

## ICTU SUBMISSION ON THE DEVELOPMENT OF THE NATIONAL SOCIAL ENTERPRISE POLICY FOR IRELAND, 2024-2027

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## **Introduction**

The Irish Congress of Trade Unions (ICTU) welcomes the Government's decision to produce a new national social enterprise policy 2024-2027 in succession to the 2019-2022 policy and the opportunity to be able to set out our views on the development of this new policy before its planned publication at the end of Q1 2024.

Given the short timeframe before the planned publication, this submission focuses mainly on issues that we believe were not or were inadequately addressed in the 2019-2022 policy and in the consultation document for the 2024-2027 policy. To summarise our main point, if a social enterprise is an enterprise whose objective is to achieve a *social, societal* or environmental impact, then the new policy clearly has to set out concrete measures to improve pay and working conditions in this sector and the most appropriate and effective way to do this is by upholding social enterprise workers' right to organise and to collective bargaining and by involving trade unions organised in this sector in the development of policy for this sector. This would not only contribute to improving pay and working conditions in this sector but is in fact an essential step for realising the full potential of this sector in the years ahead. It would also begin to deliver on specific European and international strategies supported by Ireland that *inter alia* seek to address these issues since the adoption of the 2019-2022 policy and prepare this sector for the obligations Ireland has undertaken through the Adequate Minimum Wages Directive, particularly Article 4 on the promotion of collective bargaining.

This submission develops these points under the format set out in the consultation document.

ICTU would look forward to further engagement with Government and other stakeholders on the matters raised in this submission before publication of the final policy.

## **Social Enterprise: Key Information and Data**

With regard to the definition of social enterprise, the consultation document proposes to retain the definition used in the 2019-2022 policy.

That policy stated this definition was consistent 'definitions of social enterprises at EU level', i.e. the European Commission's 2015 *A Map of Social Enterprises and their Ecosystems in Europe*.

It should be noted that the definition of social enterprises used by the European Commission in 2015 also stated that social enterprises are ‘managed in an open and responsible manner and, in particular, involve *employees*, consumers and stakeholders affected by its commercial activities’ (European Commission, 2015:9, emphasis added).

This aspect is also set down in the definition used in the EU Regulation 2021/1057 establishing the European Social Fund Plus (ESF+). The relevant part of this definition defines a social enterprise as ‘managed in an entrepreneurial, participatory, accountable and transparent manner, in particular by involving workers, customers and stakeholders on whom its business activities have an impact’ (Article 2(1)(13)(c)).

We therefore propose that the emphasis on involving *employees*, consumers and stakeholders affected by its commercial activities be now included in the definition for the 2024-2027 policy.

With regard to employment in the social enterprise sector, we wish to highlight a number of facts (drawn mainly from the 2023 Baseline Data Collection Exercise and the consultation document):

- 85,000 or approximately 3.7% of the workforce work with the 4,300 social enterprises in the Republic of Ireland (in 2021)
- Approximately 47% are part-time employees, 46% full-time and 8% contractors.
- 60% of social enterprises with paid staff employ people through active labour market policies/ programmes
- Women make up 69% of the workforce
- The age of the workforce is primarily between 31 and 50 (48.6%)
- The main three sectors of activity in terms of employment are Health, Youth Services and Social Care; Childcare; and Training and Work Integration
- 57% of social enterprises are micro-enterprises (with one to nine employees), 35% are small enterprises (10 to 49 employees), 6% are medium sized enterprises with (50 to 249 employees), and 1% are large enterprises (250 or more)
- The average number of employees, full and part time (excluding contractors) in the surveyed organisations is 15 people.

Other than the above, the consultation document does not appear to consider any issues around pay and working conditions in this sector.

These issues are however considered to varying degrees in a number of recent national, European and international initiatives concerning this sector. For example, the 2023 NESC report *Social Enterprise on the island of Ireland* acknowledges the International Labour Organisation (ILO)'s recognition over the past two decades of cooperatives and other institutions in the wider social and solidarity economy not just as implementing partners of the ILO but also as institutions 'that can help advance *decent work* and sustainable development' (NESC, 2023:16). It also refers to the ILO's June 2022 resolution (discussed below) concerning decent work and the social and solidarity economy (NESC, 2023:21).

While the recent UCD/NERI report *Job Quality in Ireland* did not look at job quality in social enterprises per se, it did find that 17.6% of workers in not-for-profit organizations, including charities and NGOs, were on low pay (Geary and Wilson, 2023:37) and that workers in the voluntary sector were more likely to work in demanding, highly controlled, precarious jobs (Geary and Wilson, 2023:61).

At EU level, the European Commission's 2021 *Action Plan for the Social Economy* notes that 'existing support schemes do not always consider the special features of their business models in terms of governance, profit allocation, working conditions and societal impact (European Commission, 2021:13) and notes that the predominantly female workers providing services in the social, health and care services 'face many challenges in terms of low wages and precarious working conditions' (European Commission, 2021:6).

More recently, the EU Council's 27 November 2023 Recommendation on developing social economy framework conditions<sup>1</sup>. We would highlight the following provisions:

Recital 11, which includes the statement that:

'Social economy entities can promote fair working conditions by involving employees in their governance and decision-making. Promoting social dialogue in the social economy can improve the working conditions of employees.'

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<sup>1</sup> (C/2023/1344). Political agreement on this Recommendation was reached at the EPSCO Council – Ministers for Employment and Social Policy, on 5 October 2023. Ireland was represented by Mr Neil Richmond, Minister of State at the Department of Enterprise, Trade and Employment with special responsibility for Employment Affairs and Retail Business, and Minister of State at the Department of Social Protection.

Point 5, which recommends that member states ‘acknowledge and support the specific added value’ of the social economy by ‘promoting quality jobs for all, while also enhancing fair working conditions, safety and health at work, equality and non-discrimination’ in particular by:

‘ensuring an enabling framework for business transfers to employees to form worker cooperatives and other relevant social economy legal forms, to avoid job losses and safeguard economic activity, while providing accompanying services and information about the likely costs and benefits of business transfers to employees’;

[and] ‘promoting social dialogue in the social economy to ensure fair working conditions, including fair wages, respecting the autonomy of social partners’;

Point 27, which asks member states to report to the European Commission on progress in implementing the Recommendation by 27 November 2027 (i.e. within the timeframe covered by the new national policy).

At international level, we would refer to the resolution concerning decent work and the social and solidarity economy (SSE) adopted at the 110th International Labour Conference of the International Labour Organisation on 10 June 2022. This stated that:

‘Workers’ organizations share historical roots with SSE entities in the quest for the promotion of democracy and social justice in the economy and of human and labour rights. They support and defend the rights and interests of SSE workers and this interaction should be reinforced, including by increasing SSE workers’ awareness of their labour rights and recruiting SSE workers to join unions; support their organizing and collective bargaining; develop partnerships and alliances to achieve common goals; and increase the visibility of SSE workers (point 13).

Among the challenges the resolution identifies, and specifically asks ILO members to consider, are:

‘ensuring that entities and workers in the SSE benefit from freedom of association and the effective recognition of the right to collective bargaining to enable social dialogue through the most representative organizations of employers and workers for shaping measures which directly affect entities and workers of the SSE and, where appropriate, with relevant and representative organizations of the SSE entities concerned’ (point 7(e)).

It also urges members to:

‘strengthen labour inspection, promote collaboration among labour inspectorates, social partners and SSE representatives to prevent, discourage and sanction pseudo-SSE entities, unlawful practices and rights violations, thereby protecting workers and preserving the autonomy and independence of SSE entities’ (point 9(l)).

ICTU would look forward to engaging with Government and other relevant stakeholders on implementation of the commitments that Ireland has now undertaken through the EU Council Recommendation over the coming four years, and the ILO resolution, particularly on aspects related to issues highlighted in this submission.

### **Policy Objective One – Building Awareness of Social Enterprise**

We welcome the emphasis in this section of the consultation document on developing a ‘structured, organised and responsive approach’ to awareness raising and communications’ to underpin the 2024-2027 policy, involving ‘Government, enterprises’ representative groups, social enterprises and other relevant stakeholders’.

Although ‘other relevant stakeholders’ are not listed in the consultation document, they are in the 2029-2022 policy, as including and not limited to ‘social funding organisations and promoters, representative and networking bodies. academic/educational bodies, and other support bodies’ (Government of Ireland, 2019:7).

We would underline here the importance of involving trade unions in any groups established to achieve this aim (e.g. similar to the awareness raising sub-group established under the 2019-2022 policy). Such a role for social enterprises’ workers’ trade unions would begin to give effect to Ireland’s commitments under the 2023 Council Recommendation, particularly to ‘promote social dialogue in the social economy’ (point 5(h)).

### **Policy Objective Two – Growing Social Enterprise**

ICTU welcomes the emphasis in the consultation document on using procurement, both public and private, to grow social enterprise.

This emphasis should also be used to improve the pay and conditions of workers in this sector. This would begin to give effect to recital 20 and point 15 of the November 2023 Council Recommendation, which supports and recommends improved access to public procurement by the social economy.

However, we would also highlight that points 15(d) and 15(e) of the 2023 Council Recommendation explicitly refer to:

‘...encouraging contracting authorities to refer in tender documents to specific obligations under social and labour law and collective agreements, as well as social and environmental criteria, that apply to the procurement (36)<sup>2</sup>, ask bidders to confirm compliance and set up monitoring measures’

And to:

‘...encouraging a structured, transparent and non-discriminatory dialogue with the social economy and other stakeholders to design a socially responsible public procurement strategy.’

The European Commission’s Action Plan also commits to ‘step up its efforts to highlight the concrete benefits and ways of using public procurements and concessions procedures to achieve labour and social policy objectives, better working conditions, and deliver high quality social services.’ (European Commission, 2021:9)

Furthermore, Article 9 of the Adequate Minimum Wages Directive, which has to be transposed into domestic law by 15 November 2024, also provides:

‘In accordance with Directives 2014/23/EU, 2014/24/EU and 2014/25/EU, Member States shall take appropriate measures to ensure that, in the awarding and performance of public procurement or concession contracts, economic operators and their subcontractors comply with the applicable obligations regarding wages, the right to organise and collective bargaining on wage-setting, in the field of social and labour law established by Union law, national law, collective agreements or international social and labour law provisions,

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<sup>2</sup> Footnote 36 cites Article 30(3) of Directive 2014/23/EU, Article 18(2) of Directive 2014/24/EU and Article 36(2) of Directive 2014/25/EU.

including ILO Freedom of Association and the Protection of the Right to Organise Convention No 87 (1948) and ILO Right to Organise and Collective Bargaining Convention No 98 (1949).'

If the objective of a social enterprise is to achieve social and societal goals, then the 2024-2027 policy must ensure that all business and financial supports for social enterprise, including public procurement, give effect to the relevant commitments and obligations, particularly concerning the right to organise and collective bargaining, outlined above.

This would also be entirely consistent with the emphasis in the Government's 2021 submission to the European Commission on the development of the European Action Plan for the Social Economy - that the EU 'should be leading the charge on social procurement, and providing progressive clarity that the relevant EU Directives not only provide for the possibility of socially responsible public procurement, but actively encourages it' (Government of Ireland, 2021:5).

### **Policy Objective Three – Climate Action Contribution**

ICTU welcomes the focus on the role and potential of social enterprises to advance climate action, particularly in relation to the circular economy and renewable energy.

We would make the point however that the only apparent reference to quality employment in the entire consultation document is in relation to the potential of extended producer responsibility schemes for textiles to create 'quality jobs for all, in particular vulnerable groups' under the proposal to amend the 1998 Waste Framework Directive.

It should also be noted that the European Commission has drawn attention to the fact that 'fatal accidents in waste management and materials recovery are above the average of all economic sectors in Ireland and above the EU average (European Commission, 2023:43). If the 2024-2027 policy is to promote the development of social enterprises in the circular economy, then it is imperative that this challenge be addressed.

### **Policy Objective Four – National and International Engagement**

ICTU welcomes the recognition of and emphasis in the consultation document on the need to progress and reinforce engagement at national, European and international engagement. We believe this would contribute to the commitments that Ireland has undertaken, particularly at EU level through the 2023 Council Recommendation and as a member state of the ILO.



With regard to the consideration of representative voices for this sector, we would underline the fact that at present social enterprise workers' trade unions were not included among the membership of representative fora established under the 2019-2022 policy, such as the National Social Enterprise Implementation Group and the awareness-raising sub-group. From the start, this undermined the recognition in the 2019-2022 policy of the importance that the 'full range of stakeholder activity is reflected' in order to ensure coherence and to improve public understanding of social enterprise as a whole, and its contribution to society and the economy'. Rectifying this omission would also contribute to giving effect to the commitments that Ireland has now undertaken at EU level, such as the emphasis in the 2023 Council Recommendation on promoting social dialogue, and at international level, such as arising from the 2022 ILO Resolution.

### **Policy Objective Five – Data Collection & Social Impact Measurement**

It should be noted that the European Commission's impact assessment accompanying its 2021 Action Plan for the Social Economy noted that several members of the EU's expert group on the social economy and social enterprises (GECES) highlighted the lack of data on working conditions and called for the collection of more information with a view to improve policy.

It also noted that Eurofound had suggested that national working conditions surveys should provide a separate analysis of working conditions in social economy organisations (European Commission, 2021a:26).

The 2024-2027 policy should commit to collecting data on working conditions in social enterprises.

### **Conclusion**

As stated above, ICTU welcomes the Government's decision to establish a new social enterprise policy for the 2024-2027 period and the opportunity to be able to set out our views before its finalisation.

We believe this policy should address issues that were not or were inadequately addressed in the 2019-2022 policy. This submission therefore seeks to identify the principal ones of interest and concern to ICTU and our affiliated unions. We believe that addressing these matters in the 2024-2027 policy not only would contribute to improving pay and working conditions in social enterprises

but is in fact an essential step to fully realise the potential of social enterprises in Ireland in the years ahead. It would also give effect to commitments that Ireland has undertaken at EU level (e.g. through the 2023 Council Recommendation) and at international level (e.g. through the 2022 ILO resolution) since the adoption of the previous policy, and to prepare this sector for the commitments and obligations Ireland has undertaken through the Adequate Minimum Wages Directive<sup>3</sup>, particularly Article 4 which requires Ireland to promote collective bargaining, and in particular sectoral bargaining.

ICTU would look forward to further engagement with Government and other stakeholders on the development of the 2024-2027 before its planned publication and to see this sector realise its full potential in the years ahead.

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<sup>3</sup> To be transposed by 15 November 2024 and implemented thereafter.

## References

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