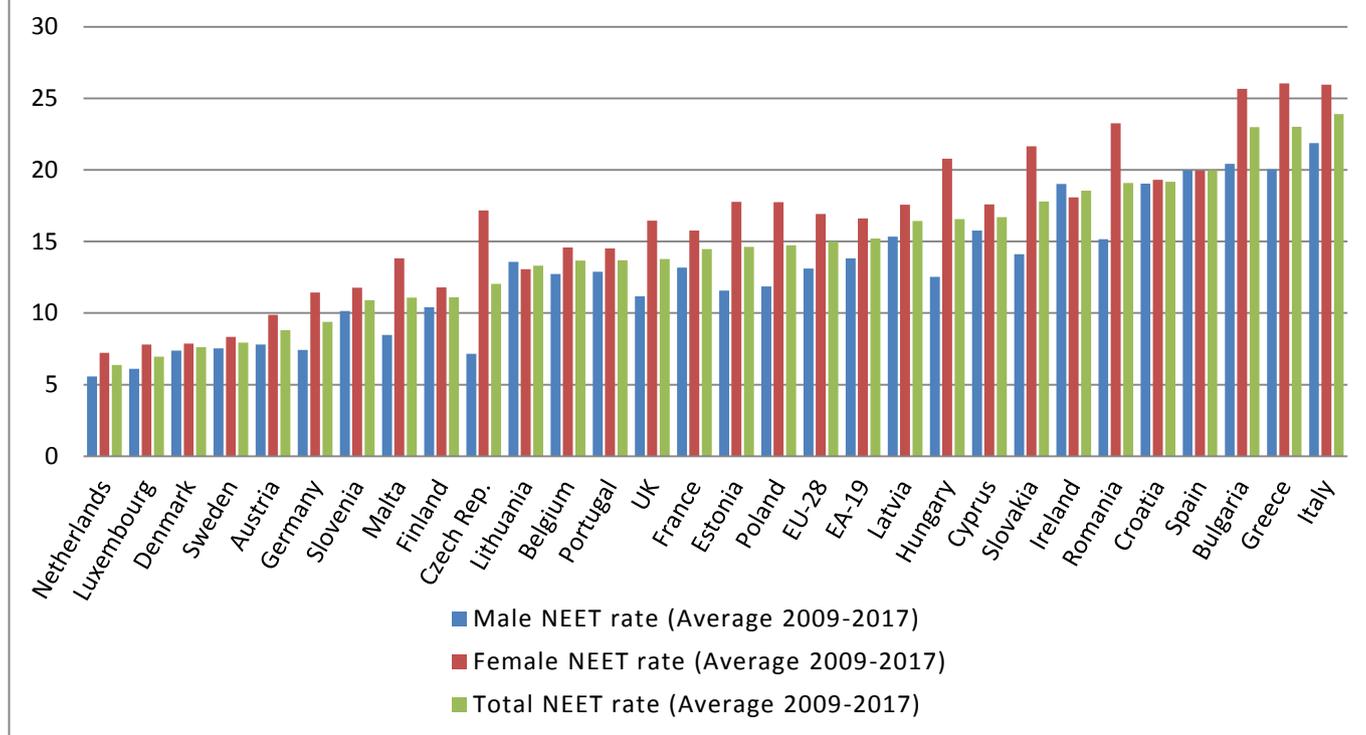
GRAPH 9: Youth unemployment by level of education across EU-28, EUROSTAT



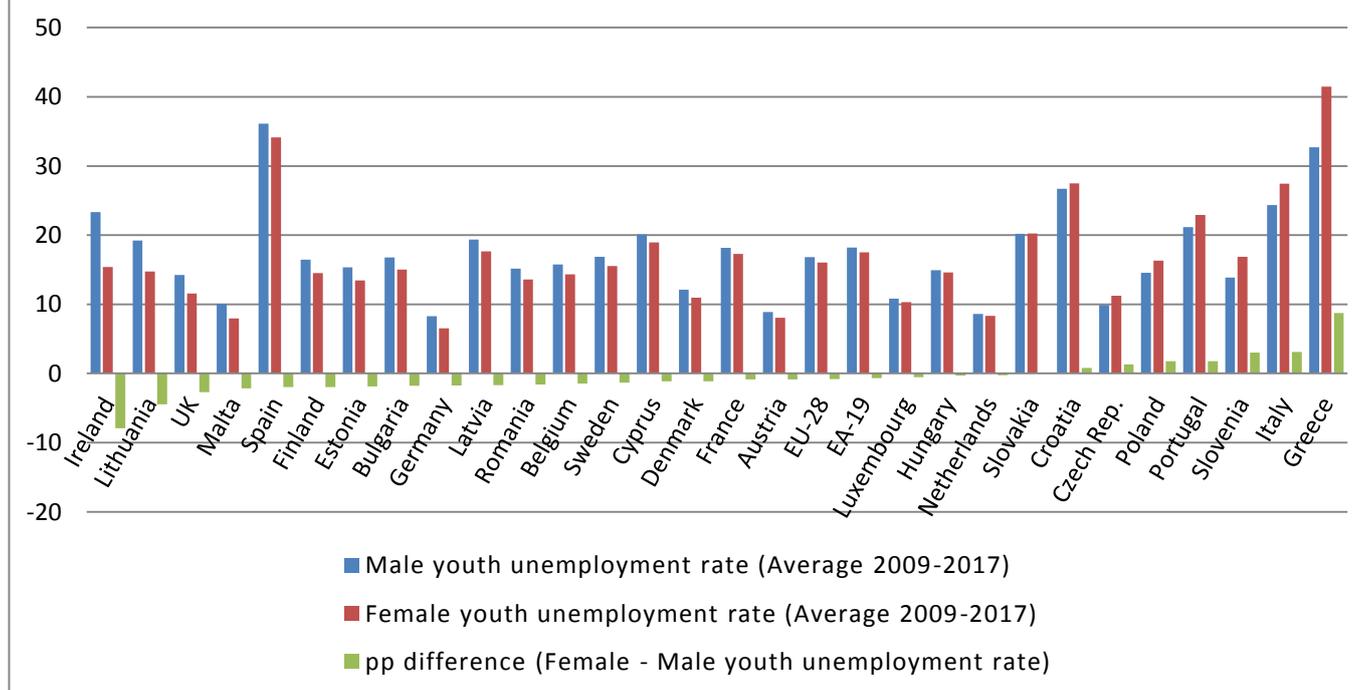
GRAPH 10: Change in youth unemployment by level of education across EU-28, EUROSTAT



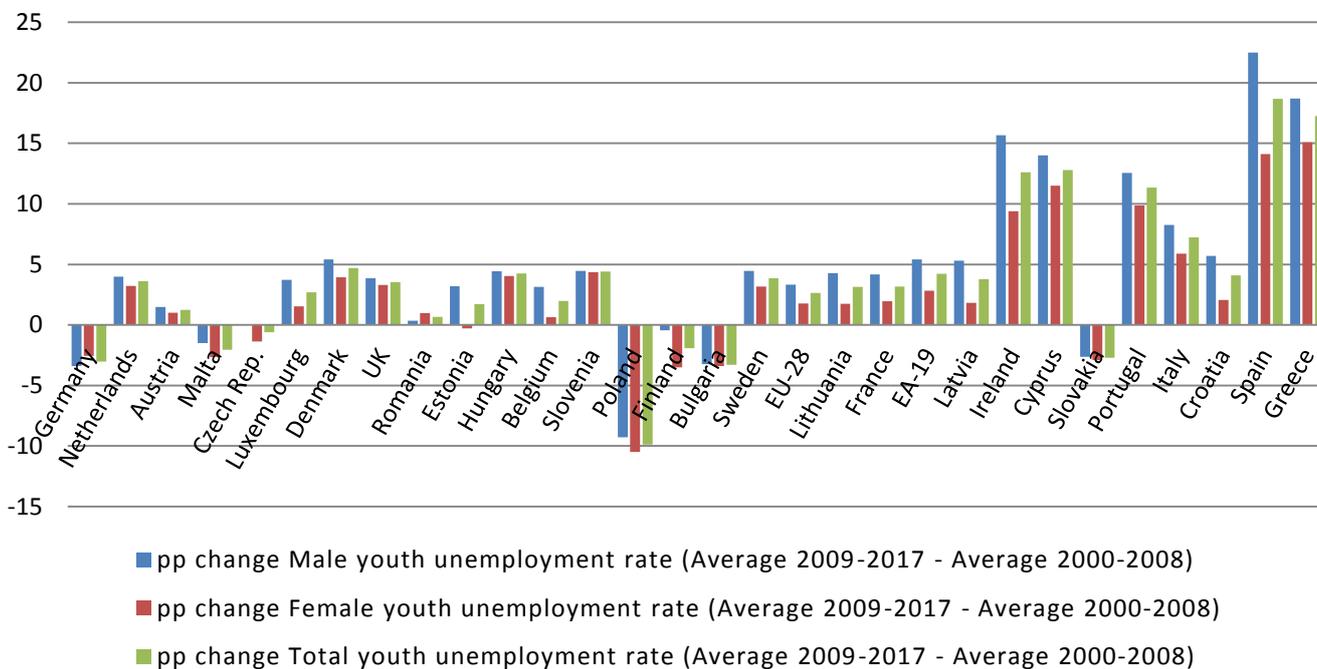
GRAPH 11: NEET rate (15-29) across EU-28, EUROSTAT



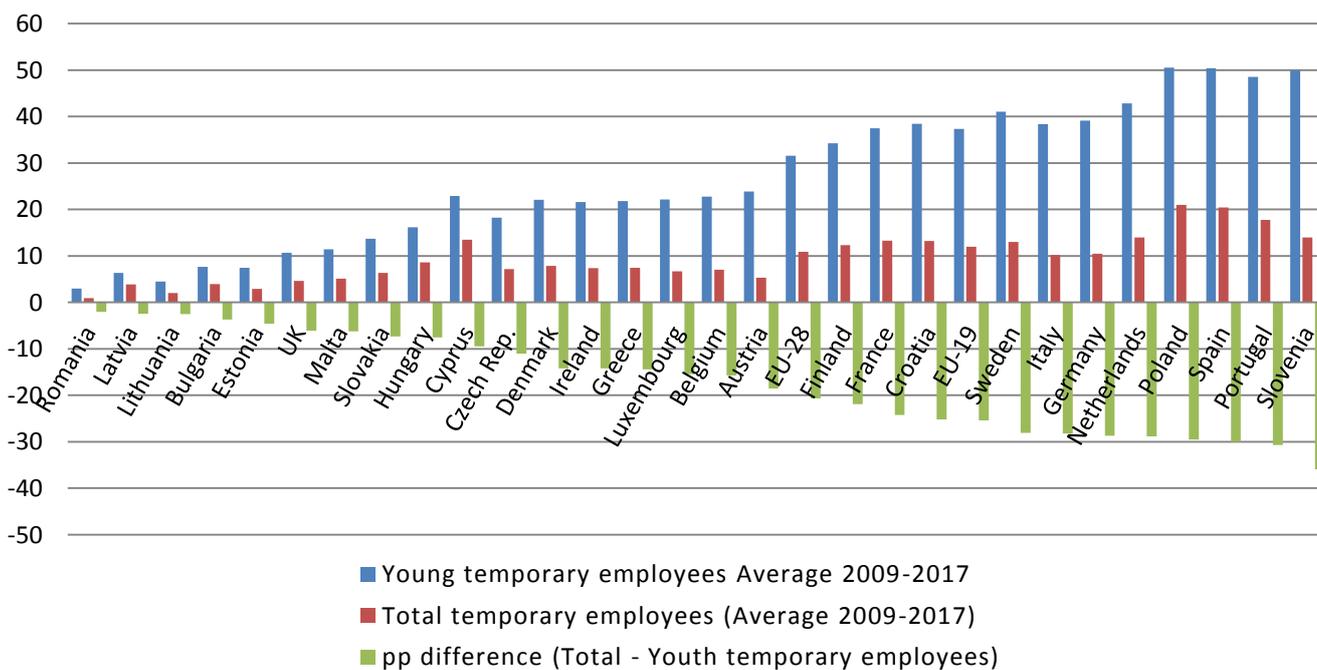
GRAPH 12: Youth unemployment rate (15-29) by gender across EU-28, EUROSTAT



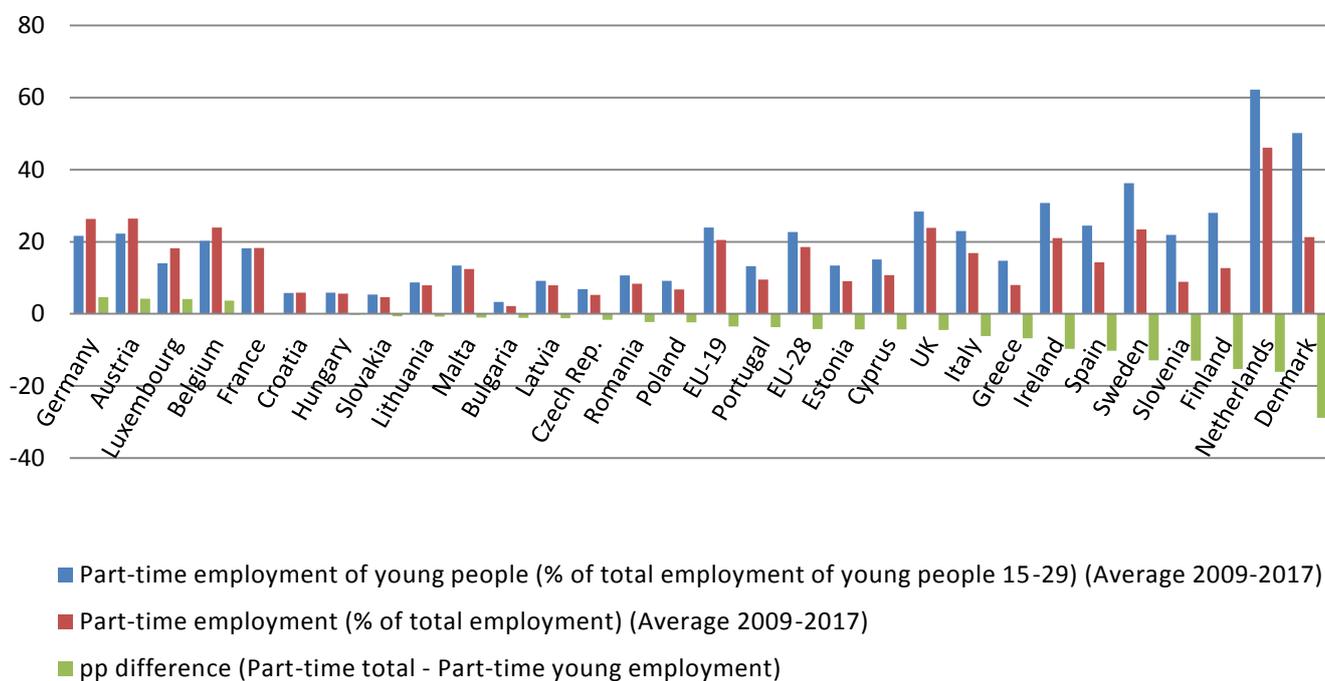
GRAPH 13: Change in youth unemployment rate (15-29) by gender across EU-28, EUROSTAT



GRAPH 14: Temporary employees as percentage of the total number of employees across EU-28, EUROSTAT



GRAPH 15: Part-time employment as percentage of total employment across EU-28, EUROSTAT



GRAPH 16: Involuntary part-time employment as percentage of the total part-time employment for young people by gender (15-29), EUROSTAT

