

Social Innovation in Greece
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What is the history of social innovation in your country - what has been happening in the last 10 years?

Greece was hardly hit by the economic crisis which is still persistent: with an unemployment rate reaching 27% and a corresponding rate of youth unemployment around 60%, social cohesion has been put under critical stress. The social state suffers chronic deficiencies and social institutions have come to the fore combating state, private and third sector failures with scarce resources. Social innovation has become a necessity, since disinvestment in social development has become the norm.

Regrettably, failures both in the demand and supply side are hindering the development of the social innovation sector in Greece.

People in Greece tend to establish Social Cooperative Enterprises due to several visible incentives:

- They are Social Cooperative Enterprises that are quite CHEAP to establish. Additionally, there is no obligation for social insurance contributions of shareholders (owners). Social insurance contributions are widely considered as COSTS acting as negative incentives for (re) entrance in the business market. Currently self-employed or owners of enterprises (both capital-based and civil cooperatives) are obliged to pay roughly 220-550 euro per month to the dedicated public insurance fund. This is considerable inelastic cost, directly affecting business decisions to startup and sustain very-small or small enterprises.
- They are SUBSIDIES-ORIENTED. The word on the street is that the Greek Ministry of Labor is going to SUBSIDIZE their establishment and operating costs through its Strategic Planning for Social Entrepreneurship co-developed with the European Commission, DG Employment (ANDOR Package of ≈62million euro). It is expected that once a subsidization programme is announced, the overall population of Social Cooperative Enterprises will multiply considerably. We have argued that unless accompanied by a strict Social Impact Measurement scheme, any subsidization programme will just lead to a superficial boost on the volume of an already deficient sector.
- There is raising PUBLIC DEMAND and OUTSOURCING Many former municipal public enterprises were shut down due to downsizing of the wider public sector in Greece and political pressure pushes towards substituting the former with new Social Cooperative Enterprises bidding for local public contracts and being benefited by the SOCIAL CLAUSE also introduced by Law 4019/2011. Nevertheless, a solid framework governing the Social Clause is not yet deployed and there exists much disarray about negative potentialities already emerging in the local level, visibly distorting competition and creating innuendos for preferential treatment.

What challenges are being addressed by social innovation?

No visible social business PUBLIC DEMAND exists in Greece yet. (Local) Public budgets are a total loss with Local Self Government Organizations having already entered a long tunnel of fiscal consolidation, cutting down public expenditure, reprofiling their debts and practically minimizing their annual deficits. Thus public sector demand is only scarce, ergo-variable, non sustainable in the medium term and driven by the fierce political necessities of the electoral cycle.

PRIVATE DEMAND for conventional services and products might be the only passing left for Greek Social Cooperative Enterprises, inevitably leading to isomorphism with regular enterprises and traditional rural or civic cooperatives. Nevertheless, national economy has been in deep recession for almost six consecutive years now and GDP has plunged by almost 30% since 2009. Of course, this is a very eloquent way to state that available family income is diminished: statistical agglomerations of GDP loss are not elucidating enough for the grave situation Greece has been facing; it would be most practical to consider:

- the 70 billion (and rising) of non-performing loans,
- the almost 1.5 million unemployed ($\approx 27\%$ general unemployment rate)
- the almost 70% youth unemployment rate.

Additionally to demand failures, Social Cooperative Enterprises face already well-documented SUPPLY FAILURES:

- they are widely preferred as a kind of light-weight, conventional type of family enterprise, which allows for re-establishing market activity with low operating costs,
- they suffer dramatic lack of committed capital widespread in Greek small enterprises market; capitalization of the majority of Social Cooperative Enterprises is in most cases virtual or just inadequate (usually a ceiling of some thousand euro of committed capital)
- their business orientation is necessity-driven, in many cases resembling charitable, non-profit-making clubs having no solid mid-term entrepreneurial vision or action plan and directly targeting grants in a very short-sighted manner
- no visible synergies exist yet between domestic Social Cooperative Enterprises and the European social business value chain

Who are the key actors? - What kind of businesses, what parts/levels of government, which sectors support social innovation if anything? What other organisations are involved in doing social innovation? What about citizens or local communities? Who is promoting social innovation?

Major actors of the social innovation sphere in Greece are high-net-worth individuals and charitable foundations linked to them, social associations, major non-profit societies, traditional rural and civic cooperatives. As well, tailor-made contributions come from Limited Liability Social Cooperatives; some fifteen of them provide for decent employment opportunities for people

with mental disabilities. Recently, Social Cooperative Enterprises were introduced as a form of social business and as of January 2015 over 700 of them have been established.

Please show a few of the key projects that illustrate social innovation in your country

There are now practical social considerations when it comes to public procurement in Greece. Regulation 2014/24 is very promising along with an article in Law 4019/2011 on the social clause. But nothing is implemented yet. The social clause refers to favoring public contractors that are able to deliver positive and documentable social externalities. In order to open-up the debate and set the standards for social public procurement the Municipality of Kozani has launched the “Kozani Excellence Awards 2014”. In practice, latent municipal facilities were made available to contractors for potential development with emphasis on producing social outcomes. This Innovative Entrepreneurship and Social Economy Competition was organized by the Social Economy Institute and was supported by a wide range of volunteers, third-sector peers and local media (<http://www.social-economy.com/KOZANI-Excellence-Awards-2014-EN.html>).

The European Commission on behalf of President BARROSO responded to this initiative in the 9th of January 2014 with a positive prompt for future development:

“First of all, I would like to express my appreciation for your initiative to launch the Business Innovation and Social Economy Competition “Kozani Excellence Awards 2014”. The Commission fully shares with you the view that business innovation and the social economy are very important policy areas and deserve full support, precisely in order to further encourage the development of social enterprises and social economy in Europe. The Commission is convinced that fully tapping the potential of this sector will help Europe to emerge from the economic crisis and repair the damage the crisis has inflicted on the social fabric, in particular in some Member States”.

In light of combating family income decrease, many social and atypical networks were set-up both in production and distribution, implementing fair-trade and peer to peer practices. Major charitable foundations like the Bodossakis and the Niarchos Foundations have initiated social protection and social entrepreneurship funding projects.