

Social Economy Action Plan

Consultation of EU Social Partners
Response from CEC European Managers

1. Do you agree with the challenges presented and the planned focus of the Social Economy Action Plan in the roadmap?

As written in the consultation document: "In the face of recent crises, social economy organisations (including social enterprises) have demonstrated a remarkable ability to contribute to the strengthening and building of resilient communities and to manage major transitions." Resilience is indeed key to a green and fair economic recovery.

With the launch of the EU Green Deal and European Pillar of Social Rights, it should have become clear that business models without resilience nor capacity to deliver on solving economic, social or environmental challenges cannot be considered in line with the EU's social (and ecological) market economy model. Such companies are particularly vulnerable to external shocks. It is a great macroeconomic risk for the EU, if businesses are not resilient by themselves, at times depending on (sometimes illegitimate) public support.

Therefore, it seems important to mainstream sustainable business model innovation, including innovation on social impact, across economic sectors – a process that needs more involvement by social partners and institutional policy-makers. Today, the former distinctions between "for-profit" and "non-profit", enriched through a category for a "social economy" are increasingly blurry. In line with the EU Green Deal, much more needs to be done to ensure the uptake of Sustainable Leadership, and sustainable business models, beyond a siloed "social economy" approach only.

The specific challenges of social economy organisations are well identified, and the Action Plan seems to well-respond to these challenges. However, in consideration of above-mentioned points, CEC European Managers would also underline the importance of the following issues:

- as the paper recognizes, a significant part of the challenges identified in the document are of a "structural" nature and relate to the access to resources. Among the challenges identified, the paper misses in our view to recognize the importance of having access to managerial skills. In order to scale up, reinforcing their presence and their capacity to remain competitive on the market while identifying new

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opportunities, businesses of all sorts and sectors rely on the professionalism of managers. But not every company – especially “newcomers” and innovative ones, like those that are most present in the social economy sector - can afford to recur to the services of managers. For this reason, specific support policies (including via fiscal measures) should be developed to help social economy actors have access to high-level HR and managerial resources. Examples of such practices can be drawn for instance by the experience in some EU countries, where specific projects have been developed in cooperation with managerial associations and unions that are member of CEC European Managers, to help SMEs develop managerial competences. We would be glad to provide more reference on these points, if requested.

- create level-playing field to ensure all businesses align to the principles applied by social economy organisations
- encourage the harmonization of fiscal rules, legal conditions and rules on capital access to favour companies performing well on sustainability (Triple Bottom Line), according to sound and context-based sustainability indicators. The EU taxonomy could be a good starting point, if enriched by the social dimension.
- create fiscal and legal sandboxes for social economy organisations and sustainable businesses to quickly scale-up and replicate sustainable business models, (social) services and products.
- gather experiences with negative taxation for positive impact businesses and social economy organisations

Finally, the concrete design of the Action Plan, including through a better understanding of challenges on the ground, should be realized with the involvement of social economy organisations, social partners and other relevant stakeholders at the respective level of action.

2. In which ways can Social Partners concretely support the Social Economy Action Plan?

First, social partners (also at shop-floor level) should be involved in finding appropriate solutions to the challenges described. Social partners also need to be involved in the actions mentioned, including building more fertile social economy ecosystems, building research and innovation platforms or also strengthening advocacy activities on the social economy.

Second, when it comes to the recruitment of “(severely) disadvantaged workers”, such support to the integration by social economy organisations can be welcomed. Defining a minimum ceiling should however only be envisioned as an alternative when there are no social dialogue bodies able to define such thresholds. It should also be highlighted that such labour market integration efforts should also be linked to (preferably tripartite) training opportunities for the persons in questions.

And third, besides the support of unions for organizing Worker Buyouts, CEC European

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Managers also sees a role for managers' organisations in accompanying business model transitions, including towards cooperative and social economy models. However, such transitions should not be limited to particular legal forms (e.g. cooperative), but be conducted in line with the specific challenges and opportunities of the business in question. Support by social partners and policy makers for such transitions are much needed, but should be conditioned to maintaining employment, as well as creating a business model (by design) with better sustainability performance.

Aid period for disadvantaged workers

3. Do you consider that the maximum aid period for disadvantaged workers and severely disadvantaged workers provided in the GBER remains appropriate in the postCOVID recovery context? Please provide factual elements to substantiate your reply.

The definition of aid periods should be defined by social partners at the appropriate level. Only in the absence of social dialogue on this issue, should the aid period be defined by public authorities.

Transfer of businesses to employees

4. What are your views on the opportunity to support worker buyouts at EU level?

At EU level, awareness-raising about worker buyouts and other alternative solutions (maintaining employment) could be encouraged. Furthermore, it is to be welcomed to explore further opportunities to support sustainable and inclusive business transitions more generally.

5. How could the European Commission concretely support worker buyouts (with due respect to the principle of subsidiarity)?

see above