

**Legislative and institutional conditions for the activity of social enterprises and
for employment of persons disadvantaged in the labour market**

**with regard to specific features of employment of sentenced persons and
persons with criminal record**

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Introduction

The study represents the main output of the project called "*Legislative and institutional conditions for the activity of social enterprises and for employment of persons disadvantaged in the labour market with regard to specific features of employment of sentenced persons and persons with criminal record - stage II*".¹ This project followed up the project called "*Analysis of barriers to employment of persons released from serving the sentence of imprisonment in the labour market and possibilities of their employability; influence and promotion of social dialogue*" (hereinafter referred to as the "previous project"), which was carried out in the past year (for more information see Mertl, Bareš 2018a) and focused on evaluation of the function and possibilities of social enterprises employing persons that are generally disadvantaged in the labour market (hereinafter also referred to as the "disadvantaged persons"), or more specifically, employing persons with criminal record.

The aim of the research project was to supplement and elaborate the findings of the previous research regarding the role and possibilities of social enterprises employing the disadvantaged persons, or more precisely, the persons with criminal record. This project was conceived as a follow-up, as both projects had in common the fact that they combined "three important areas that themselves represent room for a number of researches, namely the social economy and social enterprises, the situation of persons that are disadvantaged in the labour market (or more precisely, in this case primarily persons released from serving the sentence of imprisonment or persons with criminal record) and the topics regarding employment rate, employment or labour integration." (Mertl, Bareš 2018a, p. 37)

Already in the previous project (ibid.), it has been demonstrated that the above mentioned intersection of all three mentioned topics has not been adequately addressed in the Czech Republic so far and so far, no study has been elaborated to define the intersection of these three significant thematic areas in a coherent way. In this respect, the previous research has contributed, at least in part, to changing this situation, but a need for further analyses in this area still persists. At the same time, the previous research has also clarified the range of topics perceived as the most significant in this context by the social economy actors and which are desirable to focus on in further study of this issue.

Despite their focus on the same topic representing the intersection of the three above mentioned thematic areas, the two projects differed considerably in some respects. In the previous research project, on the one side, the attention was paid to the rather general context concerning the employment of disadvantaged persons, conceptual approaches to social entrepreneurship and theoretical aspects concerning the role of social enterprises in the employment of disadvantaged persons. On the other side, the aim of the previous research was to gather and evaluate the information concerning the approach of the Czech

¹ The project was part of the research solutions elaborated within a wider project of the Association of Independent Trade Unions of the Czech Republic called "Social dialogue as a prevention of polarization of society and instrument for working with human capital in the time of digitization and robotization" carried out during 2019. However, it is clear that the project assignment was significantly different from the "mainstream" of the research conducted under the wider project of the Association of Independent Trade Unions. This was mainly due to the fact that the ambition of the broader project was to reflect the importance of two selected highly topical and widely discussed trends (i.e. digitization and robotization) for different groups of people in the labour market, or more generally, for the labour market as a whole. However, when trying to prevent polarization of the society, it is necessary to take into account very specific circumstances in relation to persons with criminal record and efforts to prevent polarization of the society with respect to these persons differ considerably from prevention of polarization of the society reflecting broader social trends. For these reasons, in this research and in the previous research, the topics that either arose directly from the relevant research or were identified by previous research, were emphasized in case of these people. This research largely followed up on earlier research, especially the research carried out in 2018, in which the focus was on social enterprises. The possibilities of employment of persons with criminal record (as well as other groups of persons disadvantaged in the labour market) in the open labour market are limited and it is therefore desirable to pay more attention to market segments that are better adapted to employ disadvantaged groups due to its specific features. However, this project differs in many respects from the research carried out in 2018 - see below.

social enterprises and other important actors concerned (for both of these groups the common term "actor" or "stakeholder" is used) to the issue of employing disadvantaged persons, introduce the role of social enterprises in this area and describe the current possibilities of operation of social enterprises (concerning both the conditions for their activities more generally, as well as more closely in relation to the setting of the conditions for employment of disadvantaged persons).

However, by contrast, the aim of the follow-up project was to describe in more detail the legislative and institutional conditions for the activities of social enterprises and for the employment of disadvantaged persons. It is clear that these questions were in many respects already covered by the previous research project, but in this project, these two levels concerning the activity and the role of social enterprises in employing disadvantaged persons were specifically emphasized and represented the primary aspects pursued in this research. This is because the legislative and institutional conditions substantially determine the overall possibilities for the operation of social enterprises and their role in the employment of disadvantaged persons. Large part of the factual knowledge regarding the practical operation of social enterprises and their role in the employment of disadvantaged persons (as described in the previous research) is directly related thereto or a certain part (which is often very substantial) can actually be explained by the current setting of the legislative and institutional conditions (they are often more or less direct determinants of current conditions for social entrepreneurship described in the previous research).

Due to this fact, the project has set out the aim to map these conditions in detail. At the same time, the project sought a more comprehensive (compared to previous research) description of these conditions. (The main aim of the previous project was to capture a wide range of views of various social entrepreneurship actors on the current possibilities of operation of their social enterprises and their role in the employment of the disadvantaged persons without classifying these views according to predetermined aspects reflecting current legislative or institutional framework for the activities of social enterprises, or, more precisely, for the employment of disadvantaged persons. As a result of the previous project, this approach made it possible to capture the knowledge that cannot be placed within a specific legislative or institutional framework and cannot be related to the topic of "systematic arrangement" of this area. On the contrary, for this project, the legislative and institutional conditions were the primary aspects which the research focused on.)

In view of the different basic premises and objectives of the two researches described above, the previous research was conceived as an exploratory research, while the current research project was primarily of a descriptive nature. On that basis, the methods used in both researches, as well as the nature of the studies that resulted from each of the two projects, also differed in some respects. Thus, the first study was conceived as a research report focusing largely on the collection, evaluation and presentation of the newly acquired data. The study, which was the outcome of the previous project, also included the analysis of the secondary sources and the creation of a systematic review text based on the secondary sources, the purpose of which was to introduce the theoretical discussion regarding these issues in the foreign literature. However, the use of this methodological approach in the previous research was rather supposed to put the theory in context, which could be perceived as important for the evaluation of the newly collected knowledge.

In contrast, the main aim of this study is to provide a comprehensive overview of existing legislative and institutional prerequisites for the activities of social enterprises. Therefore, the main pillar of the current research project was a secondary analysis of the previously identified findings and the incorporation of the acquired knowledge into a systematic review text. The analysis and processing of the relevant sources was then supplemented by further findings acquired from the surveyed stakeholders. Given the described focus of the project, however, these findings were primarily a reflection of the existing legislative and institutional conditions for the activities of social enterprises (including reflection on the

prepared changes in this area - see more information below), or, where applicable, an analysis of the key context of legislative and institutional conditions reflected into the activities of the social enterprises. As such, these newly acquired findings rather complement the findings regarding the legislative and institutional framework obtained in the framework of the executed secondary analysis and processed into a systematic overview. Thanks to the combination of both methods of data collection, this study will contain not only the description of the legislative and institutional conditions, but also their evaluation. However, it should be noted, that the vast majority of the findings presented here are primarily designed to provide a comprehensive overview of the key legislative and institutional features for social entrepreneurship and for the employment of disadvantaged persons, and the effort to convey these findings regarding the fact what environment for the activities of the social enterprise and for the employment of the disadvantaged persons is formed by these features, was rather a secondary, albeit very important, objective of this study. Therefore, this study will rather be of a descriptive nature.

1. Basic premises and their consideration in the analysis

As mentioned above, the follow up of this research project to the project "*Analysis of barriers to employment of persons released from serving the sentence of imprisonment in the labour market and possibilities of their employability; influence and promotion of social dialogue*" rests in the focus on the same topic representing the intersection of the three areas, which are otherwise rather separated as regards their theme. The features of both projects are defined by a certain narrowing of the topic to the level of all three perspectives, which were crucial for the analysis of the topic of employment of disadvantaged persons in this and in the previous project, i.e.:

- perspective of the employer,
- perspective of the job applicant or employee (workforce) and
- rather general perspectives of the labour market.

Within both projects, the focus was primarily on the following selected issues:

- as regards the perspective of the employers, on social enterprises, or more precisely, on social integration enterprises,
- as regards the perspective of the workforce, on persons that are disadvantaged in the labour market, and
- as regards the perspective of the labour market, on the general context of the labour market and largely also on the protected labour market.

Similarly to the previous project, the characteristics of this research is its primary focus on a relatively narrowly specified thematic area. However, even with this narrow specification of the main topic of the research, it is necessary to pay attention to some of the rather general contexts within all three perspectives. This is because it is possible subsequently in each perspective to delimit the examined area more precisely, i.e. this makes it possible to distinguish

- social enterprises from other enterprises (or, more precisely, the social integration enterprises from other enterprises),
- persons that are disadvantaged in the labour market from job applicants and employee that are not disadvantaged in the labour market, and
- open labour market from the protected labour market.

In the research, it is necessary in many cases to pay attention to the context that is not directly related to the central theme of this work (i.e. the above mentioned intersection of all three key topics), but that is important for its definition and for comparison with the situation in the open labour market, for comparison of the position of social enterprises (social integration enterprises) with the position of other economic entities (employers) and for comparison of the situation of disadvantaged persons with the position of job applicants and employers who are not disadvantaged in the labour market. However, it is obvious that the scope of this work is relatively limited for introducing this further context, and in this respect, it is necessary to refer to other expert works.²

In addition to defining the research area, some of the basic premises of both projects were identical, including the following key **circumstances that are characteristic to the labour market**:

- A number of barriers aggravating the employment of persons released from serving the sentence or with criminal record still persists in the open labour market.
- When analysing the possibilities of supporting the employment of these persons, or more precisely, the generally disadvantaged persons, it is therefore highly desirable to focus on economic entities that either do not operate in the open labour market or that pursue non-economic objectives in the open labour market.

² Regarding more information on the rather generally defined topic of employment of persons with criminal record (i.e. without narrowing the focus only on the role of social enterprises, or more precisely, the social integration enterprises) see for example (Bareš, Mertl 2016, Tomášek et al. 2017, Mertl, Bareš 2018b).

- It is these circumstances that are the core characteristics of the enterprises that can be perceived as social economy entities, i.e. the social enterprises.

In addition to these general labour market circumstances, the basic premises for both projects were also represented by assumptions regarding **the role of social enterprises in the employment of disadvantaged persons**:

- Social enterprises may create protected jobs for disadvantaged persons or allow them to work in the open labour market.
- As regards the employment, these entities thus cover the space between the market and non-profit sectors and contribute to the fact that the employment opportunities of disadvantaged persons are not closed in two mutually incompatible and impenetrable segments - protected job positions and an open labour market.
- In case of social enterprise and thanks thereto, these two modalities (open and protected labour market) may function side-by-side and social enterprises facilitate the job permeability – a higher amount of disadvantaged persons may “cross the threshold” of the protected labour market and continue their careers in the open labour market.
- Due to the mentioned reasons, the social enterprise may be understood as an appropriate instrument for (re)integration of persons that are disadvantaged in the labour market.

The **distinction between social enterprises and social integration enterprises** was also a very important common basic premise for both projects. It is clear that the term of social enterprise represents a broader category. It is naturally necessary to pay attention first to this category, while the term social integration enterprise will be defined only after the definition of the term social enterprise (both in the following outline of the basic characteristics of both of these terms mentioned here in connection with the overview of the basic premises, as well as within more detailed definition of both terms in Chapter Three).

Social enterprises³ may be understood as denomination for business entities fulfilling specific key characteristics, which distinguish businesses in this category from business entities pursuing primarily or exclusively economic objectives and, at the same time, distinguish them from entities pursuing non-economic objectives but having a status of a totally different nature from entities engaged in business (public institutions and organizations, non-governmental non-profit organizations, or some other specific organizational arrangements).

This very general (and also very unspecific) definition has been deliberately introduced in this part of the text, because the definition of social entrepreneurship has been described in more detail in both the previous research project (see Mertl, Bareš 2018a, p. 12-28), as well as the present one (see Chapters 3 and 5). The reason for the repeated definition of social entrepreneurship in this study, however, is not that the basic premises of the two projects differ, but it is the authors' intention of the study, which should represent a completely independent material, regardless of the fact that it builds on the previous research in many respects. From this point of view, simply referring to previous research would be considerably counterproductive (given the differences already described between this and the previous research project, this follow-up project does not constitute a "series continuation" of the previous project, but constitutes autonomous research showing continuity only in certain respects).

³ The concepts of **social entrepreneurship** and **social economy** may be perceived by analogy to this general definition, only with the difference that the scope of the performed activities (in case of the concept of social entrepreneurship), or characteristics of the relevant economy segment (in case of the concept of social economy) would be determined in a manner similar to the definition of the scope of the relevant economic entities in the following text.

At the same time, it became apparent that this study required a somewhat different approach to defining the concept. Contrary to the previous project, the aim of this project was not to clarify the individual "breakpoints" delimiting the field for operation of social enterprises in the broadest possible concept (for this purpose it was appropriate to get acquainted with the discussion at the expert level regarding problematic issues in the efforts to define social entrepreneurship and to point out the differences in conceptualization of the concept in both European and American professional environment). Given the focus of the project on the legislative and institutional conditions for social entrepreneurship in the Czech Republic, it is much more appropriate in this study to approach the conceptualization of social entrepreneurship in the Czech professional environment and relevant national legislation. For the purpose of putting the conceptualization of the concept in the Czech environment into the international context, it is fully sufficient to summarize the most important key characteristics that are crucial for social entrepreneurship in Europe and in the world and which are the subject of international professional discussion on social entrepreneurship.

One of the important attributes associated with social entrepreneurship (for more on this issue see Chapters 3.1 and 3.2) is the degree of their contribution to the integration of different marginalized groups of persons (for more see Chapter 3.3, cf. also Mertl, Bareš 2018a, p. 12). In this context, the question of work integration of these persons is considered to be crucial. This aspect may have vital importance for a wide range of differently defined social enterprises, at the same time it is also clear that promoting the work integration of different marginalized groups of people is a very important circumstance linking social enterprises with different ways of their establishment, different emphasis on other principles of social entrepreneurship, social enterprises of different sizes, social enterprises operating in different sectors of the economy, differing in the prevailing form of financing, etc.

Social enterprises which pursue the goal and activities in order to promote work integration of different marginalized groups of persons are therefore regarded (despite possible differences in terms of other important characteristics) as a separate group of social enterprises - social enterprises focused on work integration, that has become known as the work integration social enterprises, abbreviated as WISE. Therefore, in some references to foreign sources cited below, this abbreviation will be used for this type of social enterprise. However, this type of social enterprise will be predominantly referred to as a **social integration enterprise** in the text, because, regarding the activities promoting the integration, this study focuses exclusively on work integration and therefore the group of social enterprises that pursue the goal of other forms of promotion of marginalized groups of persons or support these people in another way than in the field of work integration, is no longer of its interest. It is clear that social enterprises with this focus also operate in the Czech environment. However, they are, in many respects, closer to the first group within the above-described distinction between social enterprises and social enterprises focusing on work integration. This is mainly because they (unlike social enterprises falling under the scope of WISE) are not affected by the issues of employment, the labour market and the employment of disadvantaged persons at all or only marginally, as is the case of social enterprises that fulfil the principles of social entrepreneurship even without a specific emphasis on promoting the integration of marginalized groups of persons. The second reason for the preference of using the term of social integration enterprise is also the use of this term in the draft Act on Social Entrepreneurship, which is being prepared with the aim of adjusting the conditions for the functioning of social enterprises in the Czech Republic within separate legal regulation (see Chapter 7).

The distinction between social enterprises and social integration enterprises is an important basic premise for current and previous research, especially as, similarly to the previous research, this research has naturally addressed issues relating to social integration enterprises. At the same time, however, it should also be pointed out that, despite the preferential focus of both projects on issues relating primarily to social integration

enterprises, it was necessary to address the issue of social entrepreneurship more generally (and it seems to be particularly important naturally in a situation where attention is focused on legislative and institutional conditions for social entrepreneurship - cf. Chapters 6 and 7). Therefore, both concepts were given considerable attention in both research projects (for more details see Chapters 3, 5, 6 and 7, or Mertl, Bareš 2018a, pp. 12-34).

Given the fact that this research project has followed up the previous project, some of the **findings established in the previous research project** have naturally been added to the previously mentioned common basic premises of both projects. Some of these basic premises concerned social enterprises in rather general way, while others concerned, more specifically, the social integration enterprises.

Probably the most important basic premise of the previous research on **social entrepreneurship in general** is the lack of discussion and often contradictory opinions of various actors on the role that social enterprises should play in the Czech environment. This is also related to the existence of a number of ambiguities, the lack of clarity of the conditions under which the social enterprise operates, or the non-systematic approach of various public entities to social economy entities. Naturally, these initial conditions for social enterprises are also significantly reflected in the position of social enterprises in the Czech Republic and in their functioning (cf. Mertl, Bareš 2018a, pp. 42-44, 59-62).

In relation to the issue of employment of disadvantaged persons specifically, the described lack of clarity in the position of social enterprises is manifested in such a way that also in this area some significant dilemmas are characteristic for the current situation. These include, in particular, the issue whether **social integration enterprises** should function as "transition places" where disadvantaged persons will be employed until they find employment in the open labour market, or whether the role of the social enterprise is to create a decent job with a decent wage for those who are unable to work in the open labour market, in other words, whether it is their task to create protected job positions (cf. *ibid.*, pp. 29-31, 39-42, 44-45, 52-53) .

Another important dilemma concerning social integration enterprises is whether social enterprises should be more of a "classic" enterprise that pursue social goals, or whether social enterprises should become part of the social system in the sense that they are, to some extent, "delegated" some of the tasks performed by public institutions and this will correspond to the position of the social enterprises and the setting of programs for financial aid of the activities of the social enterprises (cf. *ibid.*, pp. 38-39).

In particular, the latter approach draws attention to the issue of optimal setting of the way the social enterprise operates (but it has been shown that this concerns the functioning of social enterprises in a rather general way, i.e. it is a crucial issue even when social enterprises are rather viewed as a form of entrepreneurship emphasizing social goals). The polarity between business activities and the use of public resources is one of the decisive dilemmas that may fundamentally determine the range of activities that the social enterprise carries out, or the conditions under which it carries them out (cf. *ibid.*, pp. 53-59).

In case of social integration enterprises, the dilemma concerning the extent to which social work and work with clients directly in the enterprise should and can be applied in promoting the employment of disadvantaged persons is very crucial. In other words, whether the social integration enterprise (cf. *ibid.* pp. 44-53) should rather be

- a transitional place where there should be little or no social work,
- the social enterprise should operate within a non - profit organization providing social work and therapeutic activities if needed, or
- if continuous social work or at least some forms of support should be provided directly in the workplace.

As the previous research has further shown, the social economy is characterized by the coexistence of several different concepts of social integration enterprise (given the wide diversity of situations and needs of the clients, as well as the dilemmas described above regarding the optimal embedding and functioning of the social enterprise). It is however clear that each concept has certain advantages and disadvantages and that it is expedient for the different modalities of the social integration enterprise forms to complement each other so that clients can complete the program best suited to their situation. Individual social integration enterprises focus on the often very different needs of the clients, and therefore the activities of these social enterprises usually depend largely on the highly differentiated needs of their clients (cf. *ibid.*, p. 64).

Further discussions on the promotion of transitive social enterprises and the integration of a certain part of the social enterprises into the social system prove to be especially very necessary. At the same time, the previous research has clearly demonstrated the validity of the basic premise set out in the introductory part of this Chapter concerning the fact that the social integration enterprises represent suitable and usable instruments for (re) integrating persons with criminal record, as they can compensate for the aggravated employability of these persons on the open labour market (*ibid.* pp. 64-65).

Relevant **topics** related to the issue of legislative and institutional conditions for the activities of social enterprises and for the employment of disadvantaged persons (in particular persons with criminal record), which are discussed below, have been identified and evaluated based on the analytical basic premises described in this Chapter. At the same time, these basic premises were taken into account not only to distinguish and analyse individual relevant aspects of the topic under consideration, but also to rank these topics in this study and to organize the text of this study. The following text therefore specifies how the subject matter of this study has been taken up on the basis of the described perspectives and at the same time there is a separation of the further text into individual thematic chapters.

1. Social entrepreneurship and social enterprise: central topics of the study

Similarly as in the previous research project, it was necessary to define the topic of social entrepreneurship accordingly. This included a **summary of the key characteristics of social enterprises** and at the same time an **introduction of the approach to social enterprises in the Czech Republic**, or more precisely, distinction of the basic models of social enterprises operating in the Czech Republic. Each of these two topics was discussed in a separate Chapter. After clarifying the concept of social entrepreneurship and introducing the approach to social entrepreneurship in the Czech Republic, the attention was drawn to the characteristics of **legislative and institutional conditions for social entrepreneurship**. Furthermore, a separate Chapter was devoted to the **draft Act on Social Enterprise**. This is mainly because the activities of social enterprises are not currently regulated by a special regulation and the adoption of this law would mean a very significant change and an important impulse for the development of social entrepreneurship in the Czech Republic. Thus, although the draft Act may not be adopted as described in this study, it is naturally necessary that it is presented here. The introduction of this regulation is meaningful even if this law would be fundamentally revised or not even adopted. This is mainly due to the fact that the preparation of this draft Act is accompanied by discussions regarding key issues that are important for the functioning of social enterprises in several respects: the embedding of the concept of social enterprise itself in the legislation, corresponding establishment of overall legislative regulation for functioning of the social enterprise in the legislation (regulations, forms of support, etc.) and the corresponding establishment of other institutional conditions for the functioning of social enterprises within the conditions given by the legislation (instruments and institutions to ensure that social enterprises can operate under the statutory conditions, to ensure their support, etc.).

2. Incorporation of the findings concerning social integration enterprises into the text of the study

The chapters of this study devoted to social entrepreneurship (see previous point) also included the context concerning social integration enterprises. It has been revealed that it is not expedient to devote a separate chapter to the topic of social integration enterprises and that when analyzing the topic of social entrepreneurship, social integration enterprises are better regarded as a specific group of social enterprises. Individual thematic chapters focused on a certain range of characteristics or links related to social entrepreneurship thus first focused on social enterprises in general and only in those cases where the characteristics or links discussed were specific to the group of social integration enterprises (or where it was appropriate and purposeful to discuss them separately due to other reasons), particular attention was paid to these specific features concerning social integration enterprises in the section of the relevant Chapter.

It is clear that in relation to the topic of employment and integration of disadvantaged persons, the key issues are those relating to social integration enterprises. However, the features that apply to the rather general topic of social entrepreneurship apply also to the issues relating to social integration enterprises in many aspects (where the position of social integration enterprises is different rather only in certain sub-issues, or the context described within the rather general topic applies even in the same extent as for social entrepreneurship in general). Thus, it may be stated vice versa that much of the links described within the general characteristics of social entrepreneurship largely (only with the appropriate clarifications discussed specifically in relation to social integration enterprise) applies not only to social entrepreneurship in general, but also - to the topic that is the flagship for this study - to the group of social integration enterprises.

3. Labour market and disadvantaged persons: other key topics of the study

The characteristics of the labour market and disadvantaged persons are the other two important topics of this study. Two separate chapters are devoted to this context in this study. The first of these two chapters focuses on clarifying the key concepts. With regard to the fact that a person that is disadvantaged in the labour market is a key term for the definition of the concept of social integration enterprise, this chapter was conceived as a separate one and was placed immediately after the chapter devoted to the definition of social enterprise and social integration enterprise.

A separate chapter is devoted to the **employment of disadvantaged persons**. As already mentioned, when describing the basic premises of this study, various circumstances make it difficult for disadvantaged persons to find employment in the open labour market. Therefore, to improve these possibilities, some specific instruments or measures have been developed the aim of which is to promote the employability of these persons. The chapter devoted to the most important links concerning the employment of disadvantaged persons was therefore divided into several thematic subchapters, which gradually introduce the legislative regulation and institutional framework for the employment of disadvantaged persons, pay attention to a specific group of people with criminal record and describe recorded approaches of social integration enterprises to the issue of employment of persons disadvantaged in the labour market.

4. Social enterprises and employment of disadvantaged persons: interconnection of the topics of the study

The link between social enterprises and the employment of disadvantaged persons was a major research issue on which both this and the previous project were targeted. This is also reflected in the aforementioned assumptions (validity of which was also confirmed in the previous research) that disadvantaged persons have more difficult conditions for finding employment in the labour market and that social enterprises are an important

instrument for employing disadvantaged persons in general and also more narrowly, for employing disadvantaged persons with criminal record.⁴

With regard to the fact that this main research issue of the study is based on the interconnection of all the topics under review (i.e. social entrepreneurship, employment, integration of disadvantaged persons), the chapters devoted to these areas in detail were preceded by an analysis of their links (for more details see points 1 and 3). Thus, the key circumstances of the legislative and institutional framework have already been dealt with under the relevant thematic chapters, and these links also apply to the mutual intersection of all the topics under review.

Similarly as in the case concerning the topic of social integration enterprises, the intersection of all three key topics of the study was not dealt with separately, but was included into the chapter dealing with the employment of disadvantaged persons. The discussion of these links in this chapter has proved to be more effective than a separate chapter due to the relatively limited amount of knowledge in this area and, above all, because it was possible to analyze the role of social enterprises in employing disadvantaged persons along with other instruments or measures aimed at employability of this group of persons. At the same time, discussing these links in this chapter was more suitable than assigning it to a chapter on social entrepreneurship. This is mainly because, in connection with social entrepreneurship, considerably different aspects have been observed (definition of social enterprise, access to social enterprise in the Czech Republic, legislative and institutional framework for their operation) and that the issue of employment of disadvantaged persons concerns only a certain group of social enterprises - social integration enterprises. At the same time, it was not possible to deal with them separately in the chapters on social entrepreneurship (see above).

5. Reflection of the selected findings so far on the issue under review

Legislative and institutional conditions were the main aspects on the basis of which the individual topics under review were identified and taken up in this study, and on the basis of which the individual identified topics were evaluated.

At the same time, the common basic premises for this and the previous project were also taken into account in the individual thematic chapters as described above.

However, it has also proved useful to include some of the findings about social entrepreneurship and the employment of disadvantaged persons obtained in the previous project in some thematic chapters. The combination of these three approaches was chosen in an effort to make this study more coherent and thus would better serve as an overview text summarizing the most significant findings relevant to the issue under consideration.

⁴ For more details, see the sections of this chapter devoted to individual basic premises of this study.

2. Methods used

As already indicated in the introduction, this study is largely based on the evaluation of domestic and some foreign sources, or more precisely, on the processing of the overview information based on these sources, the main reasons for choosing an approach based on the analysis of secondary sources were the focus on the features of legislative and institutional conditions for social entrepreneurship and employment of disadvantaged persons, the need to reflect important circumstances associated with social enterprises in the literature, the effort to define the approach to social entrepreneurship in the Czech Republic and also link to the previous project wherewith this study has some common basic premises and also in some respects follows up this project, when it is appropriate to summarize or otherwise take into account some of the findings of the previous research. Naturally, it is also an important circumstance that the aim of this project was to create an output that would facilitate orientation in the issue under review and would summarize the key circumstances that concern it.

Given that the study combines several topics, the main chapters of this study differed in the key resources used in their elaboration. Some of the topics related to the issues under review here have already been addressed by the authors of this study and their collaborators within other materials elaborated thereby. Therefore, in some cases the relevant extracts (with the consent of the authors' collaborators) were incorporated into the text of the study in a manner that was suitable for the study. Where it was possible to use the original text (where the original text already represented an overview study), or if the original text proved to be satisfactory after making minor modifications, selecting only the most relevant extracts or modifying the division of the original text with regard to the layout of the text relevant to the study, the text of the relevant chapters of the study was elaborated on the basis of these materials, and this was stated at the beginning of the chapter which was drawn up using these materials.

As already mentioned, such a significant source was mainly the previous research (on the basis of which Chapters 3.3, 4 and a big part of Chapter 8 were elaborated). Another important material on the basis of which the text of several other chapters (Chapters 3.1, 3.2 and a big part of Chapter 5) was elaborated was the publication "Společensky odpovědné podnikání" (Socially Responsible Business) (Legnerová, Dohnalová 2018). The overview chapter based on other original texts was also represented in Chapter 6.1, which was intended to describe, as accurately as possible, the individual institutions that provide support to social enterprises or create various programmes that can support social enterprises. For the purpose of describing their objectives and their activities as accurately as possible in this chapter, it was naturally most appropriate to indicate how these institutions themselves define their orientation and activities. This chapter is therefore based on an overview of these characteristics presented by the individual institutions included in this overview, which they themselves present on their website, or the circumstances they indicate as the most relevant to the subject of this study.

This research project also included a focus group with experts on social entrepreneurship in the Czech Republic (who however do not deal only with this issue) who were professionally close to the focus of the study, i.e. in their activities, they, among others, focused on the legislative and institutional aspects of social entrepreneurship, possibilities of their promotion, etc. The aim of the focus group was to acquire further knowledge, both from the practice of social entrepreneurship (in particular with regard to the current possibilities of operation of social enterprises in the Czech Republic), as well as to gain a reflection on current legislative and institutional conditions for social entrepreneurship. An important topic, whereto a particular attention was paid in the focus group, was the discussion of the draft Act on Social Entrepreneurship, its setting, the parameters it observes or should observe, and the assessment of possible further development of the approval process. As already mentioned in the introduction to this study, the findings within the focus group were rather complementary to the findings obtained within the secondary

analysis of the relevant sources and within the organization of the findings from other sources into the overview summaries.

3. Definitions of social enterprise and social integration enterprise

3.1 Key characteristics of social enterprise: an ideal type of social enterprise⁵

Social entrepreneurship is an overarching term for a diverse number of activities and entities of different organizational forms, and therefore it is important to specify, define and determine the characteristics of a social enterprise. The term social enterprise is used in the world, but it can relate to different practice. Depending on the context, we may encounter even differing concepts. The meaning of the terms 'social' and 'enterprise' is very wide as such, and when we combine the two terms together, the confusion may increase.⁶

The outcomes of the project called "Emergence of Social Enterprises in Europe" carried out between 1996 and 1999 in fifteen European Union countries contain groups of indicators through which the international research company EMES defines the so-called **ideal type of social enterprise**.⁷ This introduces a methodology for European and world social enterprise research. The EMES research has so far focused primarily on the European environment with its specific traditions that make it different from other parts of the world, currently the EMES members are expanding their research activities to other geographic areas such as Latin America and East Asia.⁸

The social enterprise of "ideal type" is built on multi-source funding, its activities involve a wider range of stakeholders and the enterprise fulfils a number of different objectives.⁹

Indicators of the ideal type of social enterprise should not serve as a set of conditions that an organization must meet in order to be considered as a social enterprise. The concept of an ideal type of social enterprise is represented primarily an instrument by which researchers describe entities in the given environment. It serves for international comparisons and sets boundaries for the definition of social enterprises.

EMES has improved the methodology of social enterprise analysis with the aim to unify the approach that national research projects may apply and examine its relevance in the context of different conditions. The initial working definition classified the indicators of the enterprise from a **social and economic point of view**.

For the purposes of international comparative research, which identified the main consensus and differences in the concept of social enterprise in Europe and the US, the authors Jacques Defourny and Marthe Nyssens pointed out the suitability of classifying the indicators into three subgroups.¹⁰ The division was made to highlight the individual management forms specific to the ideal type of social enterprise. The **aspect of participatory management** of the enterprise was added to the social and economic indicators.

⁵ The text is elaborated based on the chapters from the book: LEGNEROVÁ, K., DOHNALOVÁ, M. (2018). *Společensky odpovědné podnikání. (Socially responsible business)* Praha: Wolters Kluwer.

⁶ DAVISTER, C., DEFOURNY, J., GREGOIRE, O. (2004). *Work Integration Social Enterprises in the European Union: an Overview of Existing Models*. Working Paper no. 04/04 EMES European Research Network. [online]. [Quoted 2018-03-31]. Available at: http://www.joseacontreras.net/econom/Economia/Economia_Social_CIES/pdf/economiasocial/investigacion/PE_RSE%20Work%20Integration.pdf

⁷ BORZAGA, C., DEFOURNY, J. (2001). *The Emergence of Social Enterprise*. London and New York: Routledge.

⁸ EMES Focus Areas. Focus Areas. *EMES European Research Network*. [online]. EMES, © 2018. [Quoted 2018-03-31]. Available at: <http://www.emes.net/about-us/focus-areas/>

⁹ NYSENS, M. (2006). *Social enterprise at the crossroads of market, public policy and civil society*. In: NYSENS, M. (ed.) *Social Enterprise*. London and New York: Routledge, p. 315-319.

¹⁰ DEFOURNY, J., NYSENS, M. (2012). *The EMES approach of social enterprise in a comparative perspective*. Emes working Paper Series 12/03. [online]. [Quoted 2018-03-31]. Available at: https://emes.net/content/uploads/publications/EMES-WP-12-03_Defourny-Nyssens.pdf

Social aspects

1) The objective of social enterprise - to benefit the society or a specific group of people
The basic purpose of a social enterprise is to carry out activities serving the society or a specific group of people. At the same level, the main feature of social enterprises is the interest in promoting a sense of social responsibility at the local level.

2) Social enterprises are established based on a group initiative
Social enterprises are the result of joint activity of citizens who share a certain need or intention. This collective dimension must be maintained, even if the enterprise is managed by elected individuals or a group of managers.

3) Limited redistribution of profits
Social enterprises also include those which are not subject to an absolute prohibition of redistribution of profits. Thus, organizations, such as cooperatives in some countries, that may redistribute profit to a limited extent among their shareholders.¹¹

One of the main objectives of social enterprises is to serve a community or a specific group of people. Social benefit to the community is the main motive of the economic activity and it is not its by-product. At the same level, the main feature of social enterprises is the interest in promoting a sense of social responsibility at the local level. Social enterprises are the result of collective dynamics. They are established voluntarily based on the initiatives of citizens who are part of the community or group with the same need or interest, and the collective dimension of social enterprises must be preserved. Social enterprises are not only organizations that are subject to the absolute prohibition of redistribution of profits, but also those that can redistribute profits to a limited extent among their shareholders.

Economical aspects

1) Permanent activities orientated on the production of goods and/or the provision of services

Unlike traditional non-profit organizations, the main objective of social enterprises is not to engage in philanthropic activities or to redistribute financial flows (as foundations do). They manufacture products or provide services to people. The economic activity is one of the main reasons of their existence.

2) Acceptance of economic risks
Those who establish social enterprises assume full or partial risk associated with economic activity. Unlike most public institutions, their financial sustainability and viability depend on the efforts of their members and employees to provide the necessary resources.

3) At least a minimum share of paid work
Like traditional non-profit organizations, social enterprises may combine monetary and non-monetary resources, paid and volunteer work. However, social enterprise activities require at least a minimum share of paid work.

Social enterprises manufacture products or provide services to people on a permanent basis. The systematic provision of goods and/or services is one of the main reasons for their existence and defines them as opposed to traditional NGOs involved in charitable activities or redistribution of cash flows. When social enterprises are established, the founders assume full or partial economic risk. Unlike most public institutions, the financial viability of social enterprises depends on the efforts of members and employees to provide the necessary resources. Social enterprises may combine monetary and non-monetary

¹¹ DEFOURNY, J. (2001). *From Third Sector to Social Enterprise*. In: BORZAGA, C., DEFOURNY, J. *The Emergence of Social Enterprise*. London and New York: Routledge, p. 16-18.

resources, paid and voluntary work, but social enterprise activities require at least a minimum share of paid work.¹²

The aspect of participatory management of the enterprise

1) High degree of autonomy

Social enterprises are voluntarily created by groups of people and managed thereby using plans determined by themselves. Accordingly, they may be dependent on public subsidies. However, they are not directly or indirectly managed by public institutions or other organizations (unions, private companies, etc.). They have the right to have a "casting vote", that is, the right to expand or terminate the activity.

(2) The right to take decisions is not based on the amount of paid-in capital

The decision-making process should respect the principle of "one member, one vote" or at least the voting power should not depend on the amount of paid-in capital. Decision-making is rather of a democratic nature.

3) Participatory nature, which is based on the involvement of all actors involved in the performed activity

All of the three groups of characteristics need to be considered comprehensively, not individually. This will avoid confusing the social enterprise with a traditional non-profit organization, which would change the manner of management, for example. Defourny emphasizes that the initiatives thus defined provide a new picture of non-profit organizations. It corresponds to socially responsible business.

An important feature of social enterprises is the cooperation with various entities. In their economic activities, social enterprises create social values in relations with people and non-profit organizations. Social enterprises have and pursue three responsibilities and three benefits: economic (Profit), social (People) and environmental (Planet).

3.2 Social innovation as an important feature of social entrepreneurship¹³

Social entrepreneurship is often characterized by a situation in which social entrepreneurship is associated with socially beneficial entrepreneurship, with an entity that promotes **social innovation**. Social innovation is "an innovative solution to a social problem that is more efficient, effective, sustainable ... and which creates value primarily for society rather than for individuals".¹⁴ The term also appears in connection with social entrepreneurship. This is generally associated with the creation of social value, but in reality it is social innovation that creates value and the social enterprise puts it only in practice, therefore, it is the social entrepreneur who brings new solutions.¹⁵ Innovation is an important part of social entrepreneurship, moreover, it should be part of every human activity.¹⁶ Increasingly, people require information on the behaviour of society in relation to social and environmental responsibility in order to decide which companies to buy, to invest and to work with.¹⁷

¹² DEFOURNY, J. (2001). *From Third Sector to Social Enterprise*. In: BORZAGA, C., DEFOURNY, J. *The Emergence of Social Enterprise*. London and New York: Routledge, p. 16-18.

¹³ The text is elaborated based on the chapters from the book: LEGNEROVÁ, K., DOHNALOVÁ, M. (2018). *Společensky odpovědné podnikání. (Socially responsible business)* Praha: Wolters Kluwer.

¹⁴ PHILLS, J. A., DEIGLMEIER, K., MILLER, D. T. (2008). *Rediscovering social innovation*. Stanford Social Innovation Review 6. 4. p. 36. Available at: https://ssir.org/articles/entry/rediscovering_social_innovation

¹⁵ PHILLS, J. A., DEIGLMEIER, K., MILLER, D. T. (2008). *Rediscovering social innovation*. Stanford Social Innovation Review 6. 4, pp. 34-43. Available at: https://ssir.org/articles/entry/rediscovering_social_innovation

¹⁶ DEES, G. J. (1998). *The meaning of "social entrepreneurship."* Revisited 2001. [online]. [Quoted 2018-03-31]. Available at: <https://entrepreneurship.duke.edu/news-item/the-meaning-of-social-entrepreneurship/>

¹⁷ KOTLER, P., KELLER L. K. (2007). *Marketing management. 12. edition* Praha: Grada publishing. p. 746.

3.3 Social integration enterprise¹⁸

As indicated above, a social integration enterprise is a specific version of a social enterprise predominant feature of which is the creation of conditions for work integration of persons who are disadvantaged in the labour market, their employment, activities promoting their work integration, possibilities of their employability etc. the concept of a person disadvantaged in the labour market

However, this group of social enterprises is of a great importance for the development trends of social entrepreneurship as a whole. They are also characterized by the fact that social enterprises of this type are widespread worldwide, despite the existence of different versions of their embedding and access thereto (Cooney, Nyssens, O'Shaughnessy 2016 and Defourny 2006, p. 416). In some countries, the specific role of social integration enterprises within social entrepreneurship has been reflected to the extent that the position of this group of social enterprises is regulated by specific (compared to social enterprises in general) legislation or specific institutional mechanisms (compared to other types of social enterprises) are created therefor to support them (Cooney, Williams Shanks 2010 and Defourny, Nyssens 2008). The Czech draft Act on Social Enterprise also contains a distinction between social integration enterprises, and in some respects this group of social enterprises should be subject to specific provisions relating exclusively to social integration enterprises (for more details see Chapter 7).

Although the conditions for the activities of social integration enterprises and their expansion vary considerably from one country to another, their main objective is to "(re) integrate marginalized / disadvantaged groups primarily through work activity", usually pursuing other socially beneficial goals, such as where "the outputs produced by employees are mostly used locally to meet the demand for certain products or services. Ideally, therefore, marginalized people are employed in the manufacturing of products or services, and the output of their work also benefits the community or society" (Defourny, Nyssens 2006).

Originally, social integration enterprises focused on providing occupational therapy to disadvantaged persons who were disabled, but subsequently began to focus on other groups of persons disadvantaged in the labour market (long-term unemployed persons, migrants, drug users, persons dismissed from employment, homeless people and others).

Significant circumstances determining the position and possibilities of operation of social integration enterprises are the extent and manner of their inclusion in social systems. In this respect the situation naturally also varies greatly from country to country. What is important is that social integration enterprises were generally established by non-profit-making entities, activists and activist associations or unions (Cooney 2016, Cooney et al. 2016, Cooney, Williams Shanks 2010, p. 40, Defourny, Nyssens 2010b, p. 236) and only subsequently, in some countries, their activities became included in social systems with regard to their importance within integrating the disadvantaged persons. As foreign experience has shown and research has confirmed, it is precisely the extent and way of integrating social enterprises into social systems that are the primary factors upon which the approach of social enterprises to the integration of disadvantaged persons depends (whether the job is perceived as transitive or whether the objective is to employ the disadvantaged persons in a protected workplace, how much and in what way social work is used, etc.), harmonization of social and economic goals of the organization, sustainability of social entrepreneurship, etc. (for more details on these issues and their problematic points, see Mertl, Bareš 2018a, pp. 12-34).

¹⁸ The text summarizes the key findings concerning social integration enterprises discussed in the chapter Work Integration Social Enterprises (WISE) of the publication "Analysis of barriers to employment of persons released from serving the sentence of imprisonment in the labour market and the possibilities of their employability; influence and promotion of social dialogue" (Mertl, Bareš 2018a, pp. 28-32).

4. Definition of the concepts of labour market and person disadvantaged in the labour market¹⁹

After defining a specific group of economic entities (social enterprises) or a specific group of employers (social integration enterprises), it is also necessary to define more accurately the concepts of labour market and person disadvantaged in the labour market.

With regard to its nature, the main features of the **labour market** as a place²⁰, where labour supply meets labour demand, are competitiveness and selectivity. This is also related to the fact that the "success" of a person in the labour market (in terms of finding a job, or in the ability to maintain it) is certainly not a matter of course. Therefore, not finding a job by itself does not in any way imply a disadvantage in the labour market and the definition of persons disadvantaged in the labour market requires a much more comprehensive approach.

The possibility of success in the labour market depends on a large number of very diverse circumstances, such as education and qualifications, different expertise or, on the contrary, specific barriers which aggravate the employability in the labour market, professional experience, work habits, labour market situation, labour demand, views of the candidate regarding an appropriate job, salary or working conditions, willingness to commute or possibilities to commute to work.

Thus, the employability in the labour market is not determined by a single specific circumstance, but rather by the interplay of various factors and therefore it is highly individual. Even if some factors (such as insufficient qualification or aggravating commuting possibilities) make employability more difficult, the job applicant may succeed in the labour market, provided that other conditions increase his / her employability (such as labour market situation, scope of the demanded jobs, etc.). However, it is also clear that in some cases there may be a chain of factors that aggravate the employability. Thus, for certain groups of persons, they have - whether due to their own characteristics (such as educational attainment) or due to structural characteristics (demand for candidates with different qualifications, combined with individual characteristics, such as age, it is difficult for a given person to retrain for another type of job) - a significantly lower chance of succeeding in the labour market than other job applicants, in other words, they are disadvantaged in the labour market.

It is these facts that may be perceived as the main reasons why there is a need to support certain groups of people (the previous text outlines these reasons very briefly, but a more detailed analysis of the need for such support goes beyond this study) by various instruments or measures so that their employability enhances, or, if applicable, in order to compensate for the negative effects of the factors that aggravate their employability. However, this objective presupposes clarification of two main issues:

- What factors or circumstances can be perceived as disadvantaging enough to qualify for specific support? In other words: how to define those who are disadvantaged in the labour market (the issue will be dealt with below) and
- What instruments and measures can be used to support these people? It is advisable to answer this general question by answering other, more specific or strictly technical questions, such as: Does it mean that being entitled to use this support means to have an excessive advantage compared to job applicants that are

¹⁹ The text is partly based on the chapter called Integration of disadvantaged groups in the labour market of the publication "Analysis of barriers to employment of persons released from serving the sentence of imprisonment in the labour market and the possibilities of their employability; influence and promotion of social dialogue" (Mertl, Bareš 2018a, pp. 3-7).

²⁰ The term "labour market" is primarily an abstract construction and is not a physically existing "place". The term is rather a collective denomination for various entities (actors and institutions), processes, relationships or causal connections, which can be associated on the one hand with the search for manpower (as regards the employers) and on the other with job search (as regards the job applicants), or with the mutual relationship and the resulting effect of these two "forces".

not entitled to such support? Did the employability of the person who was entitled to the support improve after using such support? Due to what? Why not? What would improve their efficiency? What other impacts these measures have? What is their cause? etc.

In addition, however, another key issue is whether and how persons who are disadvantaged in a particular way are or can be supported when searching for job and during the employment not only by specific measures or instruments, but how far the general features of the labour market are accommodating towards them, or, more precisely, whether and to what extent these persons are able to perform the employment under generally applicable conditions.

This is due to the fact that the debate regarding integration of disadvantaged people in the labour market cannot be narrowed to programmes specifically targeted at these groups of people. On the contrary, it is essential that labour market institutions and employment policy programs that are not specifically targeted at these persons also contribute substantially to their integration, or, more precisely, that also the entities that operate in the **open (ordinary) labour market** could contribute and would contribute to their integration. This concept does not mean that the market is "free" in the sense that it is not regulated in any way, but that it is a segment of the labour market that is regulated by general rules and operation on this market is subject to proper general regulation. The "open labour market" is not used in this context as a conceptual contrast to all other segments of the labour market that are subject to certain extraordinary or specific regulation (in terms of, for example, certain incentives or restrictions, specific regime for certain professions, such as due to professional, security or other specific requirements), but as a contrast "only" to one specific segment of the labour market subject to specific regulation, namely "protected labour market" (i.e. all market segments subject to other exceptional rules may always be included in this distinction either in the open or protected labour market).

It is clear from this description that the term "open labour market" may generally be defined (a specific definition for the Czech environment can be found in the Act on Employment - see below) only by a "negative definition", i.e. as a disjunct term to the term "protected labour market", definition of which is no longer hindered by similar barriers. The key feature of the "**protected labour market**" is, in comparison to the open labour market, that the persons employed in this market segment are disadvantaged and, therefore, we may expect either

- lower productivity of their work (for example in connection with their health handicap) and aggravated possibility for the employers to maintain their job in competition with entities who use the work of persons who are not disadvantaged (this is how the protected labour market is defined in the Act on Employment), or
- the need for a higher level of protection and support to be provided to those employed in this market segment, with regard to the fact that it is more difficult for them to find the job in the open labour market or maintain it.

It is essential that both of these labour market segments are interconnected and that the effects of labour market institutions or programmes operating in each of these labour market segments (i.e. both those designed as universal and those specifically orientated at persons who are disadvantaged in the labour market) complement each other.

The understanding of the terms "open" and "protected labour market" depends on specific social and economic conditions. In the Czech environment, it concerns in particular the Act No. 435/2004 Sb., on Employment (as amended and effective as of 1 January 2018 and the following definition of the protected labour market was enshrined in this Act; hereinafter referred to as the "Employment Act"). Section 78 (1) defines the content of this concept in such a way that the protected labour market is "*made up of employers who employ more than 50 % of persons with health disabilities out of the total number of their*

employees and with whom the Labour Office has concluded a written agreement by which the employer is recognized as an employer in a protected labour market”, the conditions for concluding this agreement are specified in further paragraphs of the same provision of the Act. The provisions of Section 78a then specify the conditions under which employers recognized as part of the protected labour market may be granted public support.

The concept of an open labour market is not included in the Employment Act, but for the purposes of this study it may be understood simply as a disjunctive category as opposed to the definition of a protected labour market in the Act, as outlined above. In addition to legal definitions, an understanding of the concept of protected labour market may also be shaped by the overall setting of conditions for the functioning of the labour market, or for the functioning of the protected labour market, institutional mechanisms for its support, including the fact how various institutions secure such support in practice.

However, it is clear from the above-mentioned definition of the concept of protected labour market that the key basis for the definition of this concept in the Czech environment is its statutory definition. This definition is however very clearly circumscribed, and the effects of the institutional environment on the conceptualization of this term may, in fact, relate only to some particular aspects. However, in case of the latter concept of persons disadvantaged in the labour market, the situation is quite the opposite. Not only that this concept is not embedded directly in the legislation and it was defined in the Czech environment due to projects and programmes of the Ministry of Labour and Social Affairs (see Chapters 6.1 and 6.3). At the same time, however, it is clear that the definition of a protected labour market as the employers contractually recognized by the state and employing more than 50 % of persons with disabilities out of the total number of its employees is incompatible with the definition of a person disadvantaged in the labour market formulated by the Ministry of Labour and Social Affairs. Also, in case of this concept, it is therefore necessary to begin by introducing a more general context for its definition. However, the difference is that, unlike the concept of the protected labour market, it is not possible to indicate the corresponding legislative embedding or any other generally accepted definition of the term and thus the concept will be introduced only within some specific context, within which it is currently, in a certain manner, being already used (see Chapters 6.1, 6.3, 7 and 8.2).

As already mentioned, in order to adequately identify the **disadvantaged groups in the labour market**, a number of important circumstances need to be taken into account and a very comprehensive approach is required (not only if this definition is to be broader than just a group of people with disabilities, as would be the case if this concept is linked to the current definition of a protected labour market). This definition also reflects specific social and economic context, as well as specific local and temporal contexts.

Generally, two important basic levels may be reflected in identifying the group of persons disadvantaged in the labour market. When it comes to a "group of persons", "disadvantaged groups", etc., then logically the first level of this kind that comes to one's mind is a **certain group membership**, defined on the basis of a certain characteristic feature (economic, social or other) of a particular group. Such a definition naturally encounters a fundamental problem in the sense that most of the features that may be relevant in this context (e.g. age, state of health or belonging to a certain, more generally socially marginalized²¹ group) are very often very general and in order to identify the

²¹ When it comes to marginalization, it means a rather general tendency whereby a person loses (or has not built, has no opportunity to build) certain important relationship links to his / her surroundings and appears to be or finds himself / herself perceived by the surroundings as a person in a certain way "on the edge". As the person's surroundings, but in some cases also the person himself/herself, reflects this state, this situation very often further deepens and the status of the marginalized person is confirmed. The process of marginalization may be perceived as essentially equivalent to the concept of social exclusion. At this particular place, we speak of the "rather general social" context of marginalization. The aim of narrowing this term is to refer to the social rather than the economic "classes" of the process of marginalization (i.e. those areas that do not or should not

relevant group as disadvantaged in the labour market, they are generally not sufficient as such. Obviously, in virtually every group defined in this way, there will always be a number of persons whom - although they could be classified as disadvantaged on the basis of a certain characteristic - it is not possible to classify as disadvantaged in the labour market.

It is for this reason that the second, **individual, level of disadvantage in the labour market** becomes more important, when a person is considered to be disadvantaged by the fact that his/her employability is aggravated by various adverse (individual and/or systemic, symbolic and/or material) barriers and these barriers make his/her employability more difficult on a systematic basis - i.e. it is not a "one-time" failure, a failure resulting from labour market characteristics such as the momentary disharmony between the demanded jobs and the candidate's specific qualifications, etc. Even when focusing on the individual level of disadvantage in the labour market, a disputed issue arises to what point are the various "recurrent" or "systematically recurrent" failures of the job applicant in the labour market (or any other similar characteristics associated with disadvantages) caused rather by a certain current constellation on the labour market, or should they be perceived rather as a manifestation of momentary disharmony between the demand and supply, etc. (i.e. they are, in spite of the repetition or a certain degree of "consistency", still basically conditioned based on the "situation") and when they may be perceived as a sign or manifestation of a certain "objective" or "objectively caused" disadvantage of the person in question in the labour market.

As is to be expected, precisely because of the uncertainties surrounding the desire to take account of their individual situation when defining the disadvantaged persons, it is advisable to take into account also the first of the two levels, i.e. to assign the person to a certain group differentiated on the basis of precisely defined characteristics. Indeed, certain patterns or forms of individual labour market failure or a combination thereof are very often closely related to belonging to a specific group of persons for whom such situations are more likely to be typical or to be at greater risk for various objective or symbolic reasons.

In order to identify which persons may be considered as disadvantaged in the labour market, it is usually necessary to **combine both mentioned levels**, especially since the distinction of groups of persons defined in a certain way can be embodied in legislation or various specialized programmes, in case of the individual level, this option is basically excluded (on the other hand, without reflecting a specific individual situation, only "group" conceived programs will never be very effective, because it is not possible to distinguish which of the persons with the relevant group characteristics can actually be considered as persons disadvantaged in the labour market purely by group identification).

Thus, the need to link the two levels in identifying the disadvantaged persons is obviously not only about how to identify the actual persons, who should be or were defined as groups of people disadvantaged in the labour market under the relevant programmes or policies, but it is also crucial for other actors that operate in the labour market (employers, employees of labour market institutions - i.e. in our context, the employees of the Labour Office or employees of employment agencies, etc., donors or administrators of public support programmes). This linking of both levels is thus necessary to achieve also in the design and implementation of programmes and when working with the persons who can be considered as disadvantaged in the labour market, because the legislative definitions or general parameters of the relevant programme distinguish "only" the range of relevant target groups, whereas the implementation of these programmes is or should be based on individual work with the persons who find themselves in the relevant category, i.e. the work that focuses primarily on the individual situation and personality features of the

be directly related to marginalization specifically in relation to employment opportunities), but which strengthen position or perception of a person as marginalized and therefore disadvantaged in the labour market.

person concerned, not on to which social or economic group the person concerned was assigned.

The specific definition of the group of persons disadvantaged in the labour market from both of these perspectives then depends very much on the specific social and economic context (i.e. they differ in different countries or different periods), and even within a single state there may be several different, simultaneously running programmes that approach the question in a different way, or different actors in the relevant labour market may differently approach this definition.²²

As mentioned above, the concept of a person disadvantaged in the labour market is not supported by the current legislation. Its understanding is therefore strongly influenced by the activities of other institutions that use the term and create mechanisms to support organizations that focus on supporting persons disadvantaged in the labour market within their public support projects or programmes.

Thus, although the concepts of protected labour market and persons disadvantaged in the labour market are in principle very close and at the level of general definitions their nature is largely complementary (cf. the introduction of this Chapter), **in the Czech environment, firstly, they diverge to a large extent as regards their content** (narrow focus on health disabilities vs. approach admitting also other forms of disadvantage) **and secondly, they differ in the terms of legislative embedding where the concept of protected labour market is enshrined in the legislation, whereas the term of person disadvantaged in the labour market has been formed within the specific measures and programmes of one department.** For this reason, the main topics within the Chapter devoted to a more detailed description of legislative and institutional framework for employment of disadvantaged persons (Chapter 8.2) in connection with legislative regulation are only the concepts of the protected labour market and instruments of employment policy, that, however, have been conceived as rather general concepts meaning that they are not primarily aimed at supporting the employment of persons disadvantaged in the labour market.

The clarification of the terms of protected market and person disadvantaged in the labour market is important especially for the text contained in Chapter 8, which deals with the employment of disadvantaged persons. However, this Chapter was placed immediately after the Chapter on the definition of social enterprise. **Even though the concepts of protected labour market and the person disadvantaged in the labour market only cover some of the aspects of social entrepreneurship** (social integration enterprises represent only one of the possibilities of the promotion of employment of these people and at the same time, the issue of employment of disadvantaged persons is not of the same importance for all the social enterprises within their business), **the definition of both of these terms may be reflected (and it is reflected) in the approach to social entrepreneurship in the Czech Republic, in setting the conditions for their functioning and also in the functioning of social enterprises in practice.**

Only **social integration enterprises** focus on **employing disadvantaged persons**. In other words, the concept of a person disadvantaged in the labour market is important virtually exclusively only for this group of social enterprises (the exception may be the social enterprises which do not focus on the integration of these persons in the labour market but provide them with some other form of support within their activities, which are

²² Naturally, too many approaches to this issue may give rise to a number of uncertainties and problems, but on the other hand, this option is generally well-founded, since it is possible to better target certain programmes or policies and adapt them better to specific circumstances. As a result, there may be a wider range of programmes aimed at assisting persons that are disadvantaged in the labour market, which may differ not only in terms of legislative embedding, the source of the funds they use or the way of assistance they offer, but also the degree of targeting the programme on the persons that are disadvantaged in the labour market (or the actors that may employ such persons, etc.), or by defining the target groups that they are focused on.

usually non-business, supplementary activities performed by the organizations such as advocacy services, social services, etc., but this study does not deal with these). For a narrow group of social integration enterprises, the definition and approach to the concept of disadvantaged persons is often quite crucial, as it substantially determines the group of people regarding which they may use other form of their support, which in turn predetermines how the social enterprise will approach such persons (remuneration, working conditions, integration activities, etc.). At the same time, it is evident that even the social integration enterprises often differ significantly from each other as regards their area of focus (in terms of target group, positions offered and integration activities provided to disadvantaged people, etc.) It is therefore logical that among various social enterprises, it is possible to come across different approaches to the "own" definition of the target group of disadvantaged persons. For these reasons, it is also not surprising that among the social integration enterprises, the degree of compatibility of their target group definitions differs - often very significantly - from the current legislative and institutional framework.

The **orientation towards the protected or open labour market** also varies greatly among the different social enterprises. As in the previous case, this issue is important (for the same reasons as mentioned in the previous paragraph) in particular for the **social integration enterprises**. However, individual social integration enterprises may have a different approach to this issue.

First and foremost, it is important to determine on which group of disadvantaged persons the social integration enterprise focuses: what is the extent of their disadvantage, what level of support they need to be provided, whether and to what extent they can overcome the impact of the disadvantage in the future, etc.

This is closely related to the question of which of the above-described conceptions of the job position are closer to the positions created by the social integration enterprise: whether the position is more of a "training character" - it is a transitive job position where the disadvantaged person is employed until he/she succeeds in finding employment in an open labour market or whether it is the intention of a social enterprise to create directly a position where a disadvantaged person may perform a decent work with a decent wage, since it cannot be expected that the persons employed in these job positions would find employment in the open labour market. Of course, a protected job position may be created in both of these cases, if this is in line with the conditions laid down by law, but it is clear that when considering the creation of a protected job position, the expected length of the employment of a person in the job is one of the key circumstances which needs to be taken into account.

The crucial factor in this context is whether the social enterprise meets the conditions for negotiating a contract for the establishment of a protected job position: whether it corresponds to its target group and the proportion of the persons from the target group of the total number of employees of the social enterprise. Where the social enterprise is focused on disadvantaged persons who are not adequately reflected in the current legislative and institutional framework (typically persons having a disadvantage other than a health disability, including persons with criminal record), the social enterprise cannot design the job position as protected (the Employment Act only allows this with regard to the persons with health disabilities) and the job must be therefore maintained without the possibility of drawing on funds to support the protected jobs. It is clear that it is very difficult for a social enterprise that uses the manpower of disadvantaged persons, and which does not have the possibility to use the aid to compensate for this "handicap" (i.e. the need to provide support, etc.) to compete with its products in the open market. It is for these reasons that other institutional mechanisms have been created to support persons disadvantaged in the labour market beyond the existing legislation regulating the promotion of protected jobs, i.e. in particular mechanisms for promoting social entrepreneurship (see Chapters 6.1 - 6.3) and the possibility of creating a socially beneficial job (for more details see Chapter 8.2).

The issue which is of no less importance in this regard is naturally also the fact to what extent are the economic and social objectives important for a social enterprise. As already mentioned above, social enterprises are characterized by striking a balance between these two sets of objectives, but it is clear that, for different social enterprises, the emphasis on the two modalities may differ in some respects. There is also a very important issue of the extent of utilization of public resources (again very different for different social enterprises, which is usually very closely related both to the degree of "recognition" of the target group of the organization as disadvantaged persons and to the organization's approach to balancing the economic and social objectives). In this respect, it can be expected that, in the case of social enterprises with a greater emphasis on economic objectives, the jobs will be more of a "classic" job, which is given by the pressure to succeed in the normal market environment (in some market segments, it is in fact possible to succeed in the normal market environment only if the proportion of persons with disabilities among employees is lower than the proportion prescribed by law). The process of concluding a contract for the establishment of a protected job also entails an additional administrative burden, which the representatives of social enterprises accentuating the economic level are also less often willing to undergo. On the contrary, social enterprises that employ more than half of the persons with disabilities and are eligible to benefit from public aid to ensure the sustainability of the protected jobs can compensate for their reduced competitive capacity with this aid, they may sell their products within a charity sale instead of on the open labour market, they may use the emphasis on social objectives in their communication and fundraising strategy, etc.

5. Approach to social entrepreneurship and models of social enterprises in the Czech Republic²³

5.1 Definition of social entrepreneurship in the Czech Republic

In the Czech Republic, we can talk about social entrepreneurship since the late 1990s (especially at the level of cooperative associations). The most important step was the creation of the National Thematic Network for the Social Economy in 2005, which worked on defining and delimiting the social entrepreneurship in the Czech Republic and subsequently in 2011 introduced the main three main principles: social, economic and environmental. (Kurková, Francová 2012).

PRINCIPLES OF SOCIAL ENTERPRISE²⁴

PRINCIPLES OF SOCIAL ENTERPRISE	1. Social benefit	2. Economic benefit	3. Environmental and local benefit
General definition: (0a) A public benefit objective formulated in the founding documents and achieved through specific activities.	1a) Pursuit of an activity benefiting the society or a specific group of (disadvantaged) persons. 1b) Participation of employees and members in the business direction of the enterprise.	2a) Any potential profit is used primarily for the development of the social enterprise and / or for the fulfilment of public benefit objectives. 2b) Independence from external founders in managerial decision-making and management. (2c) At least the minimum share of revenue from sales of goods and services in total revenue. 2d) Ability to manage economic risks. 2e) Restrictions on asset management (so called asset lock). 2f) Performance of continuous economic activity. 2g) Trend towards paid work.	3a) Prioritizing to meet the local community needs and local demand. 3b) Use of local resources as a priority. 3c) Taking into account the environmental aspects of production and consumption. 3d) Cooperation of social enterprise with local actors.

At the same time, the principles of social enterprise were specified in more detail for social integration enterprises:

PRINCIPLES OF SOCIAL INTEGRATION ENTERPRISE (*Work Integration Social Enterprise*, hereinafter only "WISE")²⁵

PRINCIPLES OF SOCIAL ENTERPRISE	1. Social benefit	2. Economic benefit	3. Environmental and local benefit
General definition: 0a) The public benefit objective of employment and social inclusion of persons disadvantaged in the labour market is formulated in the founding documents and fulfilled through concrete activities.	1a) Employment and social inclusion of people disadvantaged in the labour market. 1b) Participation of employees and members in the business direction of the enterprise. 1c) Emphasis on the development of working skills of disadvantaged employees.	2a) Any potential profit is used primarily for the development of the social enterprise and / or for the fulfilment of public benefit objectives. 2b) Independence from external founders in managerial decision-making and management. (2c) At least the minimum share of revenue from sales of goods and services in total revenue. 2d) Ability to manage economic risks.	3a) Prioritizing to meet the local community needs and local demand. 3b) Use of local resources as a priority. 3c) Taking into account the environmental aspects of production and consumption. 3d) Cooperation of social enterprise with local actors.

²³ The text is elaborated based on the chapter from the book: LEGNEROVÁ, K., DOHNALOVÁ, M. (2018). *Společensky odpovědné podnikání. (Socially responsible business)* Praha: Wolters Kluwer.

²⁴ <https://ceske-socialni-podnikani.cz/socialni-podnikani/principy-a-definice>

²⁵ <https://ceske-socialni-podnikani.cz/socialni-podnikani/principy-a-definice>

PRINCIPLES OF SOCIAL ENTERPRISE	1. Social benefit	2. Economic benefit	3. Environmental and local benefit
		2e) Restrictions on asset management (so called asset lock).	

5.2 Main factors stimulating the subsequent development of social entrepreneurship in the Czech Republic

The following main trends were crucial for the development of social entrepreneurship in the following period:

Firstly, social enterprises are created by a "bottom-up" initiative; it is therefore an activity of the social entities themselves. These entities have gained experience in social entrepreneurship based on good practice abroad and call themselves a social enterprise according to the international methodology. Social enterprises are created "from below" by voluntary initiatives of the citizens. New jobs are mostly created for people from disadvantaged social groups, and the enterprises qualify as the social integration enterprises of the WISE type. At the same time, social enterprises offer products and services in the cities and municipalities.

The second reason is related to financial aid from the European Social Fund, where social enterprise projects that meet the principles set out in the calls for individual announced Operational Programmes have been and are being supported.

Another important circumstance, in which it is difficult to specify the extent of its influence on the possibilities of development of social entrepreneurship in the Czech Republic, but it is clear that it undoubtedly posed a significant hindrance in this respect, is the fact that the concept of social entrepreneurship is not supported by legislation in the Czech Republic and the conditions for the development of social enterprises conceived at the level of the relevant individual institutions do not have a uniform framework, have not been sufficiently discussed across individual ministries and are therefore also very confusing. Overview of these institutional mechanisms are summarized in Chapters 6.1, 6.2 and 6.3.

5.3 Two basic model approaches to social entrepreneurship in the Czech Republic

Studies and research of social enterprises, socially responsible companies and establishing contacts with foreign institutions have been carried out for several years by the Faculty of Humanities of Charles University. The researchers assume that for the purpose of research and proving declaration that the Czech social enterprises exist, it is possible to use the existing foreign approaches to determine them.

In 2008-2010, the research team of Faculty of Humanities of the Charles University and the Research Institute of Labour and Social Affairs carried out a project using a foreign methodology published in a 2006 study by the European Research Society EMES.²⁶ Every year, this research is followed by a series of elaborated studies of social enterprises using EMES methodology, obtained by researchers of the Department of Civil Society Studies thanks to their involvement in the international project "International Comparative Social Enterprise Models".

²⁶ Project of the Czech Science Foundation no. 402/08/ 0571 *Social economy - new area of research in the Czech Republic*.

Based on the steps taken so far to promote the concept of social entrepreneurship in the Czech Republic, it is possible, as in other countries, to identify two general model approaches:

The first approach is identified with the definitions of EMES, **based on the European tradition of associations, reciprocity and cooperatives**. Regarding the American concept, it is close to the importance of entrepreneurship, which brings its own resources especially to non-governmental non-profit organizations.

The second approach more emphasizes **social innovation, sustainability, social responsibility and usefulness, business instruments and market principles**.

5.4 Social processes influencing the adoption of the concept of social entrepreneurship in the Czech Republic

The ideas regarding the concept of social enterprise (concept of social entrepreneurship) accepted by the professional public or relevant actors in the Czech environment is formed simultaneously on the basis of several different influences or trends. The main dynamizing factors, that define or influence both the conceptual approach to the concept and its acceptance by the professional public or relevant actors are the following social trends or processes:

- 1) Influence of foreign authors and approaches important for elaborating the Czech definitions
- 2) European influence on the emergence of social integration enterprises (WISE model of social enterprise)
- 3) "Bottom-up" initiative from the non-profit sector (associative model of social enterprise)
- 4) "Bottom-up" initiative from the cooperative sector (cooperative model of social enterprise)
- 5) "Bottom-up" initiative from the market (commercial) sector (business model of social enterprise)

1) **Influence of foreign authors and approaches** important for elaborating the Czech definitions

Knowledge of foreign social entrepreneurship theory leads to the establishment of Czech social enterprises.²⁷ Under the legal / institutional approach, social enterprises represent different legal forms of entities. Social enterprises are some business corporations, some of the cooperatives, as well as non-profit organizations.

Social enterprises

Commercial sector	Social enterprises		Non-profit sector
Business corporations Cooperatives Self-employed persons	Business corporations Cooperatives Self-employed persons pursuing also social objectives	Organizations in non-profit sector performing permanent economic activity	Organizations in non-profit sector

The normative approach to social entrepreneurship must be applied using foreign definitions explaining the concept of triple responsibility and triple benefit: economic, social and environmental.

2) **European influence on the emergence of social integration enterprises**

In European countries, social enterprises carry out socially beneficial activities in a wide range of sectors. The areas of social services, local development and labour integration of

²⁷ DOHNALOVÁ, M. (2010). *Sociální ekonomika*. (Social economy) In SKOVAJSA M. et al. *Občanský sektor. (Civil sector) Organizovaná občanská společnost v České republice*. (Organized civil society in the Czech Republic). Praha: Portál. pp. 289-307.

disadvantaged persons are included among the most significant activities.²⁸ The latter area of focus is most often associated with social enterprises in Europe. EMES defines this specific group of social enterprises operating in the field of work integration as follows: "Work integration social enterprises are autonomous economic entities the main objective of which is the work integration of unemployed people (either within their own social enterprise or within enterprises in the open labour market) who have difficulties with their employability in the labour market. This integration is achieved through performance of work or retraining of the workers."²⁹ The main objective of social enterprises is to help the disadvantaged unemployed people who are at risk of long-term exclusion from the labour market. Work integration social enterprises integrate these individuals back into society through work.

3) "Bottom-up" initiative from the non-profit sector (**associative model of social enterprise**)

This model is represented by non-governmental non-profit organizations (associations, non-profit organizations, institutes, ecclesiastical legal entities, foundations and endowment funds), which also have their own income within the multi-source financing. They carry out economic activities, they sell especially the services and products in the market. Combining the mission, why the organization was established and the economic activities represent social entrepreneurship in a simpler way. Non-profit organizations naturally meet other features of international definitions, including the meaning within the local extent.

4) "Bottom-up" initiative from the cooperative sector (**cooperative model of social enterprise**)

The cooperative model of a social enterprise is represented by cooperatives, especially the production cooperatives, which, like non-profit organizations, consider themselves as a social enterprise. They are acquainted with the concept of social entrepreneurship and social economy, they know the principles of social enterprise or their project was granted within the European Structural Funds. The legislative provisions regarding the social cooperatives in Section 758 of the Act No. 90/2012 Sb., on Business Corporations, was a very important positive change for this type of social enterprises in the Czech environment.³⁰

5) "Bottom-up" initiative from the market (commercial) sector (**business model of social enterprise**)

In the Czech environment, in case of social enterprises that have the legal form of business corporations (most often limited liability companies, less often joint-stock companies) or self-employed persons, the situation is similar to the previous models, i.e. the entities consider themselves as the social enterprise. They are acquainted with the concept of social entrepreneurship and social economy, they know the principles of social enterprise or their project was granted within the European Structural Funds.

As already indicated and will be further specified in detail, the concept of social entrepreneurship has not yet been supported by legislation. In other words, the described impulses contributing to the clarification and acceptance of the concept of social entrepreneurship have still not been assigned to a legislative procedure. This is due to the natural fact that the legislative procedure should reflect and, as a rule, also reflects social trends and phenomena that are already sufficiently visible or for which their social impacts are apparent. On the other hand, social entrepreneurship can undoubtedly be regarded as

²⁸ DEFOURNY, J. Social Enterprise in an Enlarged Europe: Concept and Realities. *Second Conference on Social Economy in the Central and Eastern European Countries "Social Entrepreneurship & Economic Efficiency"* [online], Krakow (Poland), 27-28 October, 2004. [quoted 2010-07-25]. Available at: <http://www.emes.net/fileadmin/emes/PDF_files/Articles/Defourny/Defourny.Soc.ent.CEE.3.06.pdf>.

²⁹ Davister, C., Defourny, J., Gregoire, O. *Work Integration Social Enterprises In the European Union: an Overview of Existing Models* [online]. EMES Working Papers no. 04/04, 2004. [quoted 11/07/2010]. Available at: <<http://www.emes.net/index.php?id=49>>.

³⁰ Act no. 90/2012 Sb., on Business Corporations.

such a phenomenon, and in the current situation it can be said that the legislation lags behind social trends in this area. The absence of legislative regulation that would be able to respond adequately to social trends is naturally related to the inadequate setting of institutional conditions for social entrepreneurship, as the institutional framework for social enterprises is largely constituted by institutes and institutions created primarily for entirely different purposes and also pursuing more or less different objectives. Thus, even under these conditions, there are certain mechanisms and institutions that support or can support social entrepreneurship. At the same time, however, it is clear that adequate legislative embedding and adaptation of the institutional environment would very strongly support the adoption of the concept of social entrepreneurship by other actors and this would also lead to an improvement in the possibilities of operation of social enterprises in the Czech Republic.

5.5 Statistical and registration overview of the Czech social enterprises

According to a survey conducted in 2013 by P3 - People, Planet, Profit o.p.s. (hereinafter referred to as "P3"), most social enterprises started to be established one year after the announcement of calls No. 30 of the OP HRE and 1 IOP. That is since 2008. The annual delay is mainly due to the approval and allocation of subsidies.³¹

Social enterprises according to legal form

The following overviews are processed based on the directory of the website of České-sociální-podnikání (Czech social entrepreneurship) operated by the Ministry of Labour and social affair.³² It concerns data regarding social enterprises as of April 2019. The subject of the analysis was the legal form, area of business and region of social enterprises and a combination of these factors.³³

Neither the legal regulation of social entrepreneurship in the Czech Republic, nor the concept of social entrepreneurship has yet been legally embedded, which means that it is not possible to clearly determine how many social enterprises actually operate in the Czech Republic. There is no clear definition and the social enterprises are listed on the website of "České sociální podnikání" (Czech Social Entrepreneurship) on voluntary basis. Thus, the below mentioned overviews describe a sample of entities, part of the Czech social economy.

Total number of social enterprises as of 30 April 2019 was 238.

Social enterprises according to legal form

Social enterprises registered in the directory on the website of the Ministry of Labour and Social Affairs³⁴ present 10 different legal forms in total. The most frequent legal form is the limited liability company with 110 social enterprises, which is 46 % out of the total number of the social enterprises. The second most frequent form is the benevolent association with 55 enterprises, which is 23 % out of the total number of the social enterprises. Another frequent form is the cooperative with 20 enterprises, which is 8.4 %. The form of association has a very similar number of enterprises of 19, which is 8 %. Institute is the next one with 14 social enterprises, which is almost 6 %. Enterprises that are the self-employed persons amount to 11 social enterprises, which is 4.6 %. There are 6 ecclesiastical legal organizations listed in the directory as a social enterprise, which is 2.5 % out of the total. The rest of the social enterprises are rare cases of social enterprises of the following form: Joint stock company, unlimited liability company and professional association of legal persons which form together 1.2 % of all the social enterprises.

Table 1 Social enterprises according to legal form

Legal form:	number of social enterprises	percentage
Joint-stock company	1	0.42 %
Unlimited liability company	1	0.42 %
Professional association of legal persons	1	0.42 %
Ecclesiastical legal organization	6	2.52 %
Self-employed persons	11	4.62 %
Institute	14	5.88 %
Association	19	7.98 %
Cooperative	20	8.40 %

³¹ https://www.ceske-socialni-podnikani.cz/media/com_form2content/documents/c1/a563/f239/P3_setreni_socialni_podni-ky.pdf (cit. 7.3 2019)

³² Available at <https://www.ceske-socialni-podnikani.cz/>

³³ RYCHLÍKOVÁ, M. (2019). *Zpráva o českých sociálních podnicích*. (Report on Czech social enterprises) Analysis of the Department of Civil Society Studies. Praha: Faculty of Humanities, Charles University

³⁴ <https://www.ceske-socialni-podnikani.cz/>

Benevolent association	55	23.11 %
Limited liability company	110	46.22 %
TOTAL	238	100.00 %

Source: RYCHLÍKOVÁ, 2019

Social enterprises according to the region

The region with highest number of social enterprises is the Capital city of Prague with 57 social enterprises, which is about 24 % of all the enterprises. Almost half the number of enterprises belongs to the South Moravia Region, which has 25 enterprises in its territory, i.e. 10.5 %. It is followed by the Moravia Silesia Region with 21 enterprises, which is almost 9 %. The next one is Zlín Region with 18 enterprises. Both the Central Bohemia Region and Ústí Region has the same number of enterprises, i.e. 17, which is about 7 % share out of all the enterprises. Olomouc Region has 17 enterprises which is almost 7 % share out of all the enterprises. South Bohemia Region and Vysočina Region have the same number of enterprises, i.e. 14, so both have a 6 % share. Pardubice Region, as well as the Plzeň Region, amounts to 9 social enterprises, which is 3.8 %. In Karlovy Vary Region, there are 6 enterprises, which is a 2.5 % share out of all the enterprises. The lowest number of enterprises is in the Liberec Region, i.e. 2 enterprises, which is not even 1 % of all the enterprises.

Table 2 Social enterprises according to the seat in the region

Region	number of social enterprises	percentage
Capital City of Prague	57	23.95 %
South Moravia Region	25	10.50 %
Moravia Silesia Region	21	8.82 %
Zlín Region	18	7.56 %
Central Bohemia Region	17	7.14 %
Ústí Region	17	7.14 %
Olomouc Region	16	6.72 %
South Bohemia Region	14	5.88 %
Vysočina Region	14	5.88 %
Hradec Králové Region	13	5.46 %
Pardubice Region	9	3.78 %
Plzeň Region	9	3.78 %
Karlovy Vary Region	6	2.52 %
Liberec Region	2	0.84 %
TOTAL	238	100.00 %

Source: RYCHLÍKOVÁ, 2019

Social enterprises according to the area of business

The directory of social enterprises registers a total number of 31 business areas, with **30 of them being represented**. The individual enterprises may specify one or more areas of business, so the overview according to the area of business is a bit less clear. An overview of the number of social enterprises according to the business areas is available here.

Table 3 Social enterprises according to the area of business

Area of business	Number
Other	55
Gardening services, landscaping, maintenance of real estates and cleaning services	53
Sale (in general)	47
Food production and sale	44
Restaurants and accommodation	42
Education, retraining	38
Textile production, clothing production, shoes	29
Decorative production, glass and ceramics	21
Textile services - cleaning, ironing	21
Small industrial production	20
Consultancy and entrepreneurship support	18
Packaging production, packaging activities	18
Digitization, copying, office work and production	17
Field work, social integration and services	17
Wood industry, wood production, stationery	16
Entertainment and leisure time, tourism	16
Information technology and services	15
Building industry and crafts	15
Agency services	14
Cultural management and services	12
Healthcare production and services	12
Transportation, means of transport and spare parts	7
Telecommunication and telemarketing	6
Publishing and editing	6
Metal and metal products	5
Financial services	4
Electronics - production and sale	3
Security, protection of persons and property	2
Electricity, water, heating, gas, sewerage	2
Chemical production, plastics, rubber	2
Audiovision - technology and services	0
TOTAL	577

Source: RYCHLÍKOVÁ, 2019

6. Current institutional framework for the support of social entrepreneurship in the Czech Republic

6.1 Institutions and projects supporting the social entrepreneurship in general

One of the most important institutions of state administration supporting social entrepreneurship is the Ministry of Labour and Social Affairs of the Czech Republic. Its core activities in this area include the projects Supporting Social Entrepreneurship in the Czech Republic, the project Supporting Social Entrepreneurship in the Czech Republic continues, and the administration of the Directory of Social Enterprises. Social entrepreneurship is supported by the Ministry of Labour and Social Affairs also from the Operational programme Employment (OPE).

TESSEA ČR, z.s. (abbreviated as "TESSEA") is a non-governmental non-profit organization the mission of which is to contribute to the development of social entrepreneurship in the Czech Republic, with links to the activities in the regions. TESSEA covers social enterprises from all over the Czech Republic, interconnects them, supports their interests and represents them externally. At the same time, it provides them and all others interested in the topic with up-to-date information on social entrepreneurship not only in the Czech Republic but also elsewhere in the world.³⁵

P3 - People, Planet, Profit, o.p.s.

In previous years, P3 implemented the Thematic Network for Social Economy Development project within Nová ekonomika, o.p.s. Between 2011 and 2017, it implemented other major projects "TESSEA gains international experience" and "Entrepreneurship differently", both aimed at supporting the development of social entrepreneurship in the Czech Republic.³⁶

IMPACT HUB

There are 8 acceleration programmes in the course of the year. Organizations gain support of the mentors, valuable contacts, and the ability to grow several times faster.³⁷ The organization carries out two key programs to support social and socially beneficial enterprises, the *Acceleration programme for the promotion of socially beneficial entrepreneurship*³⁸ and the *Edison accelerator for social innovation*.³⁹

ASHOKA

As of today, Ashoka has supported more than 3,000 social innovators around the world, wherefrom 170 in Central Europe. The team develops the work of Ashoka Fellows in Austria, Poland, Hungary, Slovakia and the Czech Republic. They are in contact with colleagues from Ashoka from all over the world with whom they share experience regarding the promotion of ideas of social innovators and the conditions for their development.⁴⁰

VIA FOUNDATION

Independent Czech foundation, founded in 1997, when it continued the work of the Czech branch of the American foundation The Foundation for a Civil Society.⁴¹ It does not draw money from European or state funds, but receives funds solely from individual donors, companies, foundations and from the proceeds of foundation assets. The team is formed by 20 employees. The foundation has supported 4000 projects. Since 2005, the Via Foundation has been complemented by its sister organizations - Friends of Via in Pittsburgh, Via Association and Via Clarita Endowment Fund in Prague. By the business

³⁵ <http://www.tessea.cz/tessea-o-nas/o-spolku-my-o-nas>

³⁶ <http://www.p-p-p.cz/index.php/cs/#>

³⁷ Source: <https://www.hubpraha.cz/akcelerate/>

³⁸ Source: <https://www.impactfirst.cz/>

³⁹ <https://edison.impacthub.cz/>

⁴⁰ <http://ashoka-cee.org/czech/o-nas/>

⁴¹ <https://www.nadacevia.cz/o-nadaci-via/>

program Better business⁴², The VIA Foundation supported entrepreneurs who interconnected business and good cause. These were social start-ups, new social enterprises bringing positive social change by their businesses.

Accelerator VŠEM

Vysoká škola ekonomie a managementu (University of Economics and Management) became the recipient of support under the Operational Programme Employment (OPE) with its project - Accelerator VŠEM for creating and developing capacities focused on the development and promotion of innovations.⁴³

Cooperative Association of the Czech Republic

The supreme organization concerning cooperatives in the Czech Republic is the Cooperative Association of the Czech Republic, which represents the Czech and Moravian cooperatives and their interests in the public, both domestic and abroad.⁴⁴ The Czech cooperatives have a rich history of more than hundred sixty years and the Cooperative Association of the Czech Republic continues the traditions of cooperative values and the principle with the aim to serve the members while contributing to improving the economic and social conditions of society. Together with the member organizations, it cooperates with the government and individual ministries, promotes the interests and needs of cooperatives and their associations, and assists the universal development of cooperatives.

Erste Group bank (Česká spořitelna)

In 2015, Česká spořitelna launched the social banking program. The program focuses primarily on companies with social outreach and non-profit organizations⁴⁵

6.2 Institutions aimed at promoting certain models of social enterprises

I. Institutions for the model of social integration enterprise

Agency for social inclusion

One of the departments of human right section of the Office of the Government of the Czech Republic. The Agency has been in operation since 2008 and it is a government instrument to support municipalities that try to address the issue of social exclusion.

Institute for social inclusion

An independent think tank reflecting Czech public policy in the area of social inclusion and prevention of social exclusion. Institute for social inclusion was founded in 2015 by experts with the experience in direct work with socially excluded people working in social services, education, municipal or labour offices, non-profit organizations and central government bodies.

II. Institutions for associative model of social enterprise

Council of the Government for non-governmental non-profit organizations

Permanent advisory, initiative and coordination body of the Government of the Czech Republic in the area of non-governmental non-profit organizations.⁴⁶ It was established by the Government Resolution No. 428 of 10 June 1992 as the Council for Foundations,

⁴² Annual report 2017, Via Foundation

⁴³ <https://www.vsem.cz/akcelerator-vsem.html>

⁴⁴ <http://www.dacr.cz/poslani-druzstevni-asociace-cr/>

⁴⁵ Česká spořitelna has been involved in the promotion of social entrepreneurship since 2012, when it, together with the Via Foundation, launched a pilot training seminar, Academia of Česká spořitelna for NGOs and social enterprises. The seminars were intended to advise organizations on their funding. This means that organizations, together with the experts, have developed a business plan to apply for a loan where they have an individual approach and flexible repayment terms based on their needs. Available at: https://www.csas.cz/static_internet/cs/Obecne_informace/FSCS/CS/Prilohy/vz_2012.pdf , <http://www.verimedobrymvecem.cz/s> (27.2.2019)

⁴⁶ <https://www.vlada.cz/cz/ppov/rnno/vybor-pro-eu/vybor-pro-eu-53472/>

and subsequently, by the Government Resolution No. 223 of 30 March 1998, it was transformed into a Government Council for Non-Governmental Non-Profit Organizations (hereinafter "the Council").

Committee on Legislation and Financing of the Government Council for Non - Governmental Non - profit Organizations

The Committee on Legislation and Financing, in particular, monitors, initiates and processes the creation and modification of legal regulations governing the position and activities of non-profit organizations. The Committee cooperates with central state administration bodies, self-government bodies, the professional public and other institutions that have issues of non-profit sector on their agenda. *It discussed the draft Act on Social Enterprise.*

Committee for the European Union of the Council of the Government for non-governmental non-profit organizations

The EU Committee monitors information on the position of non-profit organizations within the EU and financial resources related to the Czech Republic's membership in the EU. As part of this activity, the Committee cooperates with ministries and other authorities that implement the EU financial resources in the Czech Republic and prepares proposals for improving the use of these financial resources by non-profit organizations. In doing so, the Committee obtains and makes available information on the use of the assistance from the European Structural and Investment Funds, the Cohesion Fund and other EU funds. *It makes the European policy promoting the social entrepreneurship accessible.*

III. Institutions for cooperative model of social enterprise

Cooperative Association of the Czech Republic⁴⁷

It is a professional association of legal persons for the purpose of discussion and solution of common cooperative matters, for protection, promotion and application of the interests of cooperatives and their members. It promotes the social economy.

As a national cooperative central body, it associates the Union of Czech and Moravian Housing Cooperatives, the Union of Czech and Moravian Consumer Cooperatives, the Union of Czech and Moravian Production Cooperatives and the Agricultural Association of the Czech Republic. The Cooperative Association of the Czech Republic is also an important member of the International Cooperative Association for many years and it continues the traditions of the cooperative movement in the former Czechoslovak Republic. Representatives of the cooperatives of the Czech Republic are also members of international cooperative bodies and organizations in which they occupy an important position.

IV. Institutions for business model of social enterprise

Ministry of Industry and Trade and Council for Quality of the Czech Republic⁴⁸

The Quality Council of the Czech Republic is an advisory, initiating and coordinating body of the Government of the Czech Republic, aimed at supporting the development of management and implementation of the National Quality Policy in the Czech Republic, in accordance with the European Union policy of the quality promotion. The Council consists of the representatives of individual administrative bodies, trade inspections, accreditation and standardization, as well as representatives of non-governmental organizations such as business associations and groups, representatives of consumers and non-governmental professional organizations. Depending on the issues discussed, representatives of supervisory bodies, metrology, testing etc. are also invited. The Council also cooperates

⁴⁷ <http://www.dacr.cz/druzstevni-asociace-ceske-republiky/>

⁴⁸ <https://www.mpo.cz/cz/rozcestnik/rada-kvality-cr/o-rade-kvality/rada-kvality-ceske-republiky--239365/>

with foreign organizations dealing with issues of quality, environment, safety and social responsibility and other organizations of similar orientation.

Official portal of the Czech Republic on social responsibility⁴⁹

National Action Plan for Promotion of Corporate Social Responsibility in the Czech Republic for 2019 - 2023 was discussed by the Government of the Czech Republic. The Government approved the proposal with a modification. This document was submitted on the basis of the Government Resolution no. 49 of 25 January 2016. It can be an incentive for business entities and public administrations to voluntarily implement specific projects of social responsibility and create a favourable environment for their implementation.

National Action Plan for Corporate Social Responsibility in the Czech Republic for (2015).

Chapter on Social entrepreneurship is included in the plan.

6.3 Public programmes aimed at financial support for social enterprises

The following public programmes are among the most important programmes for the support of social entrepreneurship, which are announced by central state administration bodies:

- Call no. 105 OP Employment Promotion of social entrepreneurship in Prague⁵⁰ of the Ministry of Labour and Social Affairs of the Czech Republic
- Call no. 129 OP Employment Promotion of social entrepreneurship⁵¹ of the Ministry of Labour and Social Affairs of the Czech Republic
- Call no. 047 OP Employment: for local action groups to support community-led local development strategies⁵² of the Ministry of Labour and Social Affairs of the Czech Republic;
- Call no. 43 Integrated Regional Operational Programme: Social entrepreneurship II.⁵³ of the Ministry of Regional Development of the Czech Republic;
- Call no. 44 for social entrepreneurship for socially excluded localities II of the Ministry for Regional Development of the Czech Republic;
- Operational Programme Enterprise and Innovation for Competitiveness⁵⁴ of the Ministry of Industry and Trade of the Czech Republic
-

Another important institute promoting social entrepreneurship in the Czech Republic is the European Enterprise Promotion Awards 2019 announced by the European Commission, the national coordinator of which is the Ministry of Industry and Trade of the Czech Republic.⁵⁵ Last but not least, it is necessary to point out the development of social agriculture, which is under the responsibility of the Ministry of Agriculture, and it is supported by the Operational Programme Employment and was organized by the Centre for Community Work of South Bohemia.⁵⁶

⁴⁹ <https://www.narodniportal.cz/narodni-akcni-plan-podpory-spolecenske-odpovednosti-organizaci-v-ceske-republice-na-leta-2019-2023/>

⁵⁰ <https://ceske-socialni-podnikani.cz/mpsv/vyzvy/3043-vyzva-c-105-opz-podpora-socialniho-podnikani-v-praze-vyhlasena>

⁵¹ <https://ceske-socialni-podnikani.cz/mpsv/vyzvy/2831-op-zamestnanost-vyzva-c-129>

⁵² <https://ceske-socialni-podnikani.cz/mpsv/vyzvy/2832-op-zamestnanost-vyzva-pro-mas-na-podporu-strategii-komunitne-vedeneho-mistniho-rozvoje>

⁵³ <https://www.irop.mmr.cz/cs/Vyzvy/Seznam/Vyzva-c-43-Socialni-podnikani-II>

⁵⁴ <https://ceske-socialni-podnikani.cz/financovani/stat/2772-op-pik>

⁵⁵ <https://www.mpo.cz/cz/podnikani/male-a-stredni-podnikani/eu-pro-msp/evropske-ceny-za-podporu-podnikani-2019---245881/>

⁵⁶ http://eagri.cz/public/web/file/619130/brozura_online.pdf

6.4 Education on social entrepreneurship

It includes educational activities of the Ministry of Labour and Social Affairs of the Czech Republic (the seminar Marketing in practice of the social entrepreneurship or the seminar Integration and Support of the employees of social enterprise)⁵⁷, study programmes of the Czech universities or some other initiatives in this area (such as educational programmes implemented by the Chamber of Social Enterprises⁵⁸). Czech universities carry out the following study programmes:

- courses of Social Economy and Social Entrepreneurship, Project of the Social Enterprise, Corporate Social Responsibility (Department of Civil Society Studies, Faculty of Humanities, Charles University)
- course of Social Ecological Economics (Faculty of Social Studies, study programme Environmental Studies, Masaryk University in Brno)
- study programme Innovative Entrepreneurship⁵⁹ (Faculty of Economics and Management, Czech University of Life Sciences Prague)
- Course of Entrepreneurship in the Region (Faculty of Social and Economic Studies, Jan Evangelista Purkyně University in Ústí nad Labem)
- Centre for Innovation Studies at University of Economics and Management (CIS VŠEM)⁶⁰ and

6.5 International cooperation

The context of the emergence of social enterprises in Europe is connected with the crisis of the welfare state in the second half of the last century in Europe. This crisis was characterized by decentralization, privatization and a reduction in the services provided by the state. As a result of these facts, and in connection with rising unemployment, there was a need for new social services for which there were no adequate political schemes. New social enterprises, which were created mainly within the framework of the third sector structures, began to offer solutions to emerging problems. European social enterprises focused on covering topics where the welfare state ceased to operate or where it was unable to meet the demand for a new type of service. The areas and scope of social enterprise focus then depended on the type of welfare state and other conditions in individual countries.⁶¹ With the changing society and the welfare state in the second half of the last century, new forms of organization, particularly in the non-profit sector, employing disadvantaged persons in the open labour market, began to emerge in the 1990s. This new trend within the non-profit sector has been mapped for the first time in more detail by the empirical EMES research conducted in 15 European Union countries. The outcome of the research is the proposal of the definition of a social enterprise - a new type of third sector entity, which represents new dynamics of development in this area.⁶²

EMES

The dominant role in defining the understanding of social enterprises in Europe is played by researchers from EMES, which brings together experts from the social sciences with the focus on social economy from all over Europe. EMES is an abbreviation for the French name for extensive research on the topic of the Emergence of Social Enterprises in Europe, 1996–

⁵⁷ <https://ceske-socialni-podnikani.cz/socialni-podnikani/aktuality/3029-jarni-seminare-marketing-v-praxi-socialniho-podnikani>

<https://ceske-socialni-podnikani.cz/mpsv/seminare/3034-seminar-integrace-a-podpora-zamestnancu-socialnich-podniku>

⁵⁸ <https://www.komora-socialnich-podniku.cz/sluzby/vzdelavani/>

⁵⁹ <https://www.pef.czu.cz/cs/r-7006-o-fakulte/r-10826-visual/novy-studijni-program-inovativni-podnikani.html>

⁶⁰ <https://www.vsem.cz/cis-vsem.html>

⁶¹ For a more detailed analysis of the topic in individual types of welfare states see Defourny, J., Nyssens, M. Conception of Social Enterprise and Social Entrepreneurship in Europe and the United States: Convergences and Divergences. *Journal of Social Entrepreneurship*, 2010, vol. 1, no. 1, pp. 32-53.

⁶² Defourny, J. From Third Sector to Social Enterprise. In: Borzaga, C., Defourny, J. *The Emergence of Social Enterprise*. London: Routledge, 2001.

1999. It originally referred to a network of researchers as part of a research programme funded by the European Commission. The name of the research programme was used in projects on social enterprises and the social economy. The European Research Society EMES and the Center of Social Economy were founded in 1990 at the Belgian University of Liège Jacques Defourny. EMES was legally established in 2002 and, from the beginning, has strived to build a European database of theoretical and empirical knowledge from existing university research centers. Since 1996 researches have been carried out and various books and studies have been published. In recent years it is a large international project called *International Comparative Social Enterprise Models* (ICSEM). The ICSEM project was carried out from 2013 to 2017, involving more than 50 countries around the world.⁶³ The results of the ICSEM project so far has shown several models of social enterprises, which are represented in different countries of the world. Studies on social enterprises in different countries of the world can be downloaded at: <http://iap-socent.be/icsem-project>.

CIRIEC

International Center for Research and Information on the Public, Social and Cooperative Economy CIRIEC⁶⁴ is an international company the aim of which is to collect data, conduct researches and publish work on economics and activities in favour of services of general interest around the world. One of the three key areas of interest is the social economy. The organization was founded in 1947⁶⁵.

In 2005-2006, upon request of the European Commission and for the European Economic and Social Committee, CIRIEC elaborated a comparative analysis of the social economy in 25 European countries.⁶⁶ The study called *Social economy in the European Union* contains, apart from the discovered facts, an overview of important European documents and reports of the European Commission.⁶⁷

In terms of the legal-institutional forms that make up the social economy, there are considerable differences across Europe, but there is some common core, which is, according to the report, made up of cooperatives, mutual corporations, associations and foundations. In addition to these four structural components, other specific forms may be found, such as social firms, development agencies, community foundations, social integration enterprises, special employment centers, joint organizations with the participation of workers, voluntary organizations and socially oriented associations.⁶⁸ The study emphasizes the importance of the social economy in creating new jobs. 'The social economy contributes to the four main objectives of the EU employment policy: improving the "employability" of the working age population and promoting entrepreneurship, in particular by creating jobs on a local level, improving the adaptability of enterprises and their employees, in particular through more modern organization of work, enhancing the

⁶³For the Czech Republic, a study of the state of social entrepreneurship was elaborated by a team of researchers from Faculty of Humanities, Charles University. Marie Dohnalová and Kateřina Legnerová from the Faculty of Humanities of Charles University are researchers representing the Czech Republic.

⁶⁴ Full name: International Centre of Research and Information on the Public, Social and Cooperative Economy. Currently, CIRIEC has offices in 15 countries: Argentina, Australia, Belgium, Brazil, Canada, Colombia, France, Germany, Italy, Japan, Portugal, Spain, Sweden, Turkey, Venezuela.

⁶⁵ CIRIEC (International Centre of Research and Information on the Public, Social and Cooperative Economy). [Quoted 20/11/2012]. Available at: <http://www.ciriec.ulg.ac.be/en/pages/1_0ciriec.htm>.

⁶⁶ Ávila, R. CH., Campos, J. L. M. *Social Economy in the European Union* [online]. Bruxelles: The European Economic and Social Committee, 2007. [Quoted 05/11/2012]. Available at: <<http://www.socialeconomy.eu.org/spip.php?article420>>.

⁶⁷ Ávila, R. CH., Campos, J. L. M. *Social Economy in the European Union* [online]. Bruxelles: The European Economic and Social Committee, 2007. [Quoted 11/08/2010]. Available at: <<http://www.socialeconomy.eu.org/spip.php?article420>>.

⁶⁸ Ávila, R. CH., Campos, J. L. M. *Social Economy in the European Union* [online]. Bruxelles: The European Economic and Social Committee, 2007. [Quoted 05/11/2012]. Available at: <<http://www.socialeconomy.eu.org/spip.php?article420>>, 39 – 41

policy of equal opportunities, in particular through the development of public policies that allow for reconciliation of family and working life.”⁶⁹
The 2008 report on the social economy in the EU countries was extended to 27 Member States and was published in 2012.

The latest report is from 2017 and is entitled *Recent developments in the social economy in the European Union*. The general objective of the CIRIEC report is to examine recent developments in the social economy (SE) in the European Union (EU) and its 28 Member States. It focuses on three areas: firstly, the social economy and newly emerging concepts / movements concerning the space between the state and the market / profitable enterprises; secondly, broader public policies in a more general sense, developed in recent years at the EU and the Member State level with the aim to strengthen the social economy sector, and thirdly, to assess the power of the social economy in individual EU Member States. This research is not only an update of the studies called “Social Economy in the European Union” elaborated by CIRIEC and published by the European Economic and Social Committee in 2008 and 2012, but also an analysis and assessment of recent developments in this field in Europe.

For the Czech Republic, a study of the state of social economy was elaborated by a team of researchers from the Faculty of Humanities, Charles University. The study called *Recent development of social economy in the European Union* is possible to download at: <https://publications.europa.eu/en/publication-detail/-/publication/c1f1e8e6-bd27-11e7-a7f8-01aa75ed71a1/language-cs/format-PDF>

⁶⁹ Social economy report [online]. Committee on Employment and Social Affairs, (2008/2250 (INI)), 26 January 2009. Strasbourg: European Parliament [Quoted 25/07/2009]. Available at: <<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A6-2009-0015+0+DOC+XML+V0//CS>>.

7. Draft Act on Social Enterprise

As described in the previous chapter, the institutional framework for the promotion of social entrepreneurship is relatively fragmented, with ad hoc mechanisms for promoting social entrepreneurship being created within individual departments (in the context of programmes using funds from the European structural funds), which are not coordinated with programmes of other ministries. This is a reflection of the fact that the concept of social enterprise is not enshrined in the current legislation and that although mechanisms for its promotion may be set up under the existing legislation, the legislation does not oblige or encourage any institution to do so. The essential fact is that even the described mechanisms created to promote the social entrepreneurship can only be based on legislation that was primarily created for a different purpose. **The reasons why it would be desirable to incorporate social entrepreneurship into the legislation**, however, cannot be seen solely in how the position of social enterprises is formally addressed. A number of other important circumstances, demonstrating the need for specific legislation, were raised in the focus group discussion.

One of the focus group participants pointed out that if the social entrepreneurship had legal support, it would also be beneficial for the preparation of mechanisms to get the aid to the social entrepreneurship from the European structural funds. Above all, this could mean breaking a major barrier pertaining in that the possibilities of promoting social entrepreneurship by public administration institutions are currently bound by the fact that the possibilities of public administration to operate in any area not sufficiently regulated by law are in principle very limited due to the risk of exceeding their powers, or due to the concerns of the representatives of the public institutions that their powers may be exceeded, or due to (closely related to these concerns) unwillingness to perform activities beyond the scope of statutory obligations. However, while the need for statutory regulation proves to be very topical, a more important criterion, rather than the timeliness of its implementation, is that the introduction of this legislation would create the right conditions for social entrepreneurship:

“We have another [European Structural Funds] programming period ahead of us and I say to myself, I see those topics, this social entrepreneurship. And again, I think, another wave of rise of interest in social entrepreneurship, and we still do not have the law or actually, even such a public awareness that the social entrepreneurship would deserve. I, therefore, belong to those who are in favour of the law. And this is due to the fact that I work in the public administration and I know that if something is not in the law, it basically does not exist. For the ministries and for the government. At least within the circumstances in the Czech Republic. Therefore, I think, that it should exist. On the other hand, better no law, than bad law. I think that in this respect we will agree with those who are against it.” (Expert in social entrepreneurship)

However, as the same expert in social entrepreneurship pointed out further during the discussion, the pursuit of a good quality legislation (or corresponding amendments to the related legislation) should definitely not result in the legislation not being introduced at all: “It is better if something is imperfect than when it is not at all”. The question of timely completion of the legislative process is also very important, as a delay in the development of the regulation could result in the regulation not being adopted at all. This is due both to the mandate of the government and to the fact that the time for preparation of all the legislative initiatives of the government is clearly limited in the legislative plan of the government, and failure to comply with it may result in the regulation not being submitted to the legislators during the government mandate. And also, because of some potential or even already approved changes⁷⁰, which will probably make it difficult to adopt this legislation in the future.

Another participant in the focus group (a representative of an organization operating within the area of cooperatives) pointed out that the lack of sufficient state support for social

⁷⁰ Change in the position of the Agency for Social Inclusion (its inclusion under the Ministry of Regional Development).

entrepreneurship currently has significant negative economic implications for small business entities operating in both production and trade, especially in rural areas. As a result, these areas are already jeopardised by depopulation of the countryside and, without an adequate support from the state, this risk, or this negative trend, will undoubtedly increase further. Another participant of the focus group added that this situation can be perceived as unfavourable especially for the state:

"[...] Social enterprises can cope without the law. They have coped by now; they have managed for years. But without them, the state is losing a lot of opportunities, without the support that would seem to activate the society also in the rural regions. [...] The first one to gain is the state. Because there will be savings somewhere, something else will start to develop. The fact that it is not going to happen overnight is also clear." (Expert in social entrepreneurship)

A representative of the organization focusing on the working conditions of employees, and in particular those who are somehow disadvantaged, spoke to the focus group about the desirability of giving the employers employing the disadvantaged persons an advantage over those employing other persons, stating that in her opinion such a situation cannot be reached "otherwise than by a statutory regulation". According to another focus group participant, the absence of legislation also leads to the fact that we can only obtain information about a very narrow circle of social enterprises, which themselves declare publicly as being such. Social enterprises do not even adhere to these principles because they basically have no reason to do so:

"They often do not adhere to these principles, because there is in fact no extra support for those social enterprises. The only support that exists is that they can apply for European money and it is quite difficult [incomprehensible term] at present. Although many of the social enterprises have grown out of the European money, nowadays the success rate, whether some eight percent or so which is in the calls, is even less possible. So it is very strictly set." (Expert in social entrepreneurship)

Moreover, the current setting of support for social enterprises employing disadvantaged persons is designed not to support socially oriented business activities alone, but provides support for the employment of disadvantaged persons. Thus, rather than promoting social entrepreneurship, it is closer to the employment policy instruments under the Employment Act, i.e. specifically to the current concept of supporting the creation of protected job positions. At the same time, this support is conceived very narrowly, whereby only start-up or expansion of the business is supported (not really in any essential way):

"Somebody said - support from the Ministry of Labour and Social Affairs. There is not anything as such. Regarding social enterprises, there is not any support in general. Regarding social integration enterprises there is support only for its start-up or expansion. With the probability [of the application for support succeeding] eight percent. Which in fact is not any support of social entrepreneurship. It is a support for wages, for four persons for the duration of two years. And this is actually the only thing that the labour and social affairs sector can do through the labour offices, or through socially beneficial jobs. [...] It is basically start-up money and wages. It is not any service to social enterprises in relation to the development of the business, the start-up." (Expert in social entrepreneurship)

A major drawback of the current situation is, above all, that the current legislation does not work with the concept of disadvantaged persons. The creation of a specific legislative standard for social entrepreneurship, which will also cover this area, would remedy this shortcoming. In addition to the fact that the Act on Social Enterprise itself shall contain the legal definition of this term, it is important that once the term is introduced into legislation, also other legal regulations will be able to "work" with this term and their amendments will be able to introduce other regulations concerning the support of disadvantaged persons going beyond the Act on Social Enterprise. This Act would thus not only set this fundamental condition for the activities of social enterprises, or more in particular of social integration enterprises, but would also create the basic prerequisites for creating more comprehensive legislation for both the activities of social enterprises and the employment of disadvantaged persons, etc. (such as with the possibility of amendments to the Employment Act, the Social Services Act, tax laws, etc.).

"If it [the concept of disadvantaged persons] remains in the proclamations, it is a trouble. So that's actually an attempt to get it into the law. Because in the Employment Act there is not any definition of person disadvantaged in the labour market. There is a very vague section 33, and the person must even be unemployed at the moment. So there is no law, that says who is disadvantaged in the labour market, which means also at risk of losing their job. Not the Act on taxes, Act on Public Procurement, not even the Act on Employment. So, this is the first attempt to get it there. [...] So basically there is a chance to get it there and once it gets there, other laws can refer to it. A direct amendment to the Act on Public Procurement is also envisaged [...]. So this is a chance to break through this, this imbalance in between: "It seems that it is not the fault of a person with a disability, therefore he/she needs a help, but it is the own fault of a person with a social disadvantage, therefore nobody will help him/her." This is terribly unbalanced in our Czech legal order." (Expert in social entrepreneurship)

The questions presented here represent rather certain outline of some reasons for creating specific legislative regulations for the area of social entrepreneurship. However, it is also sufficiently clear from the described context that the introduction of specific legislation in this area shall be considered as necessary. However, in the preparation of this legal regulation, **further questions have arisen which determine the content and formal outlook of the regulation.** Many of these issues have already been clarified during the preparation work of the draft law so far, but some issues are still under discussion, which was evident also in the focus group.

Given that the issue of social entrepreneurship goes beyond the competence of one department, the important question is which department will be responsible for this Act. At first, it was the Ministry of Labour and Social Affairs that was responsible, but now it pertains to the Ministry of Industry and Trade. According to one of the focus group participants, it would be beneficial to approach the concept of social entrepreneurship as an interdepartmental issue. She also pointed out in the discussion that the change of the department, which is responsible for the preparation of the law, had its justification, because the Ministry of Labour and Social Affairs essentially initiated the process of drafting the law, on the other hand, at some stage during the course of the preparation it proved necessary to take a broader perspective and regarding some issues, to identify with the approach of Ministry of Industry and Trade:

"There is no sponsor, the law which they have on the table, or under the table, who knows, tries to identify the sponsor. But it should be the Ministry of Labour and Social Affairs. At least one year ago, they seemed that they would have taken it. But as I say, they will handle it only in a way they know. It is necessary to make it an interdepartmental issue. Something like an advisory body of the government, and the government should spread those tasks to the Ministry of Industry, the Environment, and so on. Seven ministries are enlisted there. So that it does not cover only the employment of the disadvantaged persons. Because all of us [focus group participants] are a bit "shifted" in this respect, except for Ms. associate professor, towards the employment. Because it was the only thing any resort has caught on. It was the Ministry of Labour and Social Affairs, because that's what harasses them. But otherwise, Ministry of Industry has caught on a bit later. However, it is the co-sponsor of the law and the government will only catch up when there is an adequate pressure in a sense that "this is what we need, our society needs it basically, this is more beneficial than just give out the CSs [supporting community service]."

[...]

"This was basically the cornerstone of the Ministry of Industry to make it their law."
(Expert in social entrepreneurship)

The definition of disadvantaged groups of people is, in particular, of crucial importance for social integration enterprises. This issue has already been mentioned above in the context of the fact that this concept has so far only appeared in calls for provision of aid, but it is absent in legislation (it is, basically, one of the factors that can be perceived as justifying the creation of specific legislation on social entrepreneurship). We have not encountered any contradictions on this issue in the discussion group, and therefore we will address this issue in the part devoted to the current form of the draft law. It is clear, however, that the range of disadvantaged groups may be subject to discussions in other phases of the preparation of the draft law, both within the professional and political debate.

Even in the focus group, however, there was a very lively discussion on a number of other aspects in which there was not much agreement on how the Act on Social Enterprise should be conceived in terms of the relevant parameters. Among these questions, it is necessary

to mention in particular how to optimally define the concept of social enterprise so that it is possible to reconcile economic and social objectives in an appropriate way, or to enable social entrepreneurship to be operated by profit and non-profit making entities. The discussion showed that an important issue is the legal embedding of some normative aspects, such as the topic of public benefit or otherwise conceived issue of the extent to which an enterprise is oriented towards activities that can already be perceived as “going beyond business” and fulfilling social or environmental goals.

In addition to these issues, a number of “additional” topics is also important, such as aligning the Act on Social Entrepreneurship with the Civil Code, the Act on Business Corporations, the tax laws, the Act on Employment or the Social Services Act (Act on Social Enterprise in its current form strongly emphasizes the aspect of entrepreneurship, which differs from the approach in Poland or Slovakia, where the concept of social entrepreneurship covers, on the one hand, a protected labour market and, on the other hand, also social services):

“Profit or non-profit, that was one of the main topics of our discussions in 2016 or when was it. But I think that there is some progress [...]. Originally, it was supposed to be “to reject”. We came there, spent there one hour and half and after that, it was “to complete the work”. But it was due to the fact [...] that we pursued such a style that if its profit or non-profit organization, if I say it like this, there is basically no such division in the new Civil Code and basically anyone can do business. It’s just what to do with the profit.” (expert in social entrepreneurship)

“The problem lies there, the term of non-profit organization has never been defined. Because the law does not know the terms of profit and non-profit organization. It is just some framework which is sociological, organizational and so on. But the Civil Code, that had some potential as regards the regulation of public benefit. But the public benefit turned out, as it turned out. In the Civil Code there is just one section, everything else was rejected. There will be no status of public benefit. And it has been said that it does not have to be regulated, because if something is of public benefit, it is to be regulated in other sub-laws and the like. So the social enterprise would substitute a bit for the public benefit, especially in the field of employment, because that is the primary concern. If there was the public benefit, it would be easier, because we could bounce back from it.” (expert in social entrepreneurship)

“That we tried to solve from the beginning. That the law, as it was drafted, is more or less directed at the entrepreneurs who can improve their situation by being a social entrepreneur, for example, they might have access to public procurement, access to some resources. And that was being discussed all the time. The issue of non-profit organizations was being solved all the time, especially the benevolent associations (o.p.s.) and institutes which could have had the possibility to be established as a social enterprise and social entrepreneurship would be its main business. If it is left there as a secondary activity as business, then it is a problem. I say this at the beginning: according to the Civil Code, the profits of benevolent associations, institutes, foundation institutes and associations must be transferred to the primary activity. So if the social enterprise is excluded, and social entrepreneurship as a secondary activity of a legal person, then the profit may not be used for social entrepreneurship. [...] So if I want to establish an institute as a social enterprise, because I don’t want to establish a business entity, it has to be establish to some activity, which I would pretend that I do, so that I could have a social enterprise in its secondary activity. It is just nonsense. And the non-profit organization, and the institute that exist, they could extend the scope of their primary activity. Because they are able to work with the groups of excluded, disabled persons. The entrepreneur who would establish a social enterprise is not able to work with such persons. He is not able to speak with them, he is not able to use them. Because if he has there persons with criminal record and they would not turn up at work for two days, he is not able to solve it. Because besides the work, he will not work with them.” (expert in social entrepreneurship)

“Because we are saying here, that it is a natural person who is the entrepreneur and who does it primarily for the profit. And if the profit is the main purpose of the social enterprise, then in my opinion, it is not correct.” (expert in social entrepreneurship)

One of the topics raised during the discussion was whether the law should primarily focus on the definition of social entrepreneurship or whether also the possibilities of promoting social entrepreneurship should be broadly elaborated, in the sense of supporting the whole environment for social entrepreneurship. The draft law also includes these aspects, but they have been discussed in the course of its preparation and will probably continue to be discussed.

Summarizing the above-mentioned facts, both the professional and political discussion is taking place in the course of drafting the law, and many questions are still unclear or may significantly delay or stop the process of drafting and approving the law. Both the professional and the political part of the preparation of the law are governed by the relevant procedural rules, so that the form of the draft changes depending on the stage of preparation of the document. However, as the following statements of the focus group participants illustrate, even among the protagonists of this law, there is a very strong disillusionment concerning the direction the preparation in certain stages moved to:

"And as regards my opinion to the law, I have participated in its preparation. Intensively at the beginning, later on less and less. I am not satisfied with its current version. And basically, it seems to me, that if it should be adopted in its current version, maybe it would be better, if there is not any law." (expert in social entrepreneurship)

"We have received the Act on Social Enterprise for comments in January, February this year. And the version that was presented was quite overwhelmingly criticized. And I incline towards what [another focus group participant] says that if it were to be in the version it was in February, it would be better if there was no law. Because... Not only was it imperfectly implemented as regards the legislative-technique, the legislative technique can be added. But in principle - there are concepts introduced that are unexplained and the whole Act seems to be incoherent. It could do more trouble rather than good." (expert in social entrepreneurship)

It follows from the above-mentioned context that the current version of the draft law may already differ significantly from the draft law prepared by the Office of the Government of the Czech Republic, the Department for Social Inclusion (Agency) and reported in March 2019 by the Portal on social integration entrepreneurship (<https://www.isp21.cz/aktuality/aktualne-vlada-chysta-novy-zakon-o-socialnim-podnikani>) and it was published for example on the website of the Czech Chamber of Commerce (<https://www.komora.cz/legislation/13-19-navrh-zakona-o-socialnim-podniku-18-2-2019>) and which is characterized in the following part of the text. Nevertheless, despite that, we consider it appropriate to present this extract here, as it illustrates the direction in which the preparation of the draft Act on Social Entrepreneurship to the given date has moved, or it indicates a general trend where the current efforts to codify the position of social enterprises in the Czech legal order is heading. In the current situation, however, the possibility that the legal regulation on social entrepreneurship will change in some key respects as well as the possibility that the Act on Social Entrepreneurship will not be adopted at all cannot be ruled out.

The aim of the proposed draft law is to ensure the conditions for long-term sustainable development of social enterprises that will fulfil public benefit functions while simultaneously making a profit. Social enterprises will play a particularly important role in the integration of socially excluded persons into the labour market. The draft law will introduce the status of a *social integration enterprise*, which will be granted to legal entities of private law by the Ministry of Labour and Social Affairs in the administrative proceedings. It shall be awarded to entities that would qualify for social enterprise status and, in addition, at least 30 % of their employees will be persons emerging from disadvantaged groups. Social integration enterprise will be obliged to provide psychosocial support to the disadvantaged employees.⁷¹

The Act also lays down the obligations of entities with social enterprise status, which will include achieving social benefits, using more than half of the profits for socially beneficial purposes, taking into account the environmental principles, publishing the end owners, and increased disclosure obligations towards the employees.

As regards social enterprises financed from ESIF operational programmes, such as the Operational Programme Employment (hereinafter OPE), the Integrated Regional Operational Programme (hereinafter referred to as IROP), they acknowledge the principles

⁷¹ <https://www.komora.cz/legislation/13-19-navrh-zakona-o-socialnim-podniku-18-2-2019>

of social entrepreneurship developed by the Thematic Network for the Social Economy TESSEA⁷²; further support is provided through private entities such as Česká spořitelna.

Networking services for social enterprises are provided in particular, by the Thematic Network for the Social Economy⁷³ and P3⁷⁴. Information on the state of the social entrepreneurship sector can also be obtained from the portal operated by the Ministry of Labour and Social Affairs.⁷⁵ It also includes a directory of social enterprises, which contains over 200 entities.

An overview of the legal form of entities that identify themselves as social enterprises, which does not necessarily include all entities meeting the principles of social enterprise, is given in Chapter 5.5.

The entities concerned by the Act on Social Enterprise will be entities performing business activities - legal entities and natural persons - regardless of their legal form, if they apply for social enterprise status. The law will not have an automatic impact on the business entities, but only if they actively apply for the status of social enterprise, or social integration enterprise. In this case, they must meet the conditions laid down by the Act on Social Enterprise, not only at the time of applying for the status, but as long as they continue to use this status.

The legal regulation will apply to business corporations, i.e. legal entities according to Act No. 90/2012 Sb., on Business Corporations, both business companies and cooperatives. Given the experience so far, it can be assumed that the most frequently used legal form of companies applying for social enterprise status will be a limited liability company. The entities concerned that will be able to obtain the status of social enterprise are also legal entities regulated by the Act No. 89/2012 Sb., the Civil Code, Act No. 248/1995 Coll., on Benevolent Associations and Act No. 3/2002 Coll. on Churches and Religious Societies (all as amended), i.e. the following legal forms:

- Association,
- Endowment institution (foundations, endowment funds),
- Institute,
- Benevolent association,
- Registered church and religious society, association of churches and religious societies, registered legal entity established by the church or religious society.

The Act will also affect foreign legal entities that will be able to apply for the status.

According to the draft law, persons disadvantaged in the labour market are the persons disadvantaged due to health and other (social) reasons, who may benefit from finding employment in the social integration enterprises. These persons will also benefit from the fact that they are not stigmatized by their handicap and unemployment. They will not be designated as job avoiders by the general public. The public will have the opportunity to understand that these people can also be useful in the labour market if they are sufficiently inclusive.

⁷²The text of the principles can be downloaded here:

<https://www.esfcr.cz/documents/21802/6529653/p%C5%99%C3%ADloha+%C4%8D.+2+sada+rozpozn%C3%A1vac%C3%ADch+znak%C5%AF+integra%C4%8Dn%C3%ADho+soci%C3%A1ln%C3%ADho+podniku.pdf/af25e0d-1f3d-485c-944b-2a7a77c7cfbc?t=1497275618057>

⁷³ Available here: <http://www.tessea.cz/>.

⁷⁴ Available here: <http://www.p-p-p.cz/cz/>.

⁷⁵ Available here: <https://www.ceske-socialni-podnikani.cz/>

8. Employment of disadvantaged persons

8.1 Integration potential of entities operating in the open labour market⁷⁶

When discussing the possibilities of integration of the disadvantaged persons in the labour market, it is not possible to confine only to specific programmes for these persons and to a protected labour market, but also to address the integration potential of the entities that are active in the open labour market. That also has undoubtedly significant integration potential in itself. At the same time, for a large number of disadvantaged persons, their placement in an open, not protected, labour market can also be regarded as an achievable goal. It is clear that these two questions are very different and need to be addressed successively.

The ability to integrate the persons that are disadvantaged in the labour market, even for entities active in the open labour market, is naturally underpinned in a number of different circumstances, some of which are purely economic in nature, and some have implications due to the fact that the open labour market is subject to regulation in many respects, or that the nature of labour relations is usually determined by employers to a large extent, but not exclusively - precisely because of the existing regulation, inspection activities or collective bargaining and social dialogue.

First of all it is necessary to point out, that even from **the economic point of view**, it is very often in the interests of the employers (especially at a time when it is often very difficult for them to find new workforce) to retain the employees in whom they have already invested or does not have to invest time or financial resources repeatedly, as is the case with the newly recruited workers, at least because of the need for their training. For a large number of jobs, investment in personal development is not limited only to initial training, and even in cases where the employee's skills are not developed, for example, through various training sessions, it is typical for many jobs that professional competence and expertise of employees increase with the extended duration in the same position or at the same employer.

Naturally, not only the employers, but also other labour market institutions, both public (i.e. mainly the Labour Office) and commercial, have the economic motivation to develop the skills and competencies of the employees - even for the employment agencies it is crucial to be able to offer their clients (employers) quality candidates, and manage to establish a long-term relationship with their clients, which can subsequently bring them economic benefits in the longer term.⁷⁷

In addition to developing the qualifications of their employees, the effort to achieve their satisfaction is also very important for the employers. This circumstance is of course primarily beneficial for the employees themselves, but it has undoubtedly beneficial impacts on the employers as well - it contributes to greater loyalty (and thus less fluctuation) of the employees, enhances the internal motivation of the employees and in many cases it directly reflects into the economic results.

⁷⁶ The text is partly elaborated according to the chapter called Integration of disadvantaged groups in the labour market of the publication "Analysis of barriers to employment of persons released from serving the sentence of imprisonment on the labour market and the possibilities of their employability; influence and promotion of social dialogue" (Mertl, Bareš 2018a, pp. 7-11).

⁷⁷ This approach of the employment agencies was also confirmed by the authors' interview with a representative of one of the organizations associating the employment agencies, during which it was being examined whether and how often the employment agencies encounter applicants with record in the Criminal Records Register and whether, and where appropriate in what respect, the work with these candidates is specific for the employment agencies, or how the cooperation between the employment agency and its clients works if among the persons that are recruited by the employment agency there are persons with the criminal record.

It is therefore clear that instruments that support the development of the workforce or good relationships in the workplace (i.e. in particular, the staff policy of the organization) may be very important for the employers, even a purely pragmatic economic "sub-target", which would enable the employer to achieve its main purpose, i.e. making profit. A decent attitude of the employer to his employees and "care for its own employees" must undoubtedly be seen as a purposeful setting of the company's staff policy rather than an attempt to realize socially beneficial goals. However, this statement is, of course, very general and its validity will therefore vary widely among the different enterprises. For example, it is unlikely to be relevant to a company that employs a greater number of persons disadvantaged in the labour market and at the same time offers this group of persons various support activities designed specifically for them, whereas there will be no doubts about such statement regarding an enterprise that operates in the segment of the market characterized by a higher turnover rate motivated by the competitive struggle of different enterprises, where such an employer will de facto be "forced" to invest in its employees if it wishes to retain them. It may therefore be stated, that the same "manifestation", i.e. a serious approach to, work with or care for the employees, can indeed only be a positive profit-oriented externality of business management for many enterprises, while for many other enterprises it may be an expression of efforts to achieve social benefits.

At the same time, it should also be pointed out that the described efforts to strive to create a pleasant or healthy working environment in the economic management of an enterprise or to achieve various specific objectives in the area of staff policy of the enterprise are naturally applied by a different labour market entities in a different manner (i.e. it is not only the motivation that differs, but naturally also the extent and form of its application). This is naturally by definition due to the fact that in some jobs these issues have an increasing importance already in connection with economic motivation, while in other jobs the focus on staff issues (if any) is not primarily motivated economically.

Specifically, in relation to the employment of disadvantaged persons, it is also necessary to mention another important option of economic motivation, namely the situation when an enterprise, operating in the open labour market in other circumstances employs disadvantaged persons for example within the framework of publicly subsidized programmes. In this case, employers typically create new workplaces that would not have been created without public aid. The economic plan of the enterprise (and thus also its economic objectives) may be understood as the main circumstance, thanks to which it was possible to create such a workplace, but with the additional fact that the budget of the enterprise itself would finance such expansion only partially. In other words, the internal economic motivation of the enterprise in this case is also enhanced by external economic motivation (where the employment of disadvantaged persons in the respective position is possible only thanks to some external incentive).

The non-economic motivations that lead employers operating in the open labour market to support their employees can be divided into the internal ones and the external ones. The internal ones may include all the circumstances related to the corporate culture of the enterprise in question, including, but not limited to, the effort to make the employees identify with their employer, be coherent therewith, loyal, perceive the approach of the employer at least as a correct one, if not directly as helpful or supportive. The issue of corporate social responsibility is already quite close to this issue.

Last but not least, external non-economic factors must be mentioned, which enhance the employers' willingness to build relationships with their employees, promote good labour relations in the workplace or support and protect employees. In this respect, apart from the statutory regulations or activities of state institutions executing the inspection, collective bargaining and social dialogue with employees is also important, or, more precisely, all the platforms used for this purpose (in particular, of course, the trade union

activities, or the possibility of the employees to establish and be active in the trade union movement).

Another important issue that needs to be addressed is whether it is possible and desirable to seek the **integration of disadvantaged persons in the open labour market**. It is obvious that the answer to this question will be diametrically different not only depending on the degree of disadvantage of a particular individual, but it will also depend on the specific characteristics of the open labour market. Even within the open labour market, the situation will undoubtedly differ in different segments of the economy (such as in the field of services or production, etc.). The characteristics of relevant employment opportunities in a protected labour market and the support that these enterprises are able to provide to disadvantaged persons are of course equally important. Last but not least, the options of support the disadvantaged person can use at the moment when he / she succeeded in finding the employment in the open labour market are also important.

In addition, when striving to answer the question outlined above, a number of different key aspects are likewise important, some of which "go directly against each other": Thus, for example, a protected labour market should not prevent a disadvantaged person from further "course" to an open labour market. At the same time, however, it is clear that some disadvantaged persons may not be able to find employment in an open labour market. It is very important for a large proportion of disadvantaged persons employed within the protected labour market that they are provided with some other form of support to help them cope with their work demands and stay in their current jobs. In the open labour market, however, it is generally not possible to count on the provision of similar support, not even on the willing approach of the employer regarding certain issues (such as adjusted working hours, assistance in understanding or dealing with various employment-related situations rather indirectly, etc.).

Given the circumstances outlined above, it is not very surprising that approaches to the issue of integrating disadvantaged persons into the open labour market are very diverse, not only at the level of the various employment policy programmes, but also among the various organizations that employ such persons (for more details see Chapter 8.4) .

8.2 Legislative and institutional framework of employment of persons disadvantaged in the labour market

As mentioned in Chapter 4, the concept of a person disadvantaged in the labour market is not legally enshrined and the concept of protected labour market, in line with the current legislation, refers to enterprises that employ more than 50 % of persons with health disabilities out of the total number of their employees.

In relation to the employment of disadvantaged persons, the concept of socially beneficial job, which will be described in more detail in the following text, is also very important. However, while belonging to a group of disadvantaged persons was the determining factor for the protected labour market (it is a person with health disability or health disadvantage), the possibility of being employed in a socially beneficial job is based solely on taking into account the individual situation of the job applicant (regardless that the term "disadvantage" or any similar term is not used in such a case). Given that disadvantages in the labour market are associated with both the group and individual characteristics (for more details see Chapter 4), the concept of socially beneficial job represents also a relatively important mechanism that can be used to employ disadvantaged people.

However, within the **legislative regulation for employment of disadvantaged persons** there are, in many respects, also some other "non-specific" mechanisms that are relevant (in addition to defining the range of enterprises representing the protected labour

market, setting conditions for their functioning, specifying the possibilities of their support and the existence of the institute of socially beneficial jobs).

No other area, which is subject to legislation, focuses specifically on persons disadvantaged in the labour market (this is naturally given due to the initial situation, where the current legislation fails to know this word combination or define it in any way). With the exception of regulation regarding protected labour market and socially beneficial jobs, legislation focuses on promoting employment in general, programmes for job applicants in its broadest sense, general mechanisms to support the creation and retention of jobs or specific schemes or types of job positions, etc. However, these areas are no longer specific to the topic of employment of disadvantaged persons, it is clear that they also substantially set the overall conditions for employment of these persons. At the same time, it is true that the purpose of the legislation in these areas is no longer the creation of a specific regime for direct support to a specified group of enterprises employing persons with health disabilities (which may also include some social integration enterprises), but that this legislation primarily concerns measures and instruments implemented by labour market institutions, or labour office in particular. However, when implementing some of these employment policy measures, there is still room for cooperation between labour market institutions, or, more precisely, the Labour Office and other entities, or, as the case may be, the Labour Office directly supports these entities by certain instruments and measures, albeit due to reasons other than the group of people employed by the enterprise. In these cases, economic entities that do not specifically focus on the employment of persons disadvantaged in the labour market may also cooperate with the Labour Office.

In this respect, all the **active employment policy measures** may be perceived as significant, i.e.:

- retraining,
- investment incentives,
- community service,
- socially beneficial jobs (this measure will be further characterized in more detail, considering that it may be understood as specific to the disadvantaged in the labour market - see above),
- bridging allowance,
- allowance at the time of partial unemployment,
- allowance for training, as well as
- allowance due to a change to a new business programme.

As already mentioned, all these measures concern social integration enterprises in the same way as any other economic entity. Given that and because the active employment policy represents a very wide area (the whole part 5 of the Act No. 435/2004 Sb., on Employment), it is appropriate to refer here to the individual provisions of the Act on Employment (i.e. the provisions of Sections 104 -120), because a closer introduction of individual active employment policy measures (with the exception of socially useful workplaces) is not within the scope of this study.

The **definition and functioning of protected jobs** is defined in the current legislation primarily in the following provisions of the Act:

Section 78, paragraph 1:

"Protected labour market consists of employers who employ more than 50 % of persons with health disabilities out of the total number of their employees and with whom the Labour Office has concluded a written agreement on their recognition as the employers in the protected labour market (hereinafter referred to as the "Agreement on recognition of the employer") . The Agreement on recognition of the employer shall be concluded within the local jurisdiction of the regional branch of the Labour Office, in whose district the employer who is a legal entity has its registered office or in whose district the employer who is a natural person resides."

Section 78a, paragraph 1:

"An employer with whom the Labour Office has concluded an Agreement on the recognition of the employer shall be granted a contribution to support the employment of persons with health disabilities in the form of a partial reimbursement of wage or salary costs and other costs. The competent regional branch of the Labour Office to grant this contribution is the office in whose district the employer who is a legal entity has its registered office or in whose district the employer who is a natural person resides."

Section 78a, paragraph 2:

"The contribution shall reimburse the funds actually incurred for wages or salaries in the monthly amount of 75 % of the funds actually incurred for wages or salaries of the employee having the employment status and being the person with health disability, including social security and Government employment policy contributions and public health insurance, which the employer paid from the assessment base of this employee, but not more than CZK 12,000 in case of a disabled person pursuant to Section 67 (a) or (b), and not more than CZK 5,000 in case of a disadvantaged person. For the purposes of determining the amount of the contribution, the funds actually incurred for wages or salaries are reduced by an amount corresponding to the amount of

a) provided wages in kind,

b) deductions from wages or salaries intended to satisfy the employer's performance under the Civil Code, with the exception of deductions made to reimburse the damage for which the employee is liable, or the employee's meal allowance under Section 236 of the Labour Code, or

c) compensation of wages or salaries granted to employees in the event of obstacles to work caused by the employer."

Section 78a, paragraph 3:

"Apart from the contribution pursuant to paragraph 2, the employer shall be entitled to a lump sum of CZK 1,000 per month for a person with health disability pursuant to Section 67 (2) for the costs incurred by the employer for employing persons with health disabilities in the calendar quarter for which he / she applies for the contribution. In the application for the provision of contribution, the employer may claim an increase in the contribution to additional costs incurred by the employer for the employment of persons with health disabilities in the calendar quarter for which he/she is applying, but not more than the amount equalling to the difference between CZK 12,000 and the contribution provided under paragraph 2 per month per one employee who is a person with health disability pursuant to Section 67 (2)(a) or (b). The increase in the contribution referred to in the second sentence may not be applied to a person with health disability working outside the employer's workplace or to an employee of the employment agency who is a person with health disability who is temporarily assigned to work for the user."

Socially beneficial jobs are defined in Section 113 in the following way:

"(1) Socially beneficial jobs are jobs that an employer establishes or reserves on the basis of an agreement with the Labour Office and fills with job applicants who cannot find work by other means. A socially beneficial job is also a job that the job applicant has established upon agreement with the Labour Office for the purpose of performing a self-employed activity. The Labour Office may provide a contribution to a socially beneficial job.

(2) If more than 5 workplaces are to be established, the Labour Office shall be obliged to request that an expert opinion be drawn up.

(3) Provided that in the calendar month preceding the day the application for a contribution was submitted the unemployment rate in that given district did not reach the average unemployment rate for the Czech Republic, the maximum amount of contribution granted for the establishment of one socially beneficial job is four times the national average wage for the first to the third quarter of the preceding calendar year and, when establishing more than 10 workplaces on the basis of a single agreement, the amount of the contribution for one socially beneficial job may be a maximum of six times this average wage.

(4) Provided that in the calendar month preceding the day the application for a contribution was submitted the unemployment rate in that given district reached the average unemployment rate for the Czech Republic or it was higher, the maximum amount of contribution granted for the establishment of one socially beneficial job is six times the national average wage for the first to the third quarter of the preceding calendar year and, when establishing more than 10 workplaces on the basis of a single agreement, the amount of the contribution for one socially beneficial job may be a maximum of eight times this average wage.

A contribution to reserve one socially beneficial job may be provided up to the amount of the funds incurred for wages or salaries of an employee hired for the reserved job, including premiums for social security and the Government employment policy and premiums for general health care insurance, which the employer has deducted from the assessment base of this employee.

The contribution may be provided for a maximum of 24 months.

(6) Repayment of the contribution to the establishment of a socially useful job for the purpose of self-employment may not be required if the self-employed person ceases to engage in self-employment for health reasons or in the event of his / her death.

(7) The level of the average wage for the first to the third quarter of the preceding calendar year shall be declared by the Ministry on the basis of data from the Czech Statistical Office published in the Collection of Laws.

It is obvious that the Act on Employment predetermines to some extent also the institutional conditions for employing disadvantaged persons, or more precisely for the operation of social integration enterprises. In addition to the above-described support for the protected labour market and socially beneficial jobs, this Act also defines the position of the labour office in ensuring active employment policy measures and also opens the space for indirect participation of municipalities or other public benefit institutions in cases of being in a position of an entity, in the benefit of which the community service is performed.

Another important legislative determinant for the institutional framework for the activities of social enterprises is Act No. 108/2006 Sb., on Social Services. In view of the fact that social entrepreneurship also pursues economic objectives, and of the fact how the legal regulation of the system of social services under this Act is conceived, it is virtually impossible (or only with great difficulty and constraints) to design the integration activities of a social enterprise as a social service, it doesn't even happen in practice.

8.3 Specific elements in employment of persons with criminal records, reintegration, employers' approach

The general focus of the current text on persons disadvantaged in the labour market arose from the fact that the issue of social integration enterprises, or more precisely the legislative and institutional conditions for the activities of these enterprises, is more suitable to deal with rather generally, just to the contrary, it would not be correct to narrow the focus of this text and take out from the group of all the social integration enterprises only those that employ persons with criminal record.

In the text of this study, the attention was in particular paid to the wider category of enterprises employing disadvantaged persons mainly because the characteristics of social entrepreneurship in relation to employment and integration of persons with criminal record cannot be clearly distinguished from the broader issue of the role of social integration enterprises when employing disadvantaged persons, or, alternatively put, the integration of persons with criminal record precisely should be included into this broader framework. In addition, narrowing the broader knowledge that the authors have worked with to only a specific, very narrow group of social integration enterprises could in some cases be even misleading, as the authors have drawn most of their knowledge from sources depicting a rather general context or related to social integration enterprises more generally (referring these findings exclusively to organizations working with persons with criminal record would, in these circumstances, be highly "undisciplined" and, in many cases, likely to distort the processing of the acquired findings).

Nevertheless, persons with criminal record naturally represent a very specific group of persons disadvantaged in the labour market and it is therefore necessary to address them at least briefly within a separate sub-chapter.

Criminal record is an important determinant that predetermines the position of a person in the labour market and the possibilities of his / her employability. Its influence lies in the legal restriction of the possibility to perform certain jobs,⁷⁸ and the restriction of the possibility to register and operate a trade for certain activities.⁷⁹ However, the impact of the criminal record pertaining in the overall possibility of finding the employment is even

⁷⁸ See for example Section 116 (2) of the Act no. 108/2006 Sb., on Social Services, Section 3 (3)-(6) of the Act no. 96/2004 Sb., on Paramedical Professions etc.

⁷⁹ In case of persons with criminal record, no special restrictive conditions apply with regard to the establishment of a trade in comparison with other persons interested in the establishment of a trade, except where the person was convicted of an intentional crime committed in connection with the business or subject of the business wishing to register and to perform (see the provisions of Section 6 (2) of Act No. 455/1991 Sb., on Trade Licensing).

more serious than the exclusion from performing certain jobs (conduct certain trade). For many employers, information about the criminal record is a sort of "absolute filter" that automatically disqualifies the job applicant. Employers have an a priori distrust in such cases, do not believe in the possibility of personal change and the nature of the crime committed is no longer important for them (cf. Mertl, Bareš 2018b, pp. 20-22). In general it may be said that the criminal record is a circumstance that **stigmatizes these people in the labour market** (the social stigma of people with a criminal history is, of course, a wider social phenomenon, not limited only to the field of employment, however, in this text, there is naturally no space to deal with these issues in more detail - see *ibid*, pp. 13-14, 30-33).

Yet it is clear that the persons with criminal record represent a very heterogeneous group, and the negative impacts of the criminal record on the employability may vary considerably among the different groups of persons with criminal record. The situation of persons who have been sentenced to an unconditional sentence of imprisonment is fundamentally different from the situation of those who have been sentenced to a conditional sentence of imprisonment, confiscation of a thing, prohibition of an activity, community service or other sentences. It is the first mentioned group of sentenced persons, i.e. persons sentenced to an unconditional sentence of imprisonment, which needs to be addressed in somewhat more detail.⁸⁰

In fact, **imprisonment** is a fact that makes the situation of persons with criminal records even worse, at several levels. First of all, the **work career developed by far will be interrupted**, with the possibility of employment during the service of sentence of imprisonment (hereinafter only the "imprisonment") being considerably limited both by the prison regime itself to which the persons concerned are subject, and also, of course, by a very limited offer of employment opportunities compared to the possibilities of employability out of the penitentiary. Thus, after being released from the imprisonment, the "job gap" in the professional curriculum of these persons is often a major handicap when searching for an employment: with regard to the absence of work experience relevant to the employers, these people are forced to substantially rebuild their careers basically from the beginning (or, more precisely, they need to rebuild it from even a more precarious position than they had been before commencing the service of the sentence of imprisonment - see more details below). This situation then affects mostly the persons with long and repeated sentences, as well as persons with a short work career in the period prior to commencing the imprisonment, or between individual services of the sentence of imprisonment. Persons who did not work during the imprisonment may be then perceived as belonging to a group of persons that is particularly difficult to employ (loss of work habits). It also significantly affects the persons who could only perform the work outside of their profession during the imprisonment (necessity of retraining, little experience in the new field, impossibility or difficult possibility to work within their original profession after being released from the imprisonment). An important circumstance that makes the employment of persons released from the imprisonment more difficult is their low education or lack of qualifications (if they did not acquire them prior to commencing the sentence of imprisonment, they may basically perform only low-skilled jobs because jobs for which a higher qualification is not necessary prevails in the offer of jobs that may be performed during the sentence of imprisonment).

Other important negative impacts of the imprisonment are related to the phenomenon of **prisonization**, i.e. the fact that during the imprisonment it is necessary to adapt to the fact that the daily routine and the overall functioning of the person concerned must be subject to a large number of very clearly defined and strictly enforced rules, as a result of

⁸⁰ Within this group of persons with a criminal background, we may distinguish a specific group of persons who have been conditionally early released. Their situation can still be affected by the fact that their unconditional sentence was terminated only conditionally (their legal status is regulated by the provisions of Sections 88-91 of Act No. 40/2009 Sb., the Criminal Code). However, the following applies to all persons released from the sentence of imprisonment.

which the person concerned has to give up a substantial part of his/her autonomy. This experience makes it very difficult for the person to return to the society after his/her release, especially in situations where personal responsibility is assumed (Bareš, Mertl, unpublished, p. 6). It is however clear that employment is one of the areas where an active and responsible approach is a very important prerequisite for success.

The imprisonment is also linked to a number of other important circumstances that make the employability possibilities difficult or even impossible after the release from the imprisonment. Among the most significant ones, it is necessary to mention in particular the disrupted or non-functioning family background (or, more precisely, the absence of family support), absence of adequate housing, overall unfavourable financial and social situation, or social exclusion and so-called marginalization (see footnote no. 21) of such persons, execution and debt burden (wage deductions are a significant risk factor, since if employed legally, the person will be deducted a substantial part of his / her remuneration, which pushes the released persons into the illegal labour market), or mental and health problems or untreated drug or alcohol addiction, if any (for more details on these issues see for example Mertl, Bareš 2018b).

Given the circumstances mentioned in the previous three paragraphs, it is not surprising that persons released from the imprisonment very often find the employment in unstable jobs, tend to make intermittent incomes, take poorly paid and physically demanding jobs and occasionally work illegally and / or without a contract of employment (ibid, pp. 23-27).

8.4 Models of implementation of integration activities by social enterprises⁸¹

As the previous research has shown, **approaches to how to incorporate the integration activities into the functioning of a social enterprise** are very different. This is largely due to the fact that this area is not covered by legislation and it is thus purely a matter of every economic entity that adheres to the principles of social entrepreneurship, how it approaches this issue. Within the previous research we have observed several different approaches to this issue, and it was also worth noting that representatives of social enterprises took a slightly different approach to this issue than the addressed experts who are involved in promoting social entrepreneurship and the principles of social entrepreneurship in the Czech Republic, or more precisely, the opinion of these experts who took part in the discussion within the focus group⁸² differed from the opinion of those who were interviewed individually.

Within the previous research, the integration activities of the social enterprise and their form were a very lively topic, also thanks to the forthcoming legislation, which at the moment defines a social integration enterprise that should provide psychosocial assistance to its employees, however this concept is not anyhow defined further, which means that it needs to be somehow fulfilled through the specific functioning of the social enterprise. In this respect, it was very interesting to compare the different imaginations and ideas of what psychosocial assistance should entail, according to the experts discussing within the focus group, according to the other experts who were interviewed and the interviewed representatives of social enterprises, who within their replies described their specific orientation and functioning of their enterprise.

⁸¹ The text is partly elaborated according to the chapter called Integration activities of addressed social enterprises in the publication "Analysis of barriers to employment of persons released from serving the sentence of imprisonment in the labour market and the possibilities of their employability; influence and promotion of social dialogue" (Mertl, Bareš 2018a, pp. 44-53).

⁸² Where reference is made to a focus group in this sub-chapter, the focus group that has been used as a source of information for a previous research project is meant, not the focus group organized for the purposes of this research the findings of which have been incorporated into Chapter 7 and the discussions of which were very important source of information for the authors in other parts of this study, where it was used to verify other findings of the authors.

The **discourse of the focus group** was clearly in line with that the social enterprises should be a transitive point where little or no social work should be carried out, or it should be a by-product, because social enterprise is not a social service. Integration outreach or psychosocial assistance in social enterprises should therefore take the form of a certain guidance, with the only specialist being a human resources officer who should have a social education and a more sensitive attitude to the person in question. Other specialized assistance was perceived as a "big deal out of nothing", which would only destabilize the whole process, which is nevertheless related to the Czech environment, which is specifically influenced by the Act on Social Services, which largely limits the development of social work in the Czech Republic (for example it combines healthcare social work with general field social work).

This view is interesting also in another respect - it is very cursory, since it only counts on one type of social enterprise, one that was originally created as a "classic" enterprise, but has grown and over the time has transformed into a social enterprise and allocated part of its workplaces for marginalized or disadvantaged persons.

Moreover, it is questionable how the option with a mentor or a HR officer would work for persons released from the service of imprisonment, who need to be treated very specifically, as they have different types of disadvantages that can make it difficult to work with them. At the same time, the released persons, apart from personal unsolved traumas, have often experience with drug use. This implies that different persons from different target groups will need to be treated in a specialized way and supported in their employment within and outside the social enterprise, which may be provided by various therapeutic non-profit entities.

The other experts we talked to in the individual interviews had a less straightforward view and admitted that ongoing social work or at least some form of support at the workplace is needed for (re) integration. The area of support and the intensity of the support provided by the social enterprise are naturally highly individual and it depends on the particular person disadvantaged in the labour market, what forms of support they are comfortable with and what particular problems they are experiencing - while some persons appreciate rather low frequency of supporting interventions and a passive support is already important for them (i.e. only the knowledge that it is possible to use support if necessary is important for workplace integration), others are more comfortable with higher frequency of assistance and that the support at the workplace is provided very actively.

The specific integration activities and efforts varied from one enterprise to another - some enterprises offered social work and interventions directly within their operation or workplaces to synergize all activities, while some enterprises focused more on ensuring the quality of work and leaving the social work to, for example, umbrella non-profit organizations, if possible. Some **representatives of social enterprises** have stated that they are trying to accommodate their employees in working conditions that they adjust to suit them and at the same time be functional for the enterprise itself.

In our research, we noticed quite different approaches to this issue, where the approaches of the responding organizations varied greatly. Some social enterprises have therefore sought a comprehensive approach when working with the target group (including, for example, the inclusion of participatory elements in the management of the enterprise or efforts to create an environment in which employees can work in the enterprise at different workplaces). Some of the interviewed social enterprises then placed less demands on new workers and systematically supported them in their gradual integration into the working group. Some enterprises provided psychological support to employees, developed intensive personal contact with them, or provided social work or interventions in the workplace. Another approach was typical for organizations established by non-profit organizations, which were characterized by very close links and cooperation with the founding non-profit organization in the field of therapeutic activities. Sometimes

employment in a social integration enterprise represented a continuation of the social programme, while clients were further supported in the workplace in their development. However, we also noted an approach where the clients in a social enterprise were supported minimally and all interventions were either resolved by the founding non-profit organization or were not addressed at all (the employment of the disadvantaged persons was already considered as a social outreach).

Conclusion

Although social entrepreneurship is not yet sufficiently legally established in the Czech environment, and the conditions for its functioning are based on legal regulation primarily designed for different purposes, there are currently some mechanisms to support social entrepreneurship. It shall be, however, mentioned, that these were conceived in principle as **ad hoc measures** (as evidenced by their very strong link to European and international cooperation programmes, where these mechanisms are definitely not among the "standard" areas supported by the relevant ministries), and therefore they are not mutually coordinated and not significantly integrated into the institutional system of support for entrepreneurship (in case of Ministry of Industry and Trade) or support for initiatives pursuing social or environmental benefits (in case of the Ministry of Labour and Social Affairs, and Ministry of the Environment).

The reflection of this ad hoc approach is that social enterprises are perceived in the long term (the increase in awareness of the role of social entrepreneurship in modern economies within professional debate can be dated after 2000) primarily as economic entities focused on innovative approaches and not as one of the established and, by their very nature, "standard" regimes for the implementation of business activities, or support for socially or environmentally beneficial objectives. It can be said that while 15 years ago the concept of social entrepreneurship as a kind of innovative approach could have been justified, it is no longer adequate to do so, because it is now sufficiently clear that social enterprises represent established and functional economic model in modern economies.

The view of social entrepreneurship as an innovative approach is largely related to its relatively "marginal" status, if we compare the number of entities adhering to the principles of social entrepreneurship (as well as the "value" of this concept in the professional and public debate) and, on the other hand, the numbers of "classic" business entities and non-profit organizations (or the space that these two groups of economic entities occupy in the professional and public debate).

Even in this case, however, the rather marginal importance of social entrepreneurship in the Czech economy and within the domestic professional and public debate largely reflects the long-term persisting situation in which social entrepreneurship does not have the corresponding legislative and institutional embedding, as opposed to the activities of other business or non-profit entities. At the same time, it appears that, despite this situation, there are a number of economic entities that are interested in pursuing economic and social objectives even in this situation, although in many situations this means finding (often with difficulties) a way to carry out social business activities within the existing legislative-institutional system. It is therefore clear that an adequate definition of the position and role of social enterprises and social integration enterprises in the legislation would make a fundamental contribution to the possibilities of their further development and to the overall strengthening of the social economy in the Czech Republic.

Regarding **social integration enterprises**, in particular, not only the very unclear position of social entrepreneurship itself may be an obstacle, but also the fact that some concepts that are relevant to social entrepreneurship or are relevant specifically to social integration enterprises (such as employing persons with health disabilities, sheltered workshops, or protected jobs, social services, employment policy instruments, etc.) were incorporated into the Czech social system at the time when the concept of social entrepreneurship was marginalized in the professional debate (or at the time when the concept of social entrepreneurship was already sufficiently discussed in our environment, but this concept was not reflected in the legislative procedure). These concepts are however often regulated in a very sophisticated manner, but their current form is either not at all or difficult to reconcile with the concept of social entrepreneurship. In view of the frequent considerable sophistication of these concepts, achieving improvement in this direction would require their very fundamental modification. Nevertheless, it is clear that

achieving such modifications of the relevant concepts would undoubtedly also contribute significantly to the development of social integration enterprises.

In relation to the issue of **employment of persons with criminal record**, it has turned to be a crucial fact that the protected jobs are designed as jobs for people with health disabilities. In other words, a protected job is a concept aimed at promoting job creation only for a specific group of persons disadvantaged in the labour market. Persons disadvantaged in the labour market (in a more general sense, i.e. including persons with criminal record) may use some other instruments designed in the framework of employment policy or some other (rather ad hoc) forms of support. The question is, however, to what extent these instruments are available and may be used by such a marginalized group, which the persons with criminal record are.

As for the intersection of the thematic areas pursued in this study, the problems described above are also intertwined: **social enterprises focusing on the employment of disadvantaged persons**, or their employees (those being the disadvantaged in the labour market in general) are not sufficiently registered by the system and they may only use the existing possibilities of support for the employment of disadvantaged persons to a limited extent, or regarding such support, often such criteria are set that make it difficult or even impossible to use such a support. As it has already been shown in the previous research (Mertl, Bareš 2018a), social enterprises represent a suitable instrument for improving the employment opportunities for persons disadvantaged in the labour market, including those with criminal record.

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