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## SOCIAL ENTREPRENEURSHIP AS A KIND OF A SOLUTION FOR THE PROBLEM OF YOUTH UNEMPLOYMENT IN EUROPEAN UNION

*Social enterprises should be seen as a positive force, as change agents providing leading-edge innovation to unmet social needs. Social entrepreneurship is not a panacea because it works within the overall social and economic framework, but as it starts at the grassroots level it is often overlooked and deserves much more attention from academic theorists as well as policy makers. This is especially important in developing countries and welfare states facing increasing financial stress. The social entrepreneur sector is increasingly important for economic (and social) development because it creates social and economic values.*

*The first major economic value that social entrepreneurship creates is the most obvious one because it is shared with entrepreneurs and businesses alike: job and employment creation. Estimates range from one to seven percent of people employed in the social entrepreneurship sector. Secondly, social enterprises provide employment opportunities and job training to segments of society at an employment disadvantage (long-term unemployed, disabled, homeless, at-risk youth and gender-discriminated women).*

*Social enterprises develop and apply innovation important to social and economic development and develop new goods and services. Issues addressed include some of the biggest societal problems such as HIV, mental ill health, illiteracy, crime and drug abuse which, importantly, are confronted in innovative ways.*

**Keywords:** social entrepreneurship, unemployment, youth, European union, society, innovation, entrepreneur.

### Introduction

Social entrepreneurship has growing attraction amounts of talent, money, and attention. However, along with its increasing popularity has come less certainty about what exactly a social entrepreneur is. As a result, all sorts of activities are now being called “social entrepreneurship”.

The nascent field of social entrepreneurship is growing rapidly and attracting increased attention from many sectors. The term itself shows up frequently in the media, is referenced by public officials, has become common on university campuses, and informs the strategy of several prominent social sector organizations.

There are a lot of reasons why social entrepreneurship is so popular nowadays. Nevertheless, interest in social entrepreneurship transcends the phenomenon of popularity and fascination with people. Social entrepreneurship signals social changes, and it is that potential payoff, with its lasting, transformational benefit to society, that sets the field and its practitioners apart.

The idea of “social entrepreneurship” has struck a responsive chord. It is a phrase well suited to our times. It combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley. The time is certainly ripe for entrepreneurial approaches to social problems. Many governmental and philanthropic efforts have fallen far short of our expectations. Major social sector institutions are often viewed as inefficient, ineffective, and unresponsive. Social entrepreneurs are needed to

develop new models for a new century. The language of social entrepreneurship may be new, but the phenomenon is not [J. Gregory Dees, 1998].

A common misconception is that any businessman, or anyone who starts a business, is an entrepreneur. However, starting a business, according to economists Say and Schumpeter, is not the main component of entrepreneurship. Rather, entrepreneurship is concerned with stimulating economic progress through innovation and action. [Davis, 2002, Susan, 2009]. In the early 19th century, the French economist Jean Baptiste Say described entrepreneurs as “the venturesome individuals who stimulated economic progress by finding new and better ways of doing things.” In other words, entrepreneurs optimize the allocation and use of resources to generate maximal profits.

In order to achieve his economic objectives, the entrepreneur’s mindset must be innovative, creative and goal-oriented. In the words of 20th century economist Joseph Schumpeter,

*“the function of entrepreneurs is to reform or revolutionize the pattern of production...by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on”.*

Moreover, the entrepreneur thrives on problems and is motivated by the idea of altering an unpleasant situation. Rather than waiting for instructions, the entrepreneur initiates direct action. If the entrepreneur sees a more effective method of

doing things, he or she will not hesitate to do away with existing systems in favor of a completely new approach to a problem. The entrepreneur has the courage to take calculated risks, sometimes even doing “things that others think are unwise, or even undoable” [Martin, Roger L. Sally Osberg, 2009]. The entrepreneur also carries projects through to completion and is uninhibited by occasional setbacks or challenges.

The social entrepreneur harnesses entrepreneurship skills to do social good. According to J. Gregory Dees, social entrepreneurship “combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley” [Dees, J. Gregory, 2009]. The social entrepreneur’s philanthropic energies are channeled into business ventures, creating value in business so that consumers are willing to pay for the goods and services, and by doing so, the social entrepreneur earns a profit, which is invested in the social ventures [Dees, J. Gregory, 2009]. According to Martin & Osberg, “the Social Entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large. Moreover, the social entrepreneur targets its programs at the “underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own”. Social entrepreneurs are builders of a better world.

The entrepreneur’s final objective is wealth creation. However, for the social entrepreneur, wealth creation is simply a means to an end. The social entrepreneur participates in profit-seeking business ventures if only to use the profits generated to create valuable social programs for the whole community.

The concepts of social enterprise and social entrepreneurship are rapidly attracting increased attention in academic spheres and from policy-makers, as well as field workers who are setting up new initiatives or reshaping their organizations. These concepts are perceived as defining innovative and dynamic responses to major global challenges in today’s societies. The debate about social enterprise is now worldwide, with lively exchanges between American and European scholars. However, the research and landscapes still differ significantly in different regions, and diversity also exists within specific regions such as Europe.

Social enterprises are an important driver for inclusive growth and play a key role in tackling current economic and environmental challenges. But yet, only seven countries (Bulgaria, France, Italy,

Luxembourg, Slovenia, Sweden, and United Kingdom) have a policy framework in place to encourage and support the development of social enterprises.

Social entrepreneurship is more than a concept for European societies: it is a long-standing tradition that generated many important experiences locally and internationally.

A social enterprise combines entrepreneurial activity with a social purpose. Its main aim is to have a social impact, rather than maximize profit for owners or shareholders. Businesses providing social services and/or goods and services to vulnerable persons are a typical example of social enterprise.

In today’s Europe, it is very difficult for young people to find their place in the world of work. Fostering greater participation of young people in the labor market has therefore become a policy priority. According to the latest figures available, the “social economy” employs over 11 million people in the EU, accounting for 6% of total employment.

The EU is working to reduce youth unemployment and to increase the youth employment rate in line with the wider EU target of achieving a 75% employment rate for the working-age population (20-64 years).

Some of the key action in youth Employment Package (2012) include, for example, a proposal to EU countries to establish a Youth Guarantee – adopted by the Council in April 2013. A social partner consultation on a quality framework for traineeships, followed by a Commission proposal for a Council Recommendation in December 2013 – adopted by the Council in March 2014. This also applies to the Youth Employment Initiative (2013) reinforces and accelerates measures outlined in the Youth Employment Package. It aims to support particularly young people not in education, employment or training in regions with a youth unemployment rate above 25%. Working together for Europe’s young people – A call to action on youth unemployment (2013) to accelerate the implementation of the Youth Guarantee and the investment in young people, and develop EU-level tools to help EU countries and firms recruit young people.

The situation is exactly because more than 4.5 million young people (aged 15-24 years) are unemployed today in the EU. Although it has decreased – from more than 23% in 2013 to less than 21% today – the youth unemployment rate is still very high in the EU (with peaks of more than 40% in several countries). Long-term youth unemployment is still at record highs. The EU youth unemployment rate is more than double the overall unemployment rate (20% compared with 9%) and masks big differences between countries: there is a

gap of more than 40 percentage points between the Member State with the lowest rate of youth unemployment (Germany at 7%) and the Member States with the highest rates, Greece (50%) and Spain (49%). Overall employment rates for young people fell by more than four percentage points between 2008 and 2014 (from 37.3% to 32.5%) – about eight times as much as for adults. More than 7 million people in the 15-24 age group are neither in employment nor in education or training (NEETs). 11% of those aged 18-24 are early school leavers. High youth unemployment co-exists sometimes with increased difficulties in filling vacancies. This points to the existence of labor market mismatches, due to inadequate skills, limited geographic mobility or inadequate wage conditions.

The statistic shows the seasonally adjusted youth unemployment rate in EU member states as of December 2015. The source defines youth unemployment as unemployment of those younger than 25 years. In December 2015, the seasonally adjusted youth unemployment rate in Spain was at 46 percent.

Unemployment is a crucial economic factor for a country; youth unemployment is often examined separately because it tends to be higher than unemployment in older age groups. It comprises the unemployment figures of a country's labor force aged 15 to 24 years old (i.e. the earliest point at which mandatory school education ends). Typically, teenagers and those in their twenties who are fresh

out of education do not find jobs right away, especially if the country's economy is experiencing difficulties, as can be seen above. Additionally, it also tends to be higher in emerging markets than in industrialized nations. Worldwide, youth unemployment figures have not changed significantly over the last decade, nor are they expected to improve in the next few years.

Youth unemployment is most prevalent in the Middle East and North Africa, even though these regions report high unemployment figures regardless (Zimbabwe and Turkmenistan are among the countries with the highest unemployment rates in the world, for example), and are also highly populated areas with a rather weak infrastructure, compared to industrialized regions.

In the European Union and the euro area, unemployment in general has been on the rise since 2008, which is due to the economic crisis which caused bankruptcy and financial trouble for many employers, and thus led to considerable job loss, less job offerings, and consequently, to a rise of the unemployment rate. Older workers are struggling to find new jobs despite their experience, and young graduates are struggling to find new jobs, because they have none.

Overall, the number of unemployed persons worldwide is projected to rise, this is not down to the economic crisis alone, but also the industrial automation of processes previously performed by workers, as well as rising population figures.

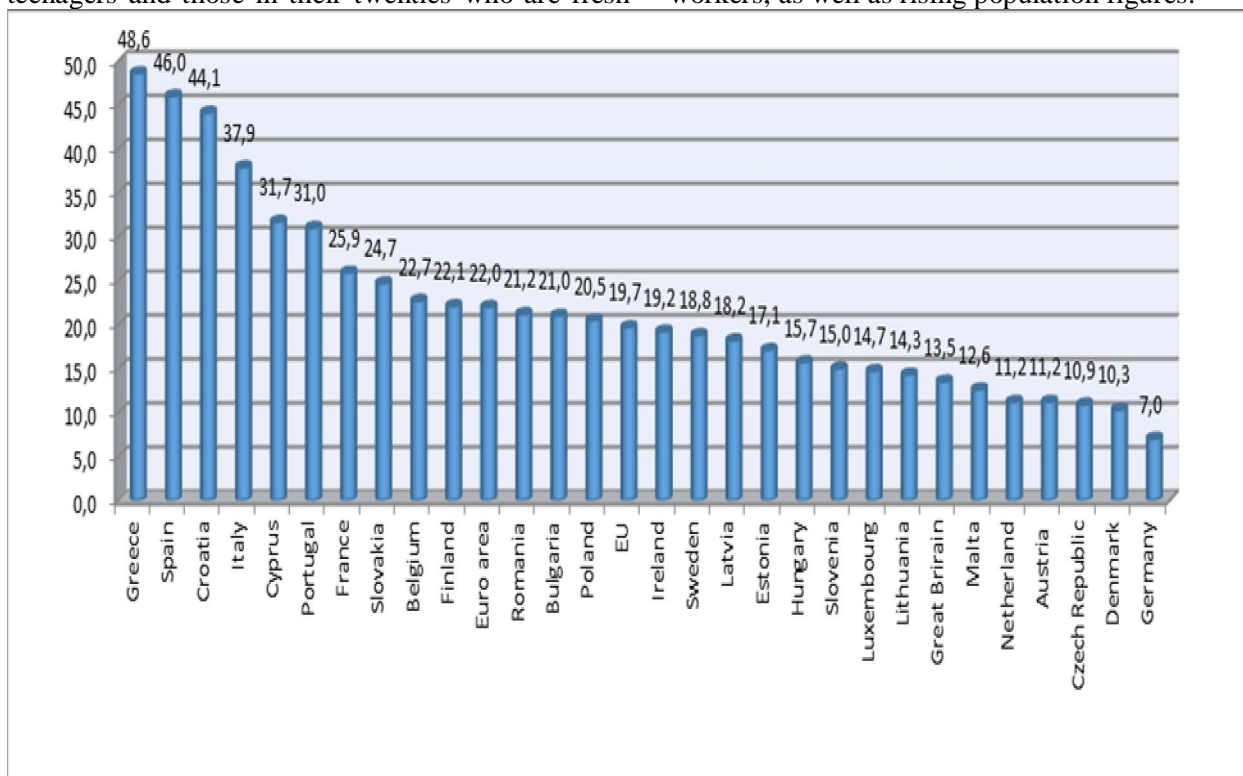
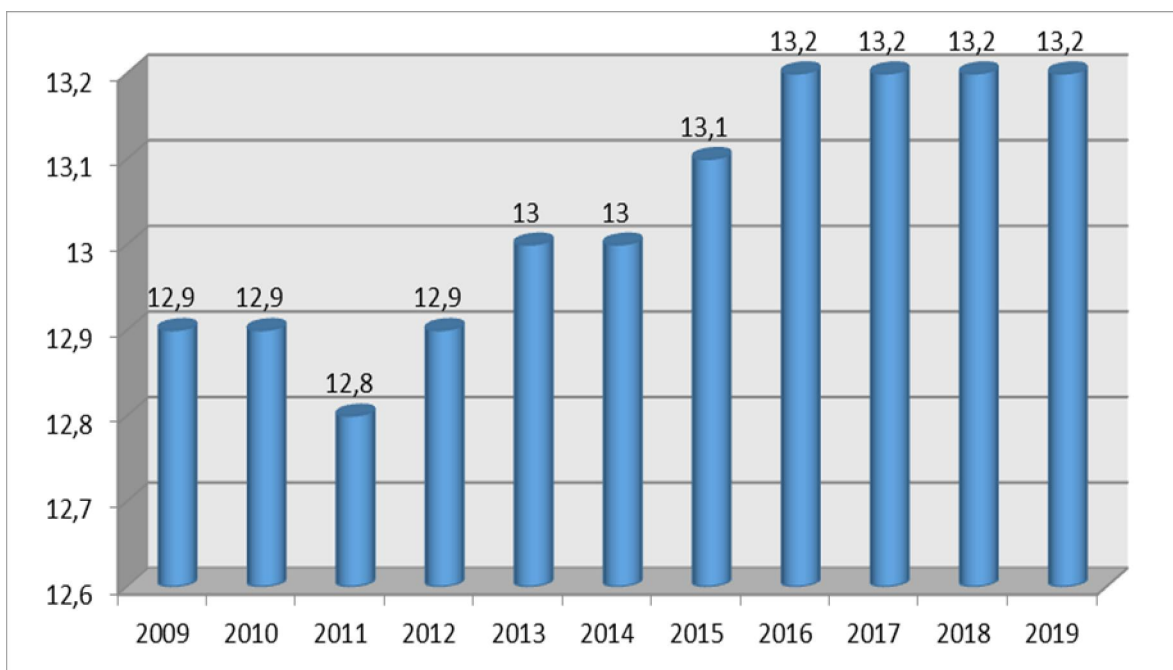


Figure 1 - Youth Unemployment Rate In EU Member States As Of December 2015

Next statistic shows the global youth unemployment rate from 2009 to 2014 with a forecast up to 2019. Just like the general unemployment rate, youth unemployment is recorded and monitored to gauge the job market situation in a country and worldwide. Youth unemployment includes unemployed individuals aged 15 to 24, a typical age range to have either just finished school or graduated and looking for jobs. In order to be registered as unemployed, a person must be able to work, unemployed and looking for a job. Usually youth unemployment is higher than adult unemployment, since many graduates do not find employment right after they have graduated.

According to the development of youth unemployment in regions of the world, the rate is the

highest in the Middle East, as is the general unemployment rate worldwide. To escape unemployment, it has become quite common in some parts of the world to leave ones hometown and look for work elsewhere. A look at youth employment prospects by country shows that optimism among young people in finding a good job is decreasing even among those who are not unemployed; especially in the countries struggling due to the economic crisis, hope to find a job that pays better than the current one to enable the young employees to live a better life than their parents is practically non-existent. Still, even though the global youth unemployment rate has been increasing slightly over the last few years, it is projected to remain stable in the future.



*Figure 2- Global youth unemployment rate from 2009 to 2014 with a forecast up to 2019.*

### **Conclusion**

In the current economic crisis, financial pressures are exacerbating existing social problems such as poverty and unemployment [Dees, J. Gregory, 2009]. According to J. Gregory Dees, social entrepreneurship is necessary to mitigate the financial repercussions on the most vulnerable in society:

“Fewer people will receive adequate health care. Because of the financial burden that formal education can place on parents, fewer children will attend school. Tensions and violence may increase as the poor compete for jobs and income opportunities...Progress will be lost, as families that have been successful in moving out of poverty fall back into it...As government, business, and

household budgets tighten, costly environmental protection and clean-up efforts are in jeopardy...Because many social and environmental issues are time sensitive, failure to recognize the importance of social entrepreneurship and provide adequate support for such efforts during this downturn would be a serious mistake”.

Social entrepreneurs play the role of change agents in the social sector, by:

- adopting a mission to create and sustain social value (not just private value);
- recognizing and relentlessly pursuing new opportunities to serve that mission;
- engaging in a process of continuous innovation, adaptation, and learning;

• acting boldly without being limited by resources currently in hand, and exhibiting heightened accountability to the constituencies served and for the outcomes created [Gregory Dees, 2004.]

So using social entrepreneurship as a kind of method to solve the problem of youth unemployment in EU is a good idea not only for young people but for the whole countries too. Even just because it helps create new jobs, develop skills and give unemployed and vulnerable people an opportunity to fully participate in society and the economy.

The Europe 2020 strategy recognizes entrepreneurship as key for achieving smart,

sustainable and inclusive growth. Moreover, the top priority of the European Commission is "to get Europe growing again and to increase the number of jobs without creating new debt".

In its support to entrepreneurship, the European Commission focuses its efforts on:

- business start-ups by unemployed and people from vulnerable groups;
- support for social entrepreneurs;
- microfinance and seeks to: increase knowledge about entrepreneurship, build capacity in EU countries and regions, support entrepreneurship financially.

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