



Lessons learned from social firms in Finland on poverty prevention

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Social employment and firms vs. poverty

- Social economy and employment frame in which social firms have been introduced to Finland and how the overall concept has developed.
- The success and results of social firms in reaching their targets – employment and income – and some comparison to other initiatives.
- Lessons learned from the 12 years of social firms in Finland.

Background

- Poor and one-sided economy in a remote corner of Europe
- Low employment ratio and high degree of emigration
- First gradual, then rapid industrialization (from war reparations via forest and mechanical industry to mobile phones)
- Harsh working life climate, tradition of working alone rather than in teams
- Politically divided until WWII and re-united after heavy defeat and political pressure from Soviet Union

Finnish attitude towards work



Rise of the welfare state

- Nordic model of welfare state developed from 1960's onwards – central role of the state and society
- Income redistribution
- Discretionary subsidies
- Society's role in employment (to guarantee the right to work)
 - Migrant work
 - Sheltered workshops → productive units
 - Wage subsidy

Social benefit system complexity

- Three resources for benefits
 - The Social Insurance Institution (pensions)
 - State (wage subsidy)
 - Municipalities (social benefits, accommodation)
- Consolidation of benefits not optimal → incentive trap for instance to people on disability pension who want to, and are able to, work

Government policy towards livelihood support (poverty prevention)

- Pensions – disability pension (full / partial)
 - Labor market support
 - Housing allowance
 - Supplementary benefit
 - Child benefit
-
- New trend: participatory social security

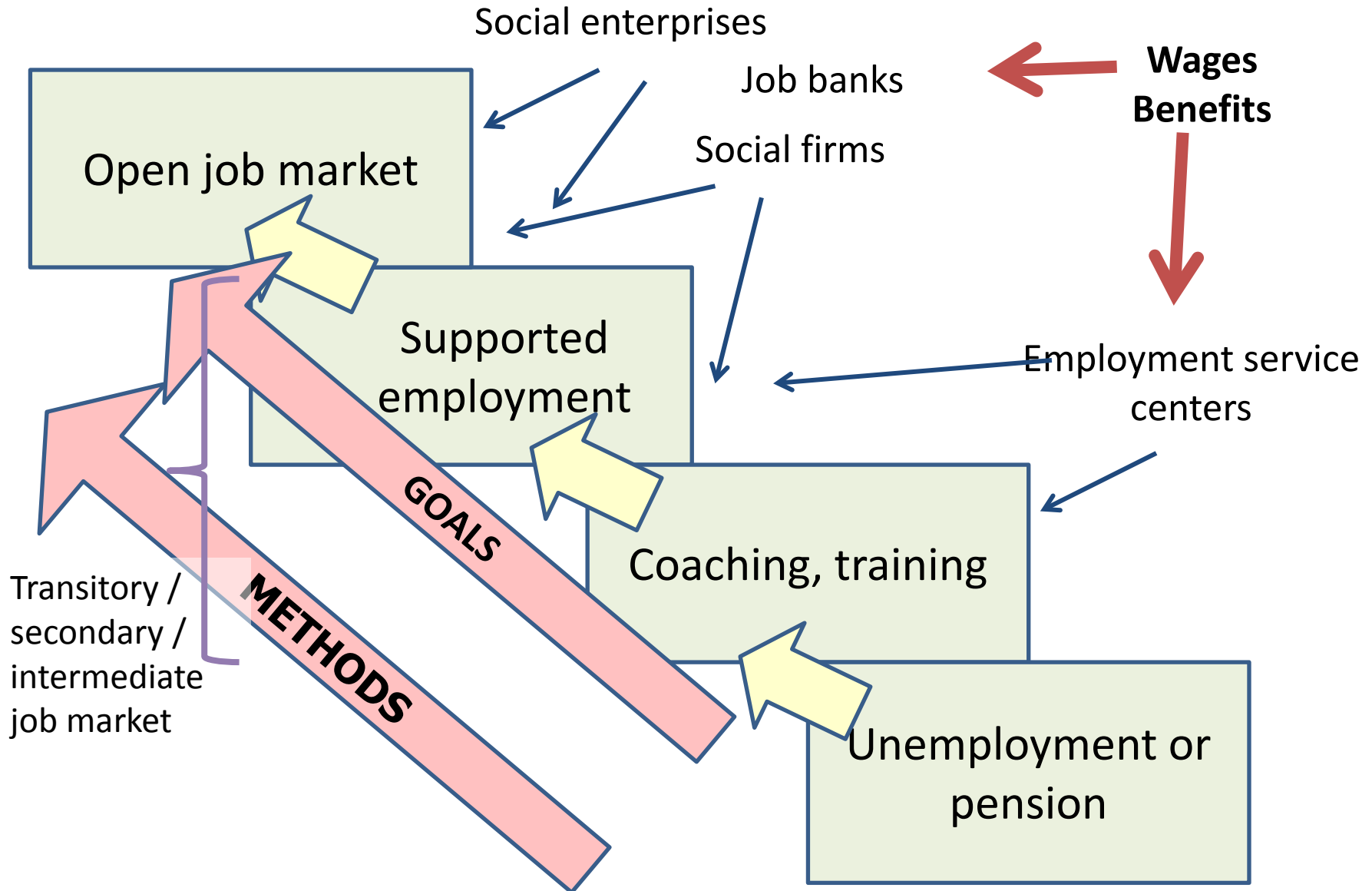
Government policy towards employment

- No quota system
- Stick rather than carrot for jobseekers
- No tax benefits for employing from disadvantaged groups
- Cooperatives are forgotten
- Entrepreneurship is emphasized – including that of people with disabilities
- Inclusion of people with partial work capacity is emphasized

Poverty in Finland

- Relative poverty (< 60% of median) was 11% in 2004, 13,2% in 2008, estimate for 2014 is 800.00 people (15%)
- Gin coefficient has also moved; Finland has been transforming from one of the most equal to one of the less equal nations in terms of income distribution
- Food distributions (so called “bread lines”) ever more present
- Long term unemployed, elderly people (especially single) and immigrants

Approaching the job market



Social firms concept

- A social firm (“Sosiaalinen yritys”) is a company which
 - Is regulated by law
 - Has to employ at least 30% of its staff from one of the target groups
 - People with disabilities (always at least one person)
 - Long term unemployed people
 - Does not have to comply with any requirements concerning purpose or distribution of profits
 - Has to be registered in order to have the right to use the symbol (Ministry of Employment and The Economy)

Social Firms legislation

- Part of governments employment policy aiming to decrease unemployment of people with disabilities and long-term unemployed people
- Act of Social Enterprise 1.1.2004, under the Ministry of Employment and Economy
- Definition adapted from the CEFEC definition of social firms (Vates Foundation promoted this approach since year 1996)
- Wage subsidies (from the state budget), terms of the subsidies are (just a little) easier than those of regular companies
- Any regular company can apply for the status of a social firm if it fulfills the employment requirements
- No limitations in profit share – to ensure the interest of private companies

Subsidies to Social Firms

1. Wage subsidy to employ jobseekers with disabilities
2. Subsidy for the arrangement of working conditions
 - Max 4.000€
 - Equipment, working conditions
3. Subsidy for business development
 - For starting up expenses of a social firm (with a main goal to provide employment)

Social Firms in Finland today

- Number of social firms:
 - 59 firms in register, amount has been sliding down (from well over 200)
 - Increasingly, companies eligible for registration don't bother to do so
- Employees:
 - Reached 1.500 in total, with over 750 of them from target groups
 - Number of jobs is decreasing but remaining companies seem to be on average larger than disappearing ones
- Business sectors:
 - Very diverse, e.g. recycling, café, small restaurant, care & home service, cleaning, property maintenance, small-scale industry, industrial subcontracting, logistic, different type of service business

Annanpura Oy – a social firm owned by Finnish Federation of the Visually Impaired

- Website accessibility testing and research data transcription services



The screenshot shows the Annanpura website. At the top left is the Annanpura logo, a red stylized flower with white dots. To its right is the text "ANNANPURA" in red, with "— TUTKIMUS- JA VERKOPALVELU —" in smaller text below it. On the right side of the header is a phone icon and the number "09 3960 61". Below the header is a red navigation bar with white text: "Etusivu", "Tieto", "Palvelut", "Asiantuntijat", "Annanpura", and "Ota yhteyttä". The main content area features an illustration of two people sitting on a large red flower-shaped mat on a white floor. Below the illustration is the text "Verkkopalvelujen esteettömyystestaus ja tutkimusaineistojen litterointi". To the right of this text is a red box with white text: "Löydät meidät myös Facebookista!". Below this box is a small Facebook logo and the text "Annanpura Oy". At the bottom left of the page, there is a small line of text: "Annanpura on yhdistysomaisen osuuskunnan omistama yritys, joka on osa yhdistysomaisia yrityksiä, jotka ovat osa yhdistysomaisia yrityksiä." At the bottom right of the page is the Vates logo, a green shape with the word "Vates" and a stylized human figure.

Trial with job banks ("social firm mark 2")

- An attempt to create new ways to help people who have difficulties to find employment to obtain jobs
- Started in 2009 and extended to national level in 2012
- Currently 15 job banks, some have been dropped or withdrawn, target of ~30 by 2015 was not reached
- About 1.000 people employed in 2014 with an original target of 5.000 by 2015
- Growth and development of existing job banks was the main focus during 2013-14



Trial with job banks – the concept

- A job bank must be able to provide
 - Employment within its own operation, i.e. job contracts and work
 - Personnel hire services
- A job bank must fulfil certain criteria
 - Sufficient turnover
 - Minimum 30% of staff from target groups
 - Limitations on the amount of public subsidies and use of free-of-charge labour (job trials)
- A job bank is financed through
 - Sales of produced goods and services
 - Income from personnel hire (must be at market rates and thus bring in a profit margin)
 - Wage subsidies for part of the personnel
 - Financial support for 3 years to get the concept running
 - Bonus money for each person transferred to open employment



Subsidies to job banks

- Wage subsidy like with any regular company
- Specific subsidies as part of the trial:
 - Fixed 1500 € / month (2.500 € / month in 2013)
 - Employment bonus 1.200-4.200 € / person (700-1800 € in 2013)

A job bank receives bonus on the basis of

- The number of people who obtain employment for at least three months on the open job market
- Whether the transferred person has completed at least three months of work within the job bank
- Whether wage subsidy is needed to obtain the job
- The background of the person





Bovallius-Palvelut – catering, laundry, other

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Woodfox Oy on toiminut jo kymmenen vuoden ajan luotettavana kumppanina tarjoten erilaisia työllistämiskäytäntöjä. Päätoimialamme ovat työvoiman vuokraus sekä rakennus-, siivous- ja laitosalan palvelut. Tarjoamme työllistymismahdollisuuksia haastavassa työmarkkina-alueella oleville henkilöille sekä rekrytointipalveluja Etelä-Pohjanmaan alueen työnantajille.



Ajankohtaista:

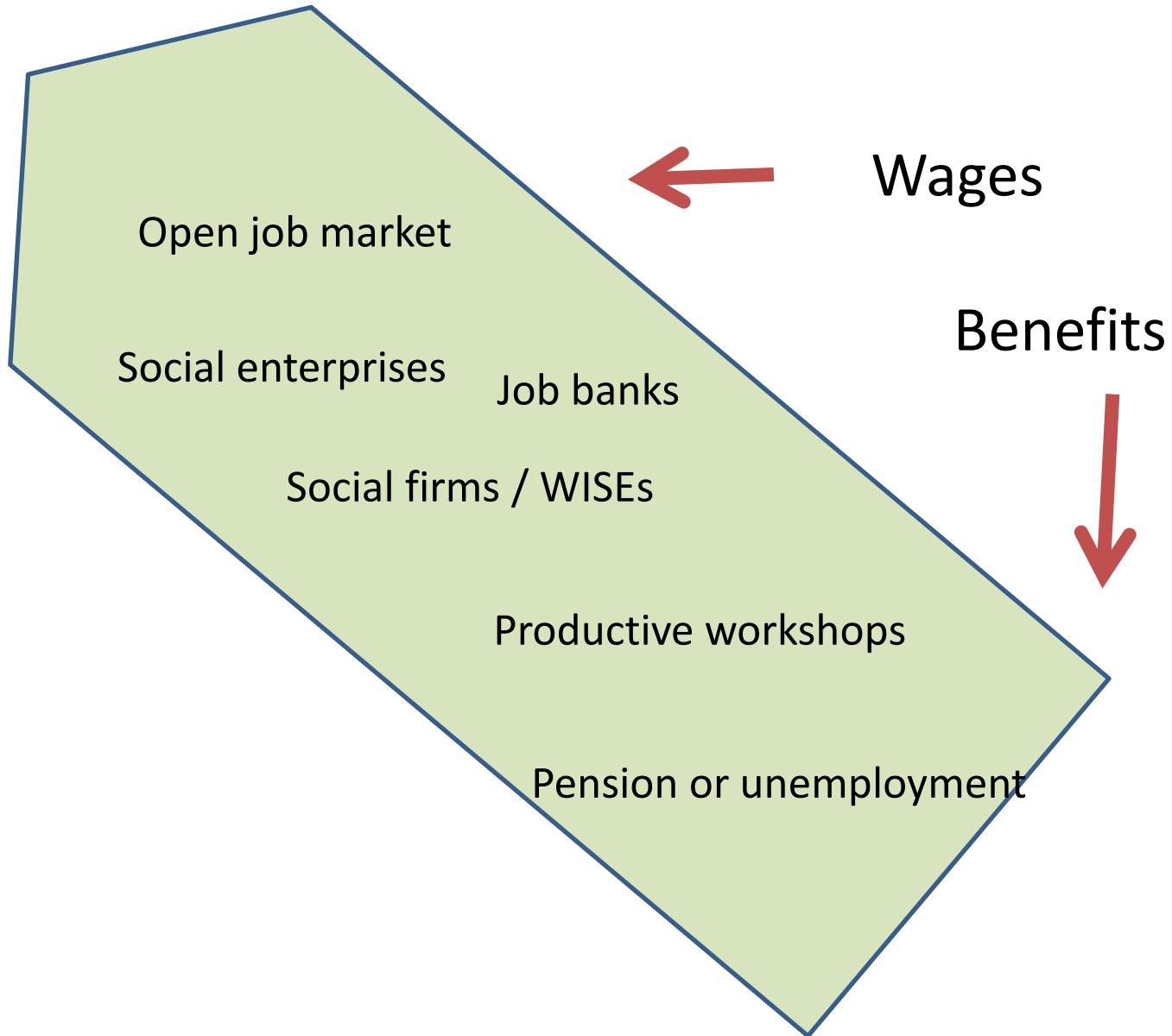
Myyjäiset ovat kesän merkki! Poikkea tekemään löytöjä! Myynnissä kesätuotteita, lahjatavaraa ja käsitöitä, pihakalusteita ja leikkimökkejä. Myyjäisten ajankohta 11.6. klo 9.00-17.00. Tapahtumassa pullakahvitarjoilu ja livemusiikkia!





- *Social enterprises business operations that solve social or environmental problems. They spend most of their profits to the promotion of social goals. Companies with the Social enterprise sign are building the well-being of the Finnish society.*
- Social cause
- Limited / directed distribution of profits
- Registration (Association for Finnish Work)
- Organized to national federation
- About 130 social enterprises BUT estimated number is >10.000
- No legislation or subsidies
- No limitations on workforce

Changing the job market



Results of social firms

- Transition to open job market to 1.000 persons or so
- Permanent jobs – depending on which ones are counted as social firms – for a couple of thousand
- The above mentioned people have almost definitively escaped poverty with the help of social firms
- Most of potential still unused
- Most helpful for long term unemployed persons and for people with mental health issues and some specific groups of people with disabilities, not for others

Lessons learned

- Poverty and inclusion have to be re-thought at a wider level
- Leadership is required at the highest political level
- To achieve this, there has to be comprehensive analysis and hard evidence of the impact of social employment to both national welfare and poverty prevention

What next?

- Re-create and re-brand the intermediate job market: from services to employment
- Re-introduce cooperatives
- “Turn back to clock” – take over some of the privatized, previously public services to small social enterprises
- Utilize volunteer resources to create and promote social enterprises and firms
- Use international best practices
- Evaluate alternative financing models (impact investing, social benefits, basic income...)
- Create a new model (target 2018 → parliamentary elections 2019)

Discussion item 1

- What models / types / businesses would you recommend to be promoted for social firms in inland (best practices)?

Discussion item 2

- How could we transfer funds from social benefits fairly into employment?

Discussion item 3

- How would you improve the use of volunteers in order to support the sustainability of social firms and enterprises?

Many thanks!

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