German and Dutch Job market Hardenberg
Inclusive employment through social procurement and cooperation
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Introductie

1. Social procurement: reason and regulations
2. Research on social procurement
3. Cooperation by entrepreneurs: labour pools
Unemployment in the Netherlands

Red: Unemployed (15-74 years, seasonally adjusted)
Yellow: Unemployment benefits (15 years till retirement age)

Bron: CBS, UWV
Socially sustainable public procurement (SSPP)

Social Return on Investment
the mandatory social condition to create extra jobs for persons with a distance to the labour market
European Directives


Social innovation can be defined as the development and implementation of new ideas (products, services and models) to meet **social needs** and **create new social relationships or collaborations**.

Social conditions in tender calls

Social conditions stimulating employment opportunities are allowed as long as:

✓ they are linked to the **subject matter of the contract**;
✓ they are *proportionate* to its requirements;
✓ the principles of **value for money** and **equal access** for all EU suppliers are observed.
Facilitating social procurement

- Innovation partnership
- Market consultation (codification)
Innovation partnership

✓ One or more partners
✓ New innovative products, works, services which are not in the market
✓ To develop an innovative solution together with the contracting authority
✓ Quality and cost levels in accordance with agreements.
Market consultation

To collect information before formulating the tender. Best before the requirements are drawn up.

Goal:
- Efficient and effective procurement.
- Exploration of the market and examine the ideas from the market
- Realistic conditions in tenders
Social enterprises

It is permitted to reserve tenders for social enterprises:

✓ **Businesses with main goal**: social and professional integration or reintegration of disabled and disadvantaged people

✓ **≥ 30% of the employees**: disabled or disadvantaged workers
Demand for a label in tenders

For works, supplies or services with, among others, social characteristics,

Under conditions:
✓ On the basis of objectively verifiable criteria
✓ According to a procedure in which stakeholders - government bodies, consumers, manufacturers or other organizations - can participate
✓ The label must be accessible and available to all interested parties
Dutch label: PSO-Ladder

Measuring instrument:
The contribution, quantitative as well as qualitative, of the company to the employment of people with a vulnerable labour market position.
Alternatives

- **Alternative label**: if it meets the requirements of the requested label
- No possibility to obtain the label: other appropriate means of proof
Benefits for social enterprises in the Netherlands

Conditions:
- Supporting disabled persons is main aim of organisation
- ≥ 30% employees is disabled
- Demonstrated by a label

Benefits:
- Financially: labour cost subsidy
- Strong in competition of tenders with social procurement
- Prevents quota Participation Act
Participation Act and Quota

1. 100,000 jobs in companies + 25,000 at government (all levels) in 2026
2. Additional job for disabled people (25.5 hours on average)
3. Not enough jobs Nationwide: 1/1/2017 quota in organizations with ≥ 25 employees – fine for every place/job which is not fulfilled
Germany: Ausgleichsabsggabe

Fine for companies who don’t have 5% disabled people

Research student Hanze University:
- Companies do not take the quota into account
- Companies do hire disabled people more often than without Ausgleichsabsgabe
- Disabled people are very motivated
Ausgleichsabgab: no monitoring

- Most companies don't fulfil the quota, nor do they pay the fine
- **No monitor** of Ausgleichsabgabe

In the Netherlands this is similar with social procurement: no monitoring

Bezahlt wird nicht!
Research project on social procurement
Results research

Recommendations for SMEs:
1. Public procurement could be interesting for you as SME and then social procurement is automatically included.
2. Make sure you have influence on the decision making process about social procurement;
3. Make arrangements in your organization in order to be able to apply social procurement.

• ready for Social procurement!
Dialogue Triangle

**Purchasers:** transparant processes

**Municipalities:** be proactive
placement of target groups: unburden SMEs

**SME:** be proactive
Negative effect: crowding out

Crowding out = fire employees to be able to hire employees

Prevention:
- Organize meetings: entrepreneurs can give insight in consequences of social procurement
- Search for alternatives

[In English: Social procurement and crowding out. Strategies for prevention, an exploration, TNO January 2014]
Entrepreneurs want to cooperate
Labour pools

1. Legal form: most entrepreneurs choose foundation
2. Perseverance of entrepreneurs!
Employees

3. Employees regular contract with the labour pool: **posting on projects**

4. **Training and guidance from the labour pool**: unburdening of SME
Municipalities

5. Commitment of municipalities is crucial
6. Continuity of projects to create jobs
7. Early insight in planning of tender calls
Thank you for your attention!

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