

STEPS TOWARDS INCLUSIVE GROWTH

Lessons for the recovery

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Inequalities and poverty mar the experience of urban living for many: it is a matter of concern for economic as well as social growth. Finding the tools and measures that can be used to create inclusive and sustainable jobs and enterprises with social as well as economic objectives is crucially important if inequalities are to be overcome and the well-being of city residents promoted. Innovative ways of thinking about enterprise creation as a route out of the current economic crisis as well as new measures to safeguard workers and prevent labour market rigidities that can hold back progress mark an important focus for several URBACT projects working in the field of human capital and entrepreneurship. This paper explores the lessons URBACT partner cities can provide about how municipalities, local economic development agencies and other local stakeholders can develop a more sustainable, inclusive and innovative way of thinking and living.

Growth and sustainability

The economic crisis of the last two years has coincided with growing demands to explore innovative ways of developing jobs and enterprises across Europe. At a time when no sector is exempt from job losses identifying where new jobs might occur or could be encouraged for a post crisis future is an important strategy. Essential features of the post Lisbon Europe 2020 strategy highlight the need for an increasing focus on greener jobs and enterprises as well as a service sector where innovation is encouraged: a very

reasonable idea when the OECD estimates that the value of the environmental goods and service sector could increase to just under USD 800 billion by 2015 (OECD 2009). For the first time, however, Europe's new strategy for 2020 also has the objective of ensuring growth is 'inclusive'. Part of the reason for this is that not all countries or localities can create sufficient jobs in green and service sectors. And even if they could, the problem of already marginalized groups of workers as well as large numbers of unskilled workers who have been thrown out of work from construction and other labour intensive sectors would not be addressed in a strategy focused on smart knowledge intensive sectors or green industries. A strategy of inclusive growth is needed.

Inclusion as key

Social inclusion strategy is obviously not just about generating employment and getting the labour market right. It is also about redressing inequalities through things like pensions, health care, housing, benefits and, just now, about making sure the crisis does not become a catalyst for increasing social exclusion¹. Nevertheless economic strategy can

¹ European Anti Poverty Network (2009) [Social Cohesion at Stake: the Social Impact of the Crisis and Recovery Package](#).

play a strong part in redressing the pattern of inequalities and in opening up routes into a different quality of enterprise and work. Poverty and inequality as a whole remain features of Europe, often linked to low pay, the gender pay gap, racism, low skills, limited professional training opportunities, and precarious employment². They are features that are costly for individuals but also for local economies. For example, whilst immigration offers clear benefits to cities, immigrants often remain more exposed to long-term unemployment and social exclusion, as well as poorer working conditions and temporary employment³. To take another example: women are now, more than ever, directly exposed as employees and business owners to the impact of the current recession yet it is not just women who lose out: their earnings have become significant for the economy and well being of families and the cities in which they live⁴.

The need for effective policy is underlined when there is increasing evidence that even the policies that have been developed are under threat: seen as too expensive at a time of

economic crisis⁵ and too risky for new business finance. The 2020 strategy is to be welcomed if it represents a EU view that inequalities are a matter of concern for economic as well as social growth and if it results in what the OECD would also like to see - "a new approach to employment and skills ...tied much closer to the longer-term economic development of our local communities and the competitiveness of national economies."⁶

Creation of jobs as well as access to jobs

It is not just a question of access to jobs and skills. A positive and supportive environment for creating jobs and growing firms is also essential. It is increasingly new and small firms, rather than large ones, that are the major providers of new jobs: there are some 23 million SMEs in the EU, providing around 75 million jobs and accounting for 99% of all enterprises. But how can enterprises become stronger and more robust in the face of recession; how can the factors that restrict the growth of SMEs in Europe⁷ be overcome at a time when new types of enterprises, including social enterprises, desperately need to be

² [EUROPE 2020: A strategy for smart, sustainable and inclusive growth.](#)

³ OECD (2006), *From Immigration to Integration: Local Solutions to a Global Challenge*

⁴ G Scott (2009) *Developing an Urban Agenda for female Entrepreneurship During The Economic Downturn.* Urbact Tribune

⁵ Seguino, S. (2009) *The gender perspectives of the financial crisis. Submission to the United Nations Commission on the Status of Women*

⁶ Froy, F. & Giguere, S. (2009) [Putting in Place jobs that last: a guide to re-building sustainable employment at local level.](#) OECD

⁷ Commission of the European Communities (2003) [Entrepreneurship in Europe: Green Paper](#)

encouraged⁸; how can ignored sectors of enterprise contribute something vital to the economic recovery? In this article we examine some of the lessons that URBACT partners can contribute to the development of policy.

A local challenge?

In the recession, economic development agencies, both public and private are being forced to think more creatively about how to facilitate connections and partnerships. If they don't then the loss of momentum could prolong an already slow and difficult recovery. But where should such action take place? The recent report on Cities and Crisis produced by the URBACT Programme highlights the complex and varied impact of and responses to the challenges presented by the economic crisis but also argues strongly "cities and local governments are on the front line of the economic crisis, in terms of its impact on people, businesses and places".⁹ It highlights in similar ways to the Young Foundation and the OECD/LEED reports^{10 11} that local employment and enterprise development have a vital role to play in developing routes out of the economic crisis. It is a role which some authorities have already instituted alongside measures such as a living wage strategy to reduce the impact of the crisis on the most vulnerable in the

labour market but which needs further development.¹²

Key questions for any city

The influence of economic development agencies is no doubt limited when it comes to restructuring industry, strengthening consumer demand, reducing labour market rigidities and opening up credit. Nevertheless there is much that can be done at local level. Some key questions that URBACT networks and others pursuing economic growth and social inclusion at local level include:-

- What can cities do to support new and existing enterprises at the same time as promote the interests of employees in the face of the recession?
- What can cities do to ensure that new growth opportunities have a social as well as economic impact?
- How can labour market rigidities that lead to an underuse of the skills of women and migrants be reduced?

9 URBACT (2010) [Cities and the Economic Crisis : Summary of the Impact and responses of URBACT II cities](#)

10

The Young Foundation (2009) [Fixing the Future Innovating more effective responses to recession](#)

11 Froy,F. & Giguere,S. (2009) *op cit*

12 [Greater London Authority. The 2010 Living Wage in London](#)

8 Nyssens, M. (2006) *Social Enterprise*, London Routledge

What can cities do to support new and existing enterprises?

According to the URBACT *Cities and the Crisis* study the impact of the recession on business and employment varies considerably between cities; appearing to be least where the local economy is based on SMEs operating locally. A major question facing cities now must be how to maintain and develop the support that will encourage and sustain SME activities.

Cities involved in the [WEED](#) project have shown that making micro finance more gender sensitive can be done effectively and with long-term positive effect on business sustainability. In Celje, Slovenia, it has been found that investing in a strong integrated system of support for women entrepreneurs including micro finance and longer term mentoring has a positive impact for start up and business growth. Similar programmes for women in Canada demonstrate that loan funding combined with integrated support regularly increases revenues by a factor of 20¹³. The URBACT MILE project showed that integrated support could be developed into something that is trusted by small ethnic minority businesses and also explored how business creation can be used as both a tool and strategy for integrating an

immigrant population into a society and labour market¹⁴. Such examples highlight that attention to inclusive entrepreneurship is possible and offers potential for growth and new, more strategic routes out of the economic crisis.

Supporting enterprising women: [WomenEmprende Programme](#)

Despite the fact that the majority of university female students have received their education in the area of Technological and Experimental Science in the University of Santiago de Compostela the skills of female graduates is seldom transferred into entrepreneurial initiatives. Barriers facing them include poor access to technology and support as well as difficulties in balancing work and family.

The Women Emprende project addresses these issues. It is based in the University and receives municipal support. It focuses on the establishment of entrepreneurial ventures that take into consideration the specific characteristics of women. The programme offers a variety of supports – knowledge updating, access to University technology, development of support structures for working mothers, entrepreneurial training. These have resulted in greater visibility and relevance of female entrepreneurship within the institution itself and a greater number of female entrepreneurs.

Some examples of companies created by women at the University of Santiago are Estudio Adumbro, whose functions are to direct and take care of the projected image of a product, service, project or company and GalChimia, a leading Spanish company in the area of

13 T Scarlett (2010) *Women's Enterprise Initiative: Generating Significant Economic Impacts in Western Canada*. Alberta Women's Entrepreneurs Association.

14 Y Guidom, P Ramsden, H Saad (2008) [Developing Action Plans for Operational Programmes: Enterprise Development for Migrants and Ethnic Minorities](#). MILE, URBACT

Synthetic Organic Chemistry. Galchima was constituted by four Doctors of Chemistry and they expect to have a turnover of 5 million Euros by 2011.

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Other ways of improving local economic resilience besides enterprise creation are being examined by the new URBACT network of ESIMEC ([Economic Strategies and Innovation in Medium Sized Cities](#)). The network is examining 'how integrated and flexible workforce development strategies that simultaneously tackle the demand and supply side of the labour market are a prerequisite of sustainable economic prosperity'. Strategies that partner cities are developing include better apprenticeship opportunities and upskilling of the unemployed in line with the needs of employers. It is an approach that the OECD LEED Programme also supports:

'It is important that communities use the current situation to build a better partnership with employers to better use skills and build meaningful career ladders that support progression for the lower-skilled'¹⁵

Can cities help new growth opportunities to have a social as well as economic impact?

In relatively rich societies like Europe, there are strong arguments to suggest that long term competitiveness is more likely to come from sectors which focus on the quality of life and the environment than simply a return to the consumption led, speculative patterns of the past. The URBACT Network of Social Enterprise ([Urban N.O.S.E](#)) led by Gela is exploring how to create social economy incubators that do this. The experiences of its partner cities are varied. Some have concentrated on building and developing social incubators through cheaper access to premises (La Poussada in Grenoble) others to public private support for social enterprises that can grow to provide better health and social care services.

The contribution that social enterprise can make to social and economic aims is evident once we realise that the type of new employment created by social enterprises often favours individuals who may have difficulty moving between localities to find jobs and a higher quality of life. It also often favours women. An exploration of social enterprise by the URBACT Women, Enterprise and Economic Development project ([WEED](#)) highlighted a range of examples of how this can be achieved. One of these was the PAN project in

¹⁵ Froy, F. & Giguere, S. (2009) *op cit*

Italy. The Pan Project was born in 2004 with the objective to generate within three years at least 5000 new places for children in the day nurseries as a response to significant regional differences and lack of childcare. Pan is a consortium of social enterprises. It offers planning and start-up assistance to organisations and people interested in establishing new types of services for children in the form of social enterprises and also offers financial tools designed. Between 2004-2008 PAN successfully built 140 new infant schools with 4,311 available places and 943 new jobs, largely for women: a major development by anybody's standards.

Other examples can be found in the areas of recycling as well as health and social care. The ['More than Profit'](#) network in Brighton was developed when it was realised that social enterprises already contributes significantly to the local economy and local employment. It provides advice, events, facilitated partnerships and business support towards more robust, sustainable enterprises that meet social need, regenerate communities and minimise environmental impact.



Developing Social Enterprises: Brighton and Hove Recycling Project

Brighton & Hove's experience of developing the "Wood Recycling Project" provides valuable lessons in how social enterprises develop and change. Set up in 1998, in response to the lack of recycling and re-use facilities for wood waste in the Brighton area, it was the first organisation of its kind to exist in the UK. The project saves waste and resources; it also generates employment and has created a successful self-financing business model with environmental and social aims. The core organization in Hove now has 6 full time members of staff and 20 long-term worker trainee volunteers. It has, moreover, used its experience and model to help establish the National Community Wood Recycling Project which comprises over 25 social enterprises across the UK, providing in 2009-2010 some 8000 days of training and volunteering for some of the most disadvantaged.

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Examples such as these offer evidence of social as well as economic impact of intelligent and socially aware investment. They also offer valuable lessons that can be applied elsewhere,

although it has to be admitted that there is still much to be learned when it comes to effectively measuring such impact. There is a growing awareness, for example, that counting new jobs does not create sufficient accountability for how money is spent: we still need more work on how to develop a clearer understanding of the overall impacts of enterprise, whether they are social or private enterprise¹⁶ if social as well as inequalities are to be addressed.

How can labour market rigidities that lead to an underuse of the skills of women and migrants be reduced?

This final question is one that a number of URBACT projects have addressed, including Open Cities, MILE and WEED. They focus on ways of ensuring that women and migrants are not faced with unnecessary barriers to employment and are not more exposed to the cold wind of the recession.

Open Cities is exploring which strategies work best for attracting, retaining and developing workers in a way that suits the economic and social demands of particular environments. Its work is based on the idea that an effective agenda around diversity, integration and inclusion offers a real and tangible asset to a city. It is more than a social inclusion issue since

diversity can offer labour pool advantages, talent attraction, creation of new markets and the ability to attract international firms.

Integration measures for immigrant workers: Start Coaching START WIEN

One of Open Cities partners, Vienna, has developed as part of its diversity agenda a programme for integrating new migrants from third country citizenship into the city's labour force. The 'Start: Wien Integration Programme' is one of the key integration initiatives which has been in place since October 2008. It aims to help newcomers make a good start in the city, and was developed by the Integration and Diversity Department of the municipality in collaboration with NGOs in the field and all relevant departments. It covers welcome policies; housing, education and health information packages; as well as mother-tongue orientation meetings focused on the labour market. Vienna's integration policy follows a clear concept based on transparent rules for immigration and integration. It focuses on a set of tailor-made integration measures for newly arrived immigrants and specific target groups such as women and youngsters¹⁷. Between

¹⁶ See NEF's publication [Hitting the target, missing the point for a discussion of why social as well as economic impact assessment is important](#)

¹⁷ See [OPENCities Workshop Report: Thematic Workshop Three, Poznan, Poland, 2010](#)

October 2008 and June 2010 more than 5000 immigrants were helped by the project. Its annual budget is 640.000 EUR.

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Cities involved in the MILE project also developed a range of strategies that highlight the importance of coordinated responses to local situations. As part of its work in the MILE project, Venice explored, within an ESF project, new tools for the inclusion of migrant women in the labour market. In Turin, a pilot scheme was developed to reach young people from migrant communities including the development of an INFOBUS: a mobile information service carrying information on vocational training, employment, job and educational opportunities to excluded youth in the areas where they live¹⁸.

The lessons from WEED partners focus far more on ways that women can access jobs that pay and on measures that can be taken to make work less gendered. Umeå, one of WEED's partner cities, identified how municipalities can make a positive contribution to labour market rigidities. Amongst their efforts was the municipally based Attraktiv arbetsplats

på lika villkor project¹⁹. The project focused on recruiting more men to a traditionally woman dominated profession as well as improving the conditions for the (largely female) employees in the meal time service to develop and thereby improve the status of the profession. It used gender equality as a method for developing the work organization and the profession and through training and recruitment tried new approaches to work duties. It resulted in more men employed in the municipally funded mealtime service and better conditions for all: the model is being extended to other sectors of the municipalities' employment.

Conclusions

Nobody expects initiatives such as those listed above to transform the rigidities of local labour markets or the problems of entrepreneurs but by highlighting possibilities and disseminating the positive impacts of change the potential for greater change at local and wider level can be promoted. We know that it will be some time before economic activity and employment gets back to pre-recession levels. We also know that returns to enterprise and returns in the form of increased wages for employment are likely to be affected for some time. In such an environment it is even more

¹⁹ WEED Thematic Workshop: Empowering women in the workplace. Case Study Compendium: Supplement to WEED Action Learning Set 2 Report

¹⁸ [MILE Second Action Plan Synthesis report](#)

important than before the recession to explore new ways of encouraging enterprise for the long term and for the social good as well as developing measures to ensure that the least powerful in the labour market do not suffer a disproportionate impact of the recession. The type of solutions being explored as part of the URBACT networks and highlighted here provide a reminder that much can be done at local level as well as much that has still to be learnt. Innovation and partnership do not have to disappear and the lessons emerging at local level provide a valuable reminder that social and economic strategies can be developed together and with positive impact for all.

URBACT II

URBACT is a European exchange and learning programme promoting sustainable urban development.

It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal challenges. It helps them to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions. It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 300 cities, 29 countries, and 5,000 active participants

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