

Social enterprises to fight long-term unemployment

New Act on social economy and social enterprises offers a solid legislative framework to address long-term unemployment via work-based learning in social enterprises. Since Slovakia's EU accession, the unemployment rate has declined to the lowest figure ever (5.72%). However, long-term unemployment has remained high and the share of those unemployed the longest has increased to more than 20%.

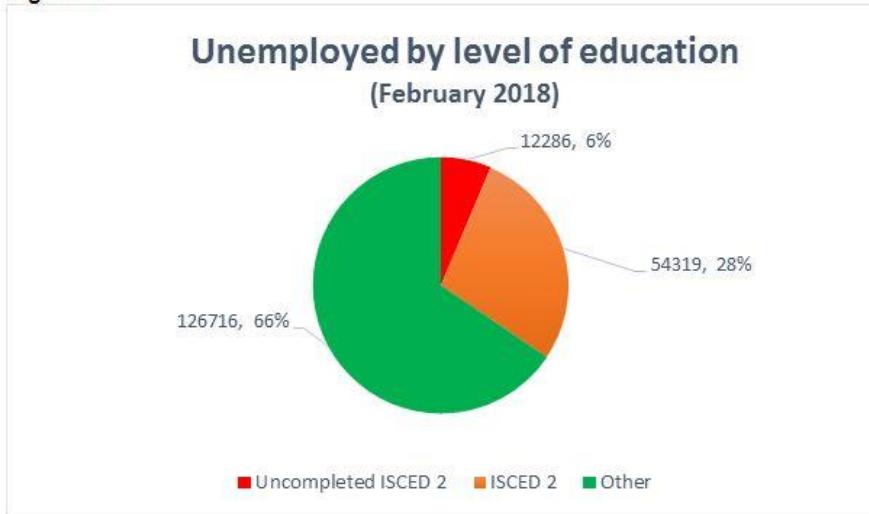
Table 1
Unemployment in February 2004 and February 2018

	February 2004		February 2018	
	N	Share	N	Share
Unemployed for over 12 months	213 517	45.8%	83 198	43%
Unemployed for over 48 months	43 733	9.4%	41 259	21.3%
Unemployed total	466 385	100%	193 321	100%

Source: COLSAF (Public employment services data).

February 2018 data indicate that one third of the unemployed are early leavers from education and training. Long-term unemployed are also often early school leavers.

Figure 1



Source: COLSAF.

As second-chance schooling does not fit early school leaver needs, social enterprises are expected to contribute to the reduction of long-term unemployment. This is based on positive results from existing small projects and expert recommendations [1]

The low-skilled and long-term unemployed are mostly concentrated in districts identified by the government as lagging behind in development. Specific policies included in government action plans developed for these districts [2] are already in place. Although district-specific, all action plans aim to set up training centres linked to social enterprises. They will focus on providing skills via work-based learning and experiential learning for the disadvantaged. This aim, however, has been hampered by missing legislation on social enterprises.

The 2016 European Commission [country report on social enterprises](#) (p. 9) stated that 'in general, it seems that barriers to development are more pronounced than potential opportunities. The main barriers include poor understanding of the concept of social enterprise; limited stakeholder participation and engagement; unclear legislative framework and persisting controversies.'

In March 2018, parliament adopted the long awaited [Act on social economy and social enterprises](#). Compared to the Act on employment services, which had a quite narrow definition of social enterprises [3] the new legislation addresses this issue in more detail. The

so-called integration enterprises focus on increasing the employability of disadvantaged groups via work-based learning. Skills acquired through working in social enterprises and cooperating training centres are expected to lead to a formal qualification. According to the education ministry, respective legislation is in the pipeline.

[1] See e.g. Pongrácz, E.; Poláčková, H. (2017). [Labour market inclusion through social economy in Slovakia](#). In: Yang Liu. *Unemployment - perspectives and solutions*, Chapter 1.

[2] Until now 16 districts have been identified, action plans have already been developed for 12 of them.

[3] See § 50a and § 50b of Act No 5/2004 Coll. on employment services, or explanation in English in Box 2, p. 19, of the European Commission [country report on social enterprises](#).

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