Social Entrepreneurship in the Czech Republic in Light of the European Migrant Crisis

Gabriela Vaceková¹, Martina Bolečeková²

¹Masaryk University, Brno
²Matej Bel University, Banská Bystrica, Slovakia

Abstract

The European migrant crisis is a current phenomenon which has sparked heated debate within professional circles and among the general public. This paper looks at the current situation in Europe and reflects on the problems related to the enormous increase in immigration from the point of view of the Czech Republic. On the basis of an interdisciplinary approach which combines the premise of social economic policies and the basic principles of integration policy, we aim to present a new and innovative approach to research into the respective issues. We combine the idea and the principles underpinning the operations of work integration social enterprises (WISE) and the necessity to include immigrants in the labour market, paving the way for exploiting the potential of social entrepreneurship as a tool of the integration policy of the Czech Republic. At the same time, we fill in the research gaps stemming from the absence of the respective scientific disciplines under the current socio-economic and political conditions within the Czech Republic, thereby making use of appropriate methodologies and materials available. The outcome of this paper is an analysis of the development and the current state of social entrepreneurship in the (post-)transition conditions specific to the Czech Republic. This serves as a new and hitherto unexplored parallel which enables the evaluation of the potential utilization of the integration social enterprises under the conditions specific to the current migration crisis in Europe. The presented findings and proposals are discussed with respect to the current state of research in the field both in the country and abroad and provide sufficient space for the implications these may have on integration policy.

Keywords: European migrant crisis, integration policy, Czech Republic, social entrepreneurship, WISE work integration social enterprise
Introduction

The early 21st century marked a key period within the social economy when new problems began to appear for which European countries had to seek innovative solutions. These solutions were provided mostly by social enterprises (Vaceková et al., 2015). Nowadays, numerous immigrants represent the greatest challenge for societies in all member states of the European Union. This raises a number of questions. Can social entrepreneurship be seen as a potential tool for solving problems arising explicitly from the European migrant crisis? Are social enterprises a potential tool of the integration policy of the Czech Republic?

The discourse on social entrepreneurship is quite different across countries; the Czech Republic still lacks legislative regulation on social entrepreneurship. The definitions of social enterprise are diverse and tend to describe the functions of different types of social entrepreneurship (c.f. Dees, 1998; Dart, 2004; Harding, 2004; Haugh, 2006; Thompson & Doherty, 2006; Hockerts, 2006; Peredo & Chrisman, 2006; Korosec & Berman, 2006; Hartigan, 2006; Masseti, 2008; Yunus, 2008; Emerson & Twersky, 1996; OECD, 2013; EMES, 2012; Wronka, 2013). The primary intention of social enterprises is usually not related to profit. They are characterized by the performance of activities for the benefit of the public, as well as their contribution to the inclusion of people who are in some way disadvantaged in the labour market.

At present, the issue of the inclusion of people who are disadvantaged in the labour market in the Czech Republic is closely connected to the necessity to tackle the significant increase in the influx of immigrants from outside Europe. The Czech Republic is not among the Member States of the European Union that are most affected by the migration and refugee crisis (such as Greece, Italy, Germany, Sweden, France, c.f. FRONTEX, 2015). Nevertheless, the issue of immigrants is no longer a matter for the distant future, but a daily reality in Czech society. In view of the aim and the scope of this paper, we do not explain the differences between the individual categories of migrants (see Bolečková, 2010), instead, we will use the term immigrant in its broadest sense, including refugees. This will also apply when discussing the issue of the integration of immigrants.

For the needs of this article, we understand integration to mean “the process by which immigrants and their descendants get adapted to their surroundings, and this in several dimensions - cultural, social, economic and political, and at the same time, the majority society adapts and changes in response to immigration during the process.” (Bernard & Mikešová, 2014, p. 524). This definition includes the two main features of the integration process namely, the gradual reduction of differences between immigrant communities and the majority population, and the multidimensionality of the process. Integration policy can be perceived as either a sub-policy of migration policy - the authors of this paper prefer this interpretation, or as a separate policy. Integration and the integration policy of the Czech Republic has been the subject of studies and scientific research conducted by several

---

1 The approach of the state institutions in the Czech Republic is different. In their conceptual documents they only consider citizens of third countries legally residing in the Czech Republic to be the target group of integration policy; in exceptional cases, citizens of the European Union in a critical situation may be part of the target group; however, the concept for the integration of foreigners does not include applicants seeking international protection and persons who have been granted international protection because the integration of asylum seekers has been secured through the State Integration Programme.
authors (e.g. Baršová & Barša, 2005; Rákoczyová & Trbola, 2008; Leontiyeva & Vávra, 2009; Drbohlav & Schovánková, 2011; Bernard & Mikešová, 2014). In this paper we try to point out the potential of social entrepreneurship as a possible integration policy tool. Although this is associated with the socio-economic area of integration, we believe that it can also contribute to improved integration in the socio-cultural area (c.f. Bernard & Mikešová, 2014).

An interdisciplinary research focus on the social economy which reflects the specific nature of the European migrant crisis is lacking. This paper will fill this gap while questioning the relevance of social entrepreneurship in the Czech Republic within the context of European integration policy. Our new and innovative scientific approach to this issue is based on two main assumptions:

- one of the most important indicators of the integration of immigrants is employment;
- Work Integration Social Enterprises (WISE) focus on employing significantly disadvantaged groups whose employment opportunities are severely restricted.

This paper therefore aims to analyse and assess the development and current state of social enterprises in the Czech Republic in light of the growing migrant crisis in Europe and within the broader context of integration policy. The following research questions were set:

- Which historical events in Europe were the driving forces explicitly influencing the development and the current state of social entrepreneurship in the Czech Republic?
- What are the opportunities for social entrepreneurship under the conditions specific to the current European migrant crisis and the implications for Czech immigration policy?

The first part of this paper describes the European migrant crisis and provides a brief historical excursus on social entrepreneurship in Europe and the key events in its development. The second part presents the development and the current state of social entrepreneurship in the Czech Republic in light of the current European migrant crisis. The final part is devoted to a discussion of these results and the formulation of conclusions with regards to integration policy implications.

**Materials and Methods**

This paper relies on the study of the development of social entrepreneurship with an emphasis on recent development trends in light of the European migrant crisis. It is based on up-to-date and comprehensive research data and analysis in line with the methodology set out herein.

The data on social entrepreneurship were obtained from the register of social enterprises created under the TESSEA project and from the lists of supported enterprises from two...
grant calls focused on the social economy. Use is also made of data from the directory of social enterprises. The Czech Republic has not yet put any legislative definition of social entrepreneurship into effect. As it is not possible to strictly define the criteria that a social enterprise should meet, it is also impossible to find a comprehensive register of all the social enterprises in the Czech Republic.

The data on immigrants was based on Linked Open Data from the Czech Statistical Office and free databases provided by the OECD. In order to measure the effect of policy on the integration of migrants in EU countries, including the Czech Republic, the Migrant Integration Policy Index (MIPEX 2015) was used. In addition, comprehensive statistical data was drawn from Eurostat, European Web Site on Integration, IOM, UHNCR, and the UN Global Migration Database.

The methodology was based on a multidisciplinary approach because the focus was both on the social economy and migration policy, whilst simultaneously seeking to “interpret” the past and present states using the past concept and a perspective that exist in the present. This is one of the possible approaches under historical methods and methods of economic institutionalism (the process of the evolution of institutions). To draw conclusions, logical induction, deduction and logical cognitive methods were utilized.

Results

In the Czech Republic, the phenomenon of the social economy and social entrepreneurship was particularly important during the transformation process because the change in national economic structures created the conditions for an enormous increase in unemployment and social exclusion (Vaceková et al., 2015). Nowadays, Czech society has to face another phenomenon connected with this issue – the European migrant crisis.

European migrant crisis - the Czech case

The European migrant crisis has been an ongoing political crisis throughout 2015 due to the significant increase in the influx of immigrants – both economic migrants and refugees – from across the Mediterranean Sea, the Balkans, Africa, and the Near and Middle East. Despite the fact that refugees heading further West usually consider the Czech Republic to be more of a transit country than a target state, the migration crisis affects the Czech Republic in similar ways to that of the other EU Member States.

From the moment the Czech Republic became an independent state, and prior to the current European migrant crisis, the number of foreigners with temporary or permanent residence in the the Czech Republic had been continuously growing. The economic crisis of 2008 saw a reversal in this trend. It took until 2013 for the number of foreigners to recover and to reach, or even slightly surpass, the level of 2008 (c.f. Kotová et al., 2014; https://www.czso.cz/cs/ct/cizinci/cizinci-pocet-cizinc). At the end of 2013, in total 441,000 foreigners had a residence permit in the Czech Republic. This number accounted for approximately 4% of the total population. In 2014, the number of foreigners increased by 2.4% to 451,000. The majority of foreigners residing in the Czech Republic come from the Ukraine (104,000), Slovakia (96,000), and Vietnam (57,000) (OECD, 2015).

The Czech Republic is therefore clearly an immigration country, however, public opinion is less favourable towards immigrants than is the case in other EU Member States. According
to the Standard Eurobarometer 71 opinion poll, which was conducted in EU Member States during June-July 2009 and published in January 2010 i.e. before the outbreak of the current migration crisis, only 37% of the interviewed Czechs believed that the presence of other ethnic groups enriched the cultural life of their country, and vice versa, up to 65% of the respondents considered that the presence of people of other ethnic groups increased unemployment. A public opinion poll conducted in the spring of 2015 (Standard Eurobarometer 83) proved that the attitudes of Czech people towards migration are among the most negative in all EU Member States. Whilst immigration is perceived positively by a (near absolute) majority of other EU Member States, 64% of Czechs still perceive mobility within the EU negatively. The immigration of people from so-called third countries is perceived negatively in the vast majority of (21) EU Member States. The Czech Republic is once again at the head of this group with up to 81% of respondents declaring they were opposed to immigrants from states outside the EU. A poll of 1,000 Czech citizens by the Focus agency found that 94% think the EU should deport all refugees, whilst 44% thought the Czech Republic should not be helping refugees at all (Graham, 2015). These results suggest that immigration represents a major challenge for Czech society and that it is therefore very important to pay special attention to the integration of immigrants (Collet & Petrovic, 2014).

History of social entrepreneurship in Europe

The first mention of the issue of a social economy appeared in the early nineteenth century (EMES online, 2010). The main reason for the creation of the contemporary social business sector occurred during the economic downturn in Western Europe in the 1970’s. Rising unemployment put great pressure on the social security system. Societies tried to cope with social problems by introducing innovative programmes. In 1980, in France, the national council for relations between mutual societies, associations and cooperatives drew up the Social Economy Charter. In 1981, France incorporated the concept of a social economy into its legislation as a group of organizations operating on democratic principles that do not belong to the public sector and that redistribute profit for their own purposes and further development, especially in the area of improving services for its members and for the whole of society. Social entrepreneurship became a recognized form of business in France and gradually began to spread to other countries (Dohnalová, 2006).

In 1989, discussions about the concept of a social economy began in other states of the European Union. A number of countries began to focus on the promotion and development of a social economy through the establishment of and support for scientific institutions. In 1996, EMES was created. EMES is a specialized network dealing with the development of social entrepreneurship in Europe (online EMES, 2015). As a result of the aforementioned developments, the first WISE businesses started to appear. Their aim was to help the unemployed to adapt to the regular labour market and to support them in their job searches. In some areas, the social business sector was strongly supported by governments, which contributed to its rapid growth. Governments considered social enterprises to be partners through which socio-economic problems could be addressed. Effective problem solving was achieved through direct state support and by the creation of a favourable institutional environment (Hyánek, 2013).
In 1990, Greece became the first country to establish social cooperatives with limited liability; Italy followed suit in 1991. In 1998, social solidarity cooperatives also began to emerge in Portugal. Spain followed this trend with the creation of social initiative cooperatives in 1999.

The social sector in Western Europe is largely influenced by legal structures created by the state. The sector is characterized by social purposes, the creation of jobs and the reduction of profit distribution (Defourny & Nyssens, 2010). As a result of the 1970 economic recession and the transition to a market economy, massive displacements occurred within the economy. This was marked by high rates of unemployment and a reduction in the state's role in addressing socio-economic issues. In Eastern Europe, the social business sector was formed as a result of the fall of communism when the conditions were very similar to those that Western Europe experienced before it. Later, many states acceded the European Union upon the condition that various socio-economic problems be resolved. The social enterprise sector in Eastern Europe is relatively underdeveloped in terms of legal and institutional definitions (Poon, 2011).

Important developments in social enterprises have occurred in the last decade. This was particularly the case when the economic crisis started in 2008. The interest in various forms of social enterprise began to emerge and spread (Gidron & Hasenfeld, 2012). At present, it is possible to observe a worldwide increase in so called refugee and migrant social entrepreneurs.

Tables 1 and 2 provide a brief overview of the institutions and bodies that have provided an impetus for the definition of the social economy in the non-profit and private sectors in Europe.

Table 1 Precursors of social entrepreneurship in the non-profit sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of universities, freely available libraries, hospitals, parks, concert halls, swimming pools, and churches. Their expenses were considered good deeds.</td>
<td>Development of educational programmes based on work with computers, revitalization of urban neighbourhoods and rural communities, creation of businesses and educational opportunities in prisons, first corporate windmills, mobile medical vehicles. The expenses were considered to be investments.</td>
<td>Investment in organizations related to the farming community. The expenditures were considered to be sunk costs.</td>
<td></td>
</tr>
</tbody>
</table>
Centres for adult day care, early childhood education centres, housing for low-income families, training, hospice care, rehabilitation services, computer training programmes for self-employed people, tutoring centres, prisons, universities, windmills, rehabilitation centres for mentally disturbed people and substance abusers, home care for the elderly.

Source: authors (on the basis of data from the Institute for Social Entrepreneurs, 2015)

Table 2 Precursors of social entrepreneurship in the private sector

<table>
<thead>
<tr>
<th>Precursors of social entrepreneurship in the private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1844</strong>: Rochdale, England</td>
</tr>
<tr>
<td>Factory owners and traders charged outrageous prices. 28 workers subsequently gathered 28 pounds and opened up their own shop.</td>
</tr>
<tr>
<td><strong>1884</strong>: Chicago, Jane Addams</td>
</tr>
<tr>
<td>Night school for adults, nursery schools, clubs for older children, public kitchens, cafes, galleries, girls’ clubs, gyms, swimming pools, music schools, drama groups, libraries.</td>
</tr>
<tr>
<td><strong>1895</strong>: Boston, Rev. Edgar J. Helms</td>
</tr>
<tr>
<td>The beginnings of efficient business. Employment of immigrants for the repair and reconstruction of useless household goods for resale. Income from the sales were used to pay workers’ wages.</td>
</tr>
<tr>
<td><strong>1938</strong>: Washington, DC</td>
</tr>
<tr>
<td>Wagner-O’Day Act. Legislative measure provided jobs for people with severe disabilities.</td>
</tr>
</tbody>
</table>

Source: authors (on the basis of data from the Institute for Social Entrepreneurs, 2015)

**Development of social entrepreneurship in the Czech Republic**

The events presented contributed to the development of social entrepreneurship both globally and later in the Czech Republic. Social enterprises began to flourish in the Czech Republic in 2008, as the first social enterprises combining black, Asian and ethnic minorities were established (Vaceková et al., 2015).
Figure 1. Development of social enterprises

Source: authors (based on data from the Directory of Social Enterprises, 2015)

The first social enterprises were established as early as 1992. There were no significant changes in their development until 2007. In 2007 and 2008, nine new social enterprises were established. After the economic crisis (2008-2009), the number of newly established social enterprises started to increase. From 2009 until the first quarter of 2014, it was possible to draw subsidies from the ESF (European Social Fund) and ERDF (European Regional Development Fund). As a result, the number of newly established social enterprises increased rapidly, with a record number of 45 in 2012. With the end of the entitlement to subsidies, the number of start-ups dropped to only 10 in 2014. The total number of registered social enterprises currently stands at 211 (Vaceková et al., 2015).

Social enterprises most often state that their social contribution is in the area of equal opportunity (employment of socially or physically disadvantaged people) in combination with a focus on the environment and ecology, and the social or cultural development of local communities. In total 192 social enterprises reported a social contribution; 120 enterprises reported being involved in the development of the local community; 128 social enterprises dealt with the provision of social counselling and social assistance; and 46 enterprises claimed culture to be their public contribution. In order for an enterprise to be considered socially integrated, it is necessary for it to employ a fixed proportion of socially or physically disadvantaged people. The largest target group specified in the area of equal employment opportunities was people with disabilities. In total 143 enterprises targeted this group. The second largest group was the unemployed, with 68 enterprises focusing on employing these socially disadvantaged people. Social enterprises are least focused on integrating people with addictions into the regular labour market.
When reflecting on the main orientation of social enterprises, it is clear that immigrants also present a suitable target group for the activities of such enterprises. The importance of promoting social cohesion through the generation of employment opportunities for these disadvantaged people cannot be understated. The reason for this is that in the first phase of integration, immigrants from culturally different home countries will probably lack the necessary language and other skills. In addition, communities of immigrants may also present a suitable target group for social enterprises in terms of social and cultural development activities.

**Discussion**

The Czech Republic continues to take the lead in Central Europe in developing an integration policy that responds to the needs of local communities, immigrants and their children (MIPEX, 2015). Authorities took several steps forward to remedy weaknesses identified by MIPEX, but also took a few steps back in two areas, namely family reunions and long-term residence. Overall, the country’s general framework for integration according to MIPEX advanced by +3 points during the period 2010-2014 (and by +4 points during the period 2007-2010 due to the 2009 Anti-Discrimination Law). These findings encourage us to open up a discussion on the presented results.

Koppmans (2010) studied how the welfare state affects the level of socio-economic integration of immigrants. The research results indicate that in those countries where a multicultural model of integration policy is applied (i.e. those countries that provide immigrants relatively simple access to the same rights as their own citizens, have no strict requirement to master the language of their host country, and which tolerate the maintaining of the culture of ethnic communities) in combination with a strong welfare state, generate not only lower levels of participation of immigrants in the labour market, but also a high degree of segregation and high numbers convicted for criminal acts. The author also concluded that those immigrants who were dependent on the market
environment needed to master the language and cultural skills of their host country in order to be able to successfully earn a living. On the other hand, although Germany and Austria have relatively generous social systems, their restrictive legislation on immigrants and naturalization made the right of residence dependent on performance (access to citizenship was determined by an employment relationship and a clean record), thereby replacing the pressure of the market environment on immigrants with that of the influence of the State (Bolečeková, 2011).

In the current concept of the integration policy of the Czech Republic, the indicators of integration which are considered and evaluated include: the stay in the Czech Republic, the acquisition of Czech citizenship, the labour market and economic activity of foreigners, social benefits, and education. Bernard & Mikešová (2014) conducted research aimed at exploring the factors affecting the integration of immigrants in the Czech Republic (specifically Ukrainians and the Vietnamese who, together with Slovaks, form the largest immigration communities). The results of the research showed that for Ukrainians the dominant factor affecting the degree of integration was the length of stay in the Czech Republic (their households and housing preferences are complementary to those in the Czech Republic), whilst for the Vietnamese the dominant factor was the age at which they came to the Czech Republic. The authors concluded their analysis by expressing their view that the different course of integration of Ukrainians and Vietnamese could be explained by cultural differences and the dominant economic strategies of both groups.

The integration processes which various immigrants and immigrant groups experience, differs. It is possible to distinguish several groups of factors that influence whether such processes are successful or not. These factors are only partly directly related to the immigrants themselves. This is because the achieved level of integration is also dependent on the environment in which the immigrants arrive (i.e. the immigration “context”). This “context” includes issues such as the form of the labour market, integration policy, and the levels of prejudice or discrimination against immigrants.

In the Czech Republic, the socio-economic integration of immigrants has not posed significant problems so far because most immigrants are active in the labour market and unemployment amongst them is very low. When taking into consideration the intensity and structure of the current migration flows, it can be assumed that the structure of immigrants in the Czech Republic will create greater national/ethnic diversity. It is however questionable whether these immigrants will succeed in joining the labour market with the same levels of success as their predecessors. It is for this reason this paper has tried to point out the relevance of social entrepreneurship in the Czech Republic within the broader context of integration policy under the conditions specific to the current European migrant crisis.

**Conclusion**

In November 2004, the European Council adopted common basic principles for their integration policy. The adopted concept emphasises that “integration is a dynamic two-way process of mutual adaptation of all immigrants and the population of Member States”. This
means that not only immigrants but also host societies need to adapt. At the same time, host societies should create opportunities for immigrants for their full economic, social, cultural and political participation.

Employment is a key part of the integration process within the concept. In this regard, the burden of adapting has shifted from the State to the immigrants, especially in the first phase after their arrival in a new society. At the same time, at EU level, integration requirements were set out with regards to the basic knowledge of the language of the receiving country, its history and institutions. The approaches of individual EU Member States to the integration of immigrants still varies considerably. These differences originate in their different histories, social models and traditions, as well as the routes of migration flows. In recent years, the legal frameworks in the area of immigration and integration have either been amended or new ones developed in almost all EU Member States. The Czech Republic adopted its concept of integration in 2000, and updated it in 2011.

The aim of integration policy is to create the conditions for the integration of immigrants (but also of minority or marginalized groups). At the primary level the State (through the Ministry of the Interior) is responsible for this through the legislative and institutional tools it has at its disposal to create the conditions for their successful integration. However, the influence and cooperation of regional and local bodies – including social enterprises - is also important in this process. The role of the State not only lies in the wording of policies in the form of strategic documents, but also in the creation of assumptions and conditions for their implementation. New situations, including international developments and their impact on internal economic development, bring with them new needs. It is therefore important to continually search for and formulate new, innovative policy options which not only reflect, but also anticipate, the implications of the social changes that are a consequence of immigration. It is therefore necessary to reflect on possible new instruments that will facilitate the integration of immigrants into Czech society, and which at the same time will yield positive effects for the host society. This paper contributes to the conversation on new and innovative instruments by trying to point out the potential of social entrepreneurship as a possible integration policy tool, which is currently the subject of both professional and intense political debate at the international level.

Acknowledgement
This contribution was supported by Masaryk University in Brno under Research Project No. MUNI/A/1232/2014.

References


Contact address:

Ing. Gabriela Vaceková, Ph.D., Department of Public Economics, Faculty of Economics and Administration, Masaryk University, Lipová 41a, 602 00 Brno, Czech Republic, e-mail: gabriela.vacekova@econ.muni.cz

PhDr. Martina Bolečeková, Ph.D., Department of International Relations and Diplomacy, Faculty of Political Science and International Relations, Matej Bel University, Kuzmányho 1, 974 01 Banská Bystrica, Slovakia, e-mail: martina.bolecekova@umb.sk