



SEEDING

Social Economy Enterprises addressing Digitalisation,
Industrial relations and the European Pillar of Social Rights

Presentation of the preliminary results of the background report



SEEDING - Grant agreement no. VS/2019/0073. This project has received financial support from the European Union.

Social Economy...an introduction

According to the European Commission “A significant proportion of Europe's economy is intended to make profits for people other than investors or owners. Known as the ‘social economy’, it includes cooperatives, mutual societies, non-profit associations, foundations and social enterprises. They operate a very broad number of commercial activities, provide a wide range of products and services across the European single market and generate millions of jobs. Social enterprises are also the engine for social innovation

A cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (ILO/EC/ICA)

Social Economy...an introduction

The European Commission uses the term 'social enterprise' to cover the following types of business (not a specific legal entity):

- Those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation
- Those whose profits are mainly reinvested to achieve this social objective
- Those where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice

Social Economy...different features

DE: No official definition of social enterprise or social economy. The most common understanding of the German term “Sozialwirtschaft” is the work of the six non-statutory welfare umbrella organisations providing services for people with disadvantages.

IE: A social enterprise is an enterprise whose objective is to achieve a social, societal, or environmental impact, rather than maximising profit. It pursues its objectives by trading on an ongoing basis through the provision of goods and/or services, and by reinvesting surpluses into achieving social objectives. It is governed in a fully accountable and transparent manner. (Not codified but included in the National social enterprise policy).

Social Economy...different features

PL: (stricter definition than EC): limits on wages of the management board and other limits in terms of governance and activities (not codified in law but in the National Programme for the Development of Social Economy)

ES: Sociedad laboral: hybrid status where workers do not 'own' the company: the permanent staff must control the majority of shares; and the maximum shares a person or a legal entity can own is capped at 33% (49% in case of a public or not for profit organization)

Digitalization and automation of work: debate and trends

FR: According to DESI, although 81% of the population use the internet, **only 57% have basic digital skills.**

In 2018, 15% of companies used cloud computing (up from 12% in 2016)
Only 15 % of SMEs sell online compared to nearly 44 % of large enterprises.

SL: In 2018, 42% of enterprises in Slovenia have a low, 32% a very low digital intensity index, whilst most small enterprises have a low digital intensity index (41%) and most large enterprises have a high digital intensity index (49%) (Portal, 2018).

IE: Two-tiered digital economy, with a small number of foreign-owned multinationals with high digitalisation levels and productivity and indigenous SMEs which tend to be slower in embracing digital solutions (Indecon, 2016). The primary barriers to the greater penetration of digital technology across SMEs in Ireland are lack of knowledge about digital opportunities, technical know-how and financing issues (McKinsey Global Institute, 2017).

Digitalization and automation of work: debate and trends

IT: Only 9.9% of companies staffed with at least 10 employees having **access to Internet** with a speed over 100 Mb/s, a factor inhibiting adoption of particularly advanced technologies, such as IoT or big data analysis (Istat, 2019)

Digitalization and automation of work: job polarisation

IE (Nedelkoska and Quintini, 2018):

- Over **33% of jobs have a high risk/probability of automation**;
- At least half of employment in: **the transportation and storage; agriculture, forestry and fishing; wholesale and retail; and construction sectors** are facing a risk of automation;
- In contrast, employment growth is reported in Information and Communication; education; and human health and social work activities;
- The South-East and Border regions have been identified as having the highest risk profile while Dublin had the lowest risk profile.

Digitalization and automation of work: job polarisation

PL: Warsaw Institute for Economic Studies (Bitner et al., 2014):

- **33%** of all professions are at risk of being automatised (esp.: cashiers, manual workers in construction or industry, security staff, drivers, office workers (secretaries and other), machine operators, cooks...)
- **36%** is the share of people employed in professions at risk of automation;
- **28%** of workers perform jobs that are 'safe' from risk of automation.

Digitalization and automation of work: main opportunities and risks

- Monitoring of employees and privacy issues (e.g. **GPS technologies, wearable wristbands, wearable devices**)
- **Telework** as a double-edged sword for work-life balance
- Growth expected in care and service occupations BUT risks of precarisation, also due to **platforms**

Digitalization and automation of workers: debate and trends

- In most countries 'National plans' have been launched to address... 'Industry 4.0'/Future of Industry/Work 4.0
- Focus is mostly on innovation in public administration and companies, i.e. meeting digitalization and efficiency/competitiveness goals, less on control over technology

Usual tools:

- Public investments: (e.g. broad band and infrastructure, digitalization of public administration)
- Incentive to private investments: (e.g. guarantee funds, subsidies, vouchers to acquire services)
- Funding for training and awareness raising initiatives
- Promotion of 'alliances' and innovation networks

Key inputs

- Industry 4.0...not a reality yet?
- New winners and losers in terms of sectors and occupations
- Skills and adequate training of the workforce
- New risks and need for (collective) rights

Thanks for your attention!