

# THE LINZ APPEAL

## WHY THERE SHOULD BE MORE SOCIAL FIRMS FOR DISABLED AND DISADVANTAGED PEOPLE IN EUROPE

Recommendations to the European Union

on the occasion of the 20<sup>th</sup> CEFEC Conference

in Linz, Austria, 11 – 13<sup>th</sup> October 2007

Confederation of European Social Firms,  
Employment Initiatives  
and Social Co-operatives



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for disabled and disadvantaged persons.  
It is registered as an NGO with a constitution and  
is accredited at the EU according to Belgium laws.

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**Part A****THE LINZ APPEAL**

<b>I</b>	<b>Why does CEFEC call for attention ?</b>	<b>04</b>
<b>II</b>	<b>Why does CEFEC recommend Social Firms?</b>	<b>06</b>
<b>III</b>	<b>Why are Social Firms successful ?</b>	<b>08</b>
<b>IV</b>	<b>How did experts rate the situation in the CEFEC member states?</b>	<b>11</b>
<b>V</b>	<b>What are the CEFEC recommendations of funding Social Firms ?</b>	<b>15</b>
<b>VI</b>	<b>What are the conclusions for political and financial steps ?</b>	<b>18</b>

**Part B****APPENDICES**

to be downloaded: [www.cefec.org](http://www.cefec.org), "Linz Appeal"

- (1) **Practical examples of member states**  
These examples describe the legal conditions and the practical approach of Social Firms in different countries.
- (2) **Annual Reports 2007 of member states**  
These reports give an account of the present development and further aims to promote work and Social firms in 12 member states of CEFEC.
- (3) **CEFEC Charter and Statutes, Principles and Activities**  
The history of the organisation, its basic philosophy and approach is outlined.



## WHY DOES CEFEC CALL FOR ATTENTION?

### **Unemployment damages people**

We are convinced that the lack of integration in the labour market and social life damages the health and private life of people and is not only inhuman but economically unwise.

### **The free market needs political regulations**

Our economy in Europe leads to growth and wealth for many people, but it will only lead to integration of disadvantaged employees if they receive special help.

### **Social declaration and commitment of the EU**

The EU declares in the Disability Discrimination Act and the subsequent Commission and Taskforce the equality of access and opportunity for disabled and disadvantaged persons. This is a great achievement, but their member states are not urged by the EU to fulfil their obligations.

### **EU needs the support of the citizens**

The EU has to face increasing international competition, economic and technical changes. The EU can only count on the support of the citizens if they see that the victims of the employment market and their problems can be tackled and solved.

### **The EU has launched model programmes**

There have been successful programmes such as Horizon or Equal, respecting the impact of Social Firms and this process is ongoing. However there is a lack of political and practical steps to sustain these experiences of creating work for disabled and disadvantaged.

**The EU and the new member states**

The EU has a special obligation to support the new member states in the Eastern Europe which have to make up for a neglected medical and social development. Special partnerships and help should bridge the gap between experienced and new members.

The Social Report of 2007 and the Green book of mental health to promote the mental health of the population show that the EU is apprehensive and sees the need to invest into more solidarity and social networking. ( Green paper strategy of mental health for the EU and plan of action 2007 [www.ec.europa.eu/health/index-de.htm](http://www.ec.europa.eu/health/index-de.htm))

Therefore we expect acceptance and positive votes for the memorandum. Many of our social entrepreneurs and managers of Social Firms have been active to point out anxieties and worries of thousands of unemployed disabled and disadvantaged. They have also been actively involved in special programmes.

The International Labour Organization (ILO) presenting in 2007 a Global Report on “Equality at Work: Tackling the challenges” has expressively pointed out the need of disabled and disadvantaged persons for growing support . The ILO recommends a mixture of flexible public subsidies for employers to compensate the lack of full productivity of their disabled and disadvantaged employees. These demands ([www.ilo.org/declaration](http://www.ilo.org/declaration)) are in line with CEFEC (Charta and Principles, see Appendix 3).

CEFEC expressively speaks out for a welfare state and its social policies as a challenge to society to support and integrate disadvantaged and disabled persons. However, success can only be expected, if politics implement conditions and structures which allow the individual to achieve an independent working life and support him- or herself. Part of the endeavours have to aim at a strategy which integrates measures of the health sector, the education and training sector and the sector of placement and employment.

The CEFEC member states are appalled by the ongoing mass unemployment in Europe. Currently there are well over 17 million people without work. This problem, going back to the nineteen seventieth is a severe obstacle to the development of a socially balanced Europe, accepted by its citizens. It affects especially disabled and disadvantaged persons. Research has shown that a better situation on the labour market does not reach these target groups unless special programmes are offered. In lieu of all European Countries this Appeal is being issued by the CEFEC member states: The figures in brackets are the unemployment rates 2006 (\*2003)

<b>Austria</b>	<b>( 4,9 )</b>
<b>Belgium</b>	<b>( 8,7 )</b>
<b>Bulgaria</b>	<b>(13,6 ) *</b>
<b>Czech Republic</b>	<b>( 7,2 )</b>
<b>Cyprus</b>	<b>( 5,6 )</b>
<b>Finland</b>	<b>( 7,7 )</b>
<b>Germany</b>	<b>( 8,2 )</b>
<b>Greece</b>	<b>( 9,2 )</b>
<b>Portugal</b>	<b>( 7,2 )</b>
<b>Slovenia</b>	<b>( 6,3 )</b>
<b>Spain</b>	<b>( 7,6 )</b>
<b>Switzerland</b>	
<b>UK</b>	<b>( 5,4 )</b>



## WHY DOES CEFEC RECOMMEND SOCIAL FIRMS?

We know that there are no ideal prescriptions to solve the given problems. Therefore CEFEC sees the Social Firms only as one way of several possibilities to integrate all persons in the labour market.

**CEFEC at its tenth conference at Linz in 1997 has formulated defining characteristics of a Social Firm - a guideline in the European member states since:**

### **A Social Firm**

A Social Firm is a business created for the employment of people with a disability or other disadvantage in the labour market.

It's a business which uses its own market oriented production of goods and services to pursue its social mission.

A significant number of its employees will be people with a disability or other disadvantage in the labour market.

Every worker will be paid a market wage or salary appropriate to the work – whatever their productive capacity is.

Work opportunities should be equal between disadvantaged and non disadvantaged employees. All should have the same employment rights and obligations.

The term “ cooperative” should be confined to a legal structure for a company which is owned and managed democratically by its members.

**CEFEC has also formulated characteristics of a Social Enterprise:**

**A Social Enterprise**

A Social Enterprise is any business which is created primarily for the purpose of promoting the economic and social integration of disabled and disadvantaged people.

Its activities would include training and rehabilitation as well as commercial activity.

**Good reasons for recommendations**

Social Firms are subsidiary to mainstream profit orientated firms which have an obligation to increase their quota of disabled and disadvantaged persons.

We think its an unrealistic expectation to resettle all persons via mainstream firms and this has basically been our experience over the last twenty years in European countries and beyond Europe. Research has shown that employment levels and rates of unemployment for disabled people are much the same as they were at the start of the 1990s no matter whether economy prospers or not.

Today's world of globalization creates enormous stress for the management and calls for more and more adjustments and higher productivity. This in turn increases the problem of integration of disadvantaged persons with reduced work performance. Another problem is the short term planning of jobs and the insecurity which follows for all employees, but especially for this target group.

At these times of enormous changes and challenges the Social Firms aim at giving people an "anchor" and a real chance of integration and resettlement in the labour market. If political regulations and funding schemes make up for the disadvantaged, Social Firms have more possibilities than mainstream firms to keep the balance between economical and social needs.

Social Firms as a model of full integration in the labour market can add to other hopeful ways such as schemes of Individual Placement and Support (IPS) for disadvantaged persons to resettle them into mainstream business.



## WHY ARE SOCIAL FIRMS SUCCESSFUL?

The beginning of Social Firms in the 1980s of the last century stems from two kinds of developments:

Firstly reforms of disability acts and regulations took place in many countries, especially for the psychiatrically disabled. Big mental hospitals were cut down in size and modernised, day care and outpatient services in the community were developed. Italy and England went as far as closing down their mental hospitals and replacing them with facilities in the community such as hostels, occupational therapy, day hospitals and centres and programmes of aids to daily living.

Secondly for the first time since the war Europe experienced a drop in economic wealth partly due to the oil crisis. More and more people lost their jobs and disintegration followed as result. The employment market could not offer adequate work for discharged patients. Alternatives to doing nothing were unsatisfactory, especially for those who could achieve more than sheltered work.

This was the reason why in a number of European countries social cooperatives, enterprises and firms were started. Psychiatrists like Franco Basaglia in Italy, Douglas Bennett in England, Klaus Dörner in Germany were pioneers, who started a powerful movement in favour of new work opportunities for their former patients.



These non profit firms started with paid contract work in the areas of industry and newer forms of enterprises such as the service sector. Often the work was formally done by patients without pay. The disabled employees started to have normal rights and obligations and were - per definitionem - part of the labour market. After an idealistic and often amateur - like approach at the beginning a more professional approach emerged with a high level of quality and management to be able to compete on the labour market.

In the beginning Social Firms often operated without subsidies from public health and labour authorities as they were sceptical towards these social firms. Doubts and mistrust diminished as success and good results grew. The firms showed that they reached and sustained their ambitious aims.

### **Aims of Social Firms**

**(1)** The main aim of the Social Firms was and is, not to reach maximum economical success, but to create jobs for disabled persons. The disabled unemployed, whose work performance is good enough not to justify a pension but cannot hold a job on the labour market without adequate help and adaptation, is the typical employee of a Social Firm.

**(2)** To be able to create adequate jobs and compete with mainstream firms, a special management is needed, which keeps the balance between economical and social strategies.

Profit has to be reinvested in the firm and not paid out to the shareholders.

**(3)** If the firm creates a positive milieu where respect is paid instead of rejection and accepts given handicaps, a disabled employee can surprise by a high level of productivity.

**(4)** In their approach Social Firms carefully avoid anything which could lead to stigma and exclusion. They present themselves as an ordinary firm. Their staff consists partly of disabled and partly of non disabled persons. In addition special social support can be given. The internal staff structure, technical equipment and work process can be adapted to the needs of the employees if necessary.

**(5)** An increasing number of countries were encouraged to create and implement instruments to promote Social Firms, secured by special laws and programmes. It was due to good practical results of the Social Firms and reports on research and model programmes sponsored by the EU. This is still an ongoing process.

**(6)** There is a great variety of strategies in countries and regions and this often leads to confusion. However a solid experience in some countries has grown and all in all there is great pressure, due to economical upheavals in many countries, to meet increasing unemployment rates of disabled and disadvantaged.

**(7)** Whereas, out of a great need in the early days, Social Enterprise and Firms catered for psychiatrically disabled only, they have recently become more open to all disabled. Luckily the idea to keep separate amongst the same group of disabled, has vanished. Provided that there is an efficient management a mixture of employees with different handicaps can work very well.

**(8)** Free and competent entrepreneurship on the labour market must be the predominant character of the firm – financial support can only help the ongoing process but can never substitute a sound economical basis. This constitutes one of the main differences to institutions and centres which are financed by public money. Therefore Social Firms managers have to be encouraged, supported and qualified to live up to these priorities.

**(9)** Provided an adequate financial support is granted, Social Firms can be successful. They are encouraged to invest in niches on the market which do not pay off for big firms. Another successful way is to offer services to cover new needs which arise during the ongoing process of economical changes. Therefore it has proven wrong to identify typical business sectors which might suit disabled employees. It is more important to observe the local market carefully and identify products and services which are really needed.

**(10)** An interesting field has opened up within the health sector, social organisations and local authorities, sometimes called “social economy” situated between the private and public sector. This field can contribute considerably to start up Social Firms in offering longstanding contracts (e.g. in the area of catering, new technologies and office work.)