



OPERAČNÍ PROGRAM
LIDSKÉ ZDROJE
A ZAMĚSTNANOST

EVALUATION OF THE SOCIAL AND INCLUSIVE ENTREPRENEURSHIP SUPPORT IN THE OPHRE

Final report

Version of the 30th November 2015

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Version of the 30th November 2015



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List of Abbreviations

Abbreviation	Meaning of the abbreviation
AEP	Active employment policy
COPIE	Community of Practice on Inclusive Entrepreneurship
CR	Czech Republic
CSSA	Czech Social Security Administration
CZSO	Czech Statistical Office
Commission	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FB	Final Beneficiary
GG	Global Grant
GP	Grant Project
OPEIC	Operational Programme Enterprise and Innovation for Competitiveness
OPHRE	Operational Programme Human Resources and Employment
OPRDE	Operational Programme Research, Development and Education
HRD	Human Resource Development
IE	Inclusive Entrepreneurship
IP	Individual Project
IOP	Integrated Operational Programme
LO	Labour Office
MA	Managing Authority
MLSA	Ministry of Labour and Social Affairs
NGO	Nongovernmental Organization
OP	Operational Programme
OPE	Operational Programme of Employment
OPEC	Operational Programme of Education and Competitiveness
PA	Priority Axis
SE	Social Enterprise
SF	Structural Funds
SFMS	Structural Funds Monitoring System
SUJ	Socially Useful Job
TG	Target group

EXECUTIVE SUMMARY

This document presents the Final Report, which was created as part of the project ***Evaluation of the social and inclusive entrepreneurship support in OPHRE***. The main objective of this evaluation is to assess the functioning and results of projects aimed at the promotion of the social entrepreneurship and entrepreneurship of disadvantaged people in OPHRE and IOP and to formulate recommendations for setting the support in this issue in OPE 2014+ and the relevant OP ERDF in the programming period 2014-2020. The project was launched with the signing of the contract by the contracting authority on the 29th May 2013.

The main objective of this document is to present solutions of evaluation tasks, the findings, conclusions and recommendations. This evaluation is divided into the following tasks:

- **Evaluation Task 1** was focused on the analysis of problems and their causes in the issue of inclusive and social entrepreneurship. The purpose of this analysis was to identify the key problems and challenges of the Czech Republic in this sphere with regard to the planning of public policies for employment and social inclusion, and also with regard to the planning of interventions supported by the ESF and the ERDF;
- **Evaluation task 2** was divided into two sub-tasks. Task 2.1 was focused on the evaluation of specific support social entrepreneurship granted under the global grant OPHRE Social Economy (Call 30) and in the framework of the intervention area 3.1c) Investment support for social service providers, employers and other stakeholders in promoting and implementing of IOP's tools for social economy. Task 2.2 was focused on the evaluation of the OPHRE's projects outside the call 30 OPHRE which promote the social entrepreneurship (especially in the area of intervention 2.1, 3.1, 3.2, 3.3, 3.4 and 5.1) in order to assess whether the OPHRE support covered relevant needs in the field of social entrepreneurship;
- **Evaluation Task 3** was focused on the evaluation of projects OPHRE oriented on the inclusive entrepreneurship. Therefore, the evaluation was related to starting a business support of disadvantaged people in the labour market, alternatively on disadvantaged people who already run their business.

Summary of findings, conclusions and recommendations of the task 1

Social entrepreneurship in the Czech Republic – central problem and its consequences

In the framework of thematic network TESSEA, the definition of social entrepreneurship was defined in the Czech Republic: „***Social entrepreneurship*** is a set of business activities which support the society and environment. Social entrepreneurship plays an important role in local development and it creates employment opportunities for people with health, social or cultural disadvantage. The profit is largely used for the further development of social enterprise. For social enterprise it is important not only to make profits, but also increase public benefit.” (TESSEA, 2011, p.14).

Current development of social entrepreneurship was significantly influenced by focusing the calls on this topic in OPHRE and IOP, which strongly developed the model of integrated social enterprise supporting the integration of disadvantaged groups of people to the labour market. This aspect is logical with regard to the OPHRE global goal; nevertheless, the social policy has a wider dimension in its definition.

The social enterprise sector is underdeveloped in the Czech Republic. That can be documented by number of social enterprises in the Czech Republic. According to the web site of Czech social enterprise, there are only 142 social enterprises in the Czech Republic. There were supported 121 social enterprises from OPHRE and IOP (to day of 7th February 2014) overall, so it can be concluded, that current interventions have supported the social business in the Czech Republic with a great

accent on integrative type of Social policy, which reflects the nature of OPHRE. In general, the social entrepreneurship in the Czech Republic is missing comprehensive and systematic support; therefore the potential of social entrepreneurship is not fully utilized in the Czech Republic. The main problem of social entrepreneurship in the Czech Republic is the insufficient development of social entrepreneurship.

Consequences of insufficient social enterprise development are available in the lack of employment opportunities for disadvantaged people in the labour market, in insufficient range of services, products and socially beneficial activities, in low development level of local communities and in allowance for aspects of the environment in production and consumption through the Social Policy. With regard to limited access to financial resources from non-private sources, not only at the beginning, but also during the SE business run, there is a high dependence of current social enterprises in the Czech Republic on public financial resources.

Causes of central problem of social entrepreneurship

There were identified 3 primary causes of the central problem of social entrepreneurship in the Czech Republic, i.e.:

- a) **Environment for social entrepreneurship** (lack of a clear definition of SE, rigidly set legislative system limiting the development of SE, the lack of measurement/evaluation of SE benefits, limited application of socially responsible procurement, political environment),
- b) **Financing of social enterprises** (i.e. small scale forms of financial support of SE, limited access to finance for the SE, both at the start and during the business run, lack of interest of banks to increase credit availability for the underdeveloped sector of SE, lack of a system of tax and other concessions for SE),
- c) **The functioning of social enterprises themselves** (i.e., lack of knowledge, skills and experience of starting SE, frustration of existing SE and low motivation for further business, underdevelopment of platforms and networks of SE and thus undeveloped space for information, exchange of experience, transfer of good practices, lack of functional models of social entrepreneurship).

Methods and tools how to solve the central problem of social entrepreneurship

By the desk-research of relevant documents, there were identified ways and tools how to remove reasons of central problems of social entrepreneurship in the Czech Republic or at least to restrict them:

- a) **Environment for social entrepreneurship** – here it is necessary to distinguish what is and what is not solvable by interventions (ESF/ERDF) more or less (legislative system, institutions and their coordination), what is already dealt with in the present and what would be no longer need to be solved in the future. In general, it is necessary to create a legislative framework enabling development of various SE forms with clearly defined basic concepts. The issue is to change the legislative, which would enable further development of SP, also in relation to the concept of public policy.
- b) **Financing of social enterprises** – interventions should extent forms of financial support of social enterprises, both from public and non-public resources, so the SE has better and wider access to financial resources.
- c) **The functioning of social enterprises themselves** – interventions should strengthen existing consultancy offer, which is not fully utilized by potential enterprises and which doesn't meet their needs. Interventions should also expand capabilities and spectrum of various social entrepreneurship models in the Czech Republic.

Inclusive entrepreneurship in the Czech Republic – central problem and its consequences

Lukes and Jakl (2012) defined an **inclusive entrepreneurship** in their study Global Entrepreneurship Monitor 2011, as a small business when it comes to most self-employed people disadvantaged in the

labour market. **Inclusive entrepreneurship in the Czech Republic faces two interrelated central problems:**

- **significantly decreasing the number and proportion of the unemployed who are initiating entrepreneurship** – with regard to the fact that the economic situation in the Czech Republic, but also in other EU countries, has significantly deteriorated in recent years, the opportunities for business activities were limited and so, in general, they don't longer act as the way to self-employment (so called leakage into the business). The maneuvering room of economic policy is limited only to unemployment compensation and the overall impact on the labour market praxis is reduced, which long-term threatens the social stability and cohesion in society.
- **a small number of persons disadvantaged (threatened) on the labour market initiating their entrepreneurship and subsequently running their business, especially women, persons with low qualification, older people and partly young people** – when problems of disadvantaged people on the labour market are long-term deepening, the danger of disadvantage vicious circle forth is rising. Utilization of business possibilities for this range of people is one of options how to face the problems.

The consequence of mentioned central problems of inclusive entrepreneurship in the Czech Republic **is persisting deteriorated situation of disadvantaged groups of people in the labour market**, especially from the view of specific employment and unemployment rate. From general point of view, the consequence is low forth of new business subjects and decreasing rate of business activity in the Czech Republic, which is in an international comparison generally at low levels (see GEM 2013).

Causes of central problem of inclusive entrepreneurship

Main causes of the central problems of inclusive entrepreneurship are complicatedly interdependent and it can't be conclude, that the mistake is only in one issue. Contrarily, the issue is that there is a complex of causes. In general, people in the Czech Republic have, in comparison to other EU states, low self-confidence when concerning their skills, knowledge and experience needed for running new business. This can hamper business activity in the bud. Radical decrease in number and rate of unemployed people starting their business is caused by negative macroeconomic development, which was in recent years accompanied by reorganization of labour offices in the Czech Republic, because of their overloaded capacity. Causes of low number and rate of disadvantaged people in the labour market who are starting their business and consequently run their business are still the same and they are negatively increased also by other causes, which are for example inadequate qualification for labour market demand, deficient education and skills of disadvantaged people for starting run their business, lack of funds for financing the start of the business and risk aversion of business activities associated with low business self-confidence of disadvantaged people.

Causes of central problems were identified by desk-research of relevant documents and were divided into several groups:

- a) Insufficient qualification according to the requirements of the labour market and low education and skills of disadvantaged people in the labour market
 - narrow range of activities for starting a business
 - lack of ability to start a business
 - employment preference to simple jobs associated with a little flexibility of women after maternity and disabled persons
- b) Lack of funds for financing the start-up, the risk aversion of business activities associated with low business confidence of disadvantaged people
 - low willingness to take risk business
 - low business confidence of disadvantaged people
- c) Macroeconomic developments associated with the economic crisis, business environment
 - low number of opportunities in structurally affected regions
 - poor results of job-retraining programs for business in accordance with time period

before the crisis

Methods and tools how to solve the central problem of inclusive entrepreneurship

By the desk-research of relevant documents, there were identified ways and tools to remove reasons of central problems of inclusive entrepreneurship in the Czech Republic or at least to restrict them:

- a) **Insufficient qualification according to the requirements of the labour market and low education of disadvantaged people in the labour market starting their business** - interventions should be targeted at improving the qualifying conditions of disadvantaged people in the labour market and to extend the range of suitable activities for a possible start of business, to increase the ability to start a business.
- b) **Lack of funds for financing the start-up, the risk aversion of business activities associated with low business confidence of disadvantaged people** - interventions should improve the access to finance for start-up entrepreneurs from disadvantaged groups.
- c) **Macroeconomic developments associated with the economic crisis** - this is a comprehensive reason of the problem of inclusive entrepreneurship and therefore interventions should primarily mitigate the negative effects of the economic crisis through targeted support to disadvantaged persons.

Summary of findings, conclusions and recommendations of the task 2

Task 2 was focused on evaluation of the social entrepreneurship support in the Czech Republic. The purpose of the first part of the evaluation task was to evaluate the projects implemented under the calls 30 OPHRE and 1 and 8 IOP, which were aimed at support and development of social entrepreneurship. The purpose of the second part then was to identify all supported projects within OPHRE in intervention areas 2.1, 3.3, 3.4 and 5.1, which were focused on support services and development activities in favour of social entrepreneurship and assess, whether the support from OPHRE has covered relevant needs of social entrepreneurship.

Evaluation of the principles implementation of social entrepreneurship

Calls 1 and 8 IOP and 30 OPHRE were focused on new business activities support, which simultaneously fulfilled the so called principles of social entrepreneurship.

The principles of social entrepreneurship that applicants had to meet, respectively take them into account, were four in total. In supported projects, individual principles are respected and implemented, but the indicators of TESSEA network are never fulfilled like they were defined to assess the fulfilment of the SE principles. Much easier to understand for Social Entrepreneurs are those principles, that are somehow quantified (e.g., 40% time jobs or 51% of reinvested profit). Principles, which are formulated rather verbally (local and environmental orientation), have lower comprehensibility.

The evaluation showed that a similar type of support based on respecting the four principles, half of which is not too clear to applicants and the other half is relatively benevolent (employing 40% persons from TG and 51% reinvestment of potential profit) is not suitable. Significantly directing is also a condition of respecting all 4 principles at the same time, which led to support of strictly integration social enterprises.

Evaluation of the implementation of existing support of social entrepreneurship

Overall, there were supported 121 social enterprises within evaluated calls to the day of 7th February 2014, of which 78 social enterprises were supported by the OPHRE, 18 social enterprises were supported by the IOP and 25 social enterprises received the support from both programs. Depleted allocation in all 3 calls amounted 499 213 009 CZK, that means 4 125 727 CZK in average for one social enterprise.

Evaluated calls had 3 objectives in total:

Objective 1 – Integration of disadvantaged people into the labour market

The goal of employment of disadvantaged people from target groups is due to the obligatory principle formulation – employment of 40% disadvantaged people – fulfilled in all supported projects. This goal could be more effectively achieved by introducing a systematic employment support of target groups, as it is in the case of contributions for employment of people with disabilities.

Objective 2 – Emergence and development of social enterprises

The objective emergence of social enterprises is also relatively well fulfilled by supported activities, because the focus of support was primarily aimed at support of starting new businesses or business activities. However, the support didn't always lead to the creation of sustainable and independent companies, because one third of supported social enterprises are not able to maintain the supported activities in stated range after finishing the financing from the project.

Objective 3 – Finding a suitable model of social enterprise for the Czech Republic

Finding a suitable model of social enterprise for the Czech Republic is, with regard to uniform nature of the projects resulting from calls settings, fulfilled weakly, or not filled at all. This is related to a certain monotony of emerged social enterprises, which focus only on employment of target groups, but, for example, locally or environmentally oriented businesses are fully missing.

Target groups of disadvantaged people

Target groups of disadvantaged people were exhaustively defined in the calls. Most often, social enterprises were focused on working with a target group of disabled people, as well as the long-term unemployed and ethnic minorities (this are especially members of Roma community). Nearly a third of social enterprises combine more target groups. Overall, to the day of 7th February 2014, there were supported 685 people from the target group in the projects. Target value for the projects with issued decision is 839.5.

Target groups, as they were defined in the calls, are relevant, but it would be appropriate to expand them especially for mothers with children, or else lower the threshold for long-term unemployment assessing. The list of target groups in new OPE design covers all relevant target groups of disadvantaged people, because it already includes these two target groups.

Social enterprise support beneficiaries and settings of supported projects

From the beneficiaries' point of view, the issue is mostly aimed at business entities or non-profit organizations. Types of eligible beneficiaries are relevant, but it would be appropriate to extend them for other types and don't restrict the legal form of the applicant in any further calls, but rather establish the conditions under which the applicant may submit an application.

The minimum amount of support for a project, that was established to 100 000 CZK by calls, seems like useless, because this amount was multiple exceeded in all project proposals. The maximum amount of support, which was, in case of investigated calls, externally given by EU legislation in public support of de minimis area, seems like well-chosen, although in some cases the absorption capacity of the applicants could be higher.

Business and financial plan, which were requested for evaluation of the application, are sufficient in the means of content and scope. In case of other calls of guaranteed type, the scope of compulsory business plan should be maintained. When evaluating a business plan, there is desirable to prefer the business aspect of the project to the social aspect, in order to ensure sustainability of the project.

Evaluation of impacts of social entrepreneurship support

The main impact of social enterprises and supported projects is on target groups of disadvantaged people, providing them employment. In target groups, the impacts can be seen in particular:

Providing employment and stable income

- Increasing motivation of target groups
- Satisfaction of target groups
- Integration of target groups in society

Impacts on other participants do not depart from the scope of impacts of ordinary businesses and they consist mainly in employing local people, providing services in the region, in small support of local community and interest organizations and in meeting the local demand and support of local suppliers. Impacts on surroundings do exist, but it doesn't matter whether there is a social enterprise. In rare cases, there can be identified also other impacts more associated with the character of social enterprises, and this are for example the integration and convergence of target groups with the majority, or example of good practice for cooperation with the target group. Quantitative analysis showed that the highest proportion of employees in the case of social entrepreneurship was immediately after the end of support. Gradually, however, this share has declined (prior to the commencement of support, the proportion of people integrated into the labor market 36.5% in the month ended aided project, the proportion was 71.7, further details are provided below). The mentioned share was measured as the proportion of people registered by the Czech Social Security Administration (CSSA) for payment of social insurance against an entire group of persons supported by projects of social entrepreneurship, to which were possible to get the entire data sample (system of the CSSA identified them and afterwards, there were generated data for this group of persons for a period of 12 months after the end of ESF's support).

The study of IREAS (2014, p. 21) shows the rate of fulfilment of the monitoring indicator 074616 "The share of supported persons in employment or by further education 6 months after the termination of support (clients of services) (%)"¹ for the area of support 2.1, 3.3 OPHRE with similar activities (support of the employment) and TG (projects of inclusive entrepreneurship), 80.43% and 64.16%. For the area of support 3.1 OPHRE, in terms of which have been supported the social entrepreneurship, acquired the indicator value of 68.29%. In the framework of our analysis of the social entrepreneurship support the proportion is based on 64.5%, which can be considered as a value that is more or less the same. The result is almost identical with the area of support 3.3, which focuses on TG with similar characteristics as the support of SE (socially excluded persons or persons at risk of social exclusion).

According to Hora and Sirovátka (2012), it is difficult to identify the focus of the implemented support in the case of ESF programs (essentially, they represents a supplementary interventions for disadvantaged unemployed by a more complex and individual nature of the instruments of AEP type of VPP, SBJ, retraining). Thus, the comparison with this study is possible at a more general level, in terms of how participants of these programs are placed at the labour market in 1, 6 and 12 months after the end of support. According to a study of Hora and Sirovátka (2012, pp. 32-34), in 2009, the share of employed or self-employed² among supported persons was one month after the end of the support 33.9%, after six months 36.8%, and after one year 30.4%. The results of our study show relatively similar dynamics in case of social entrepreneurship support, albeit at a different level when these shares are 62.5%, 64.5% and 63.5%. These results show a much better situation. Unfortunately, it is not possible to generalize these findings because of the different economic

¹ When measuring this indicator, there were not available data on education for people, so % represents the proportion of persons in employment six months after the end of support.

² Self-employed are mentioned here due to a applied approach of Hora and Sirovátka (2012) in their study, where they work with unemployment and do not distinguish between employed and self-employed.

situation and the inability to verify the focus of programs. On the other hand, it is possible that over time the programs of support were implemented effectively. Moreover, it has not been verified exact structure of participant's characteristics, albeit, with regard to the type of instrument, these TG should be similar.

Successful is such kind of supported enterprise, which even after finishing support functions and provides services in the same or higher range. In case of supported integration social enterprises, the measure can be employment of the same or greater number of disadvantaged people after finishing support. Results of sustainability survey showed that in the same or greater extent about 70% of supported social enterprises continue operating. Remaining 30% either reduce the number of employees from target groups, or terminates their activities after finishing support.

Success factors of social entrepreneurship

More than a half of supported social enterprises finance their activities after finishing support partly from other public sources. These are particularly the payroll contributions to the employment of persons with disabilities, as well as grants from the Structural Funds, to a lesser extent contributions from other institutions, especially local and regional authorities. Only less than a half of supported enterprises are able to keep the business in the same range without depending on other public sources.

The main factors of success appear to be well-thought-out and processed business plan and secured supplier-customer relationships. An important factor appears to be also the previous experience with the target group.

Overall assessment and conclusions to evaluation of social entrepreneurship support

Overall, realized calls can be considered as an effective tool to support the emergence of a relatively large number of social enterprises, where there may be further tested development and sustainability of the social economy sector. On the basis of submitted applications for support, we can conclude, that interest in becoming a social enterprise had more than 1,000 subjects (1,162 applications submitted). Database of social enterprises, which is maintained by P3 Company, states actually 142 social enterprises in the Czech Republic. From this it can be concluded, that the motivation to become a social enterprise was given by many applicants by the opportunity to acquire a substantial grant without having to maintain supported activities (sustainability in calls was not required).

Grant calls are unsystematic tool, which should be replaced by systematic tools, to get an effective promotion of social entrepreneurship and social enterprise, such as Tax relief, discount on statutory insurance, contributions for the employment of disadvantaged people, emergence of responsible system of public procurement, etc., so, the support would be still systematic and available to all social enterprises, not selective and available only to selected groups.

In the next programming period, we suggest to allocate a part of the support to the determination of legislative amendments draft that will lead to the introduction of systematic support and enable full elimination of selective support by form of grants.

In addition to the call 30, which was fully focused on the emergence of social enterprises, there were in the OPHRE identified also other projects that were focused on social entrepreneurship. There were two types of projects, those which to some extent mirrored the call 30 projects and were focused on the employment of socially disadvantaged people, and projects with systemic nature aimed at developing not individual social enterprise, but systematically the whole sector. Such projects were identified 13 in total, most of which are implemented under Priority Axis 5 – International cooperation – and focused on projects rather with informative nature. There were

identified 5 projects that were supported by OPHRE and systematically engaged in the development of social entrepreneurship in the Czech Republic.

Summary of findings, conclusions and recommendations of Task 3

Evaluation Task 3 deals with the evaluation of the projects within Human Resources and Employment Operational Programme (OPHRE) focused on inclusive entrepreneurship (hereinafter referred to as IE), i.e. on entrepreneurship of disadvantaged people in labour market. The aim of the projects focused on IE is to support people whom their education, health status, age, care of close relative etc. complicates finding a job. Starting own business is for these people one of the way to solve their difficult situation, and although the own business requires a specific personal characteristics, knowledge and skills; it may be for a number of disadvantaged people an attractive alternative to employment. Since integration through entrepreneurship is associated with a much greater risk of failure than integration through employment, it is needed to approach deliberately to the support of IE, even within the OPHRE.

OPHRE supports activities associated with IE, especially in the support areas 2a.1 Strengthening active employment policies 3.3 Integration of socially excluded groups in the labor market, 3.4 Equal opportunities for women and men in the labour market and harmonization of work and family life and 5a.1 International cooperation, which are also the subject of further analysis. Neither of these support areas is focused only on IE, IE is only one of the activities promoting the integration of disadvantaged persons, while in the OPHRE there is generally put more emphasis on integration through the labour market than through own business. While job creation in the OPHRE is relatively well defined and monitored, inclusive entrepreneurship and the conditions for its support are not elaborated in detail so far, which is a major limiting factor in the analysis of IE within OPHRE. For purposes of the analysis, we divided the supported projects to those that support ONLY IE, i.e. their sole purpose is to support self-employment, and projects focused on NOT ONLY IE, for which the support of self-employment is only one of the activities, where the most common activity is to find a suitable job. The quantitative analysis showed that the support had a positive impact on self-employed supported persons i.e. that even a year after the end of support for those who started the business, they, more or less, continued in their business. It should also be stressed that in both categories (NOT ONLY IE, ONLY IE) had a dominant presence in the support of women. The mentioned share was measured as the proportion of people registered by the CSSA for payment of social insurance against an entire group of persons supported by projects of inclusive entrepreneurship (ONLY IE; NOT ONLY IE), to which were possible to get the entire data sample (system of the CSSA identified them and afterwards, there were generated data for this group of persons for a period of 12 months after the end of ESF's support).

The study of IREAS (2014, p. 21) shows the rate of fulfilment of the monitoring indicator 074616 "The share of supported persons in employment or further education 6 months after termination of support (clients of services) (%)" for the area of support 2.1, 3.3 and 3.4 (where projects of inclusive entrepreneurship were implemented), 80.43%, 64.16% and 77.01%. In the framework of our analysis this share is based on 72.9% only for the support of the inclusive entrepreneurship. More or less, these values are the same as it is declared by IREAS (2014).

According to a study of Hora and Sirovátka (2012, pp. 32-34), in 2009, the share of employed or self-employed among supported persons was one month after the end of the support 33.9%, after six months 36.8% and after one year 30.4%. The results of our study show relatively similar dynamics in case of the support of exclusively inclusive entrepreneurship but with a significantly lower rate of unemployment, where those shares of employed or self-employed are 70.4%, 70.4% and 73.4%. These results show a significantly better position of supported of IE. Unfortunately, it is not possible to generalize / prove them with regard to the different economic situation and the inability to verify

the focus of programs. On the other hand, it is possible that over time the programs of support were implemented effectively. Moreover, it has not been verified the exact structure of participant's characteristics, albeit, with regard to the type of instrument, these TG should be similar.

Support area 2a.1 Strengthening active employment policies

Support area 2a.1 contains most NOT ONLY IE projects. Also, the monitoring indicators "Number of supported persons in total" (target and achieved value) and total resources are much higher than in other areas of support. This is influenced mainly by the individual projects, for which it is characteristic that IE is only one of a wide range of activities and on the base of additional findings regarding IE (see below) can be reasonably assumed that most of the activities of these projects are guided primarily into the inclusion area through the standard work ratio. Number of projects focused ONLY on IE is in support area 2a.1 comparable with other areas of support (except 3.4), although the monitoring indicators "Number of supported persons in total" (target and achieved value) are in support area 2a.1 set higher and vice versa total resources are lower. When supported activities concerned³, there is in this support area by projects focused ONLY on IE mostly implemented general education, consultancy and balance and work diagnostics. On the contrary, these projects do not include financial support. Projects focused on NOT ONLY IE very often implement general and professional education, but less often balance and work diagnostics. In contrast, almost half of the projects include financial support. Most frequently supported target group⁴ in support area 2a.1 are women (as well as in other areas of support), unemployed people, young people 15-25 years and also significantly people with secondary education and academically education.

Support area 3.3 Integration of socially excluded groups in the labour market

Support area 3.3, although the target groups may overlap with the target groups in support area 2a.1⁵, is much less pronounced with respect to the number of projects, number of supported persons and total resources compared to the support area 2a.1, which applies to both projects focused ONLY on IE and projects focused on NOT ONLY IE. Project activities focused on IE in the support area 3.3 include most often general and professional education and consultancy; most projects also balance and work diagnostics. Projects focused on NOT ONLY IE often include also financial support. Most supported target groups are again women, the unemployed in total, people with secondary education and – with regard to the focus area of support and in comparison with other studied areas of support – also disabled people.

Support area 3.4 Equal opportunities for women and men in the labour market and harmonization of work and family life

Support area 3.4 contains so far most projects focused ONLY on IE, and if we abstract in support area 2a.1 by projects focused on NOT ONLY IE from the IE, then also comparable amount of these projects with support area 2a.1. Here it should be emphasized that projects in this support area (apart from support areas 2a.1, 3.3 and 5a.1) support with a greater extent those who already do the business, i.e. projects focus not only on activities designed to start a business, but also to sustain it, that's why the target group in comparison with other areas of support is expanding. The most commonly implemented activities in support area 3.4 by projects aimed ONLY on IE are general education and consultancy. Compared with other support areas there are more strongly represented mentoring and networking activities. By projects focused on NOT ONLY IE, there is also most frequently supported

³ Typology of supported activities and their detailed analysis, see EQ 3.2.

⁴ By supported target groups, we monitor only target groups of projects focused ONLY on IE, because by projects focused on IE besides other things we cannot distinguish, how many people were supported within the IE and how many within the integration into the labour market through the employment. For a more detailed analysis of target groups see EQ 3.3.

⁵ Target groups and supported activities in the area of support 2.1 and 3.3, see the MLSA (2013):

Implementation Document Operational Programme Human Resources and Employment, issue no. 2.4, revision no. 15, October 1, 2013, available from http://www.esfcr.com/file/7297_17_1/

activity general education, followed by vocational training, consultancy and balance and work diagnostics. Less frequently there are, compared with projects focused ONLY on IE, supported mentoring and networking activities. The largest target group are women again, followed by people (mostly women) with secondary education. Large target group consists (in comparison with other support areas) also inactive persons, which – due to the focus of support area – are predominantly women (men) on maternity/parental leave. Other large target groups are unemployed, other disadvantaged persons and persons with university education.

Support area 5.1 International cooperation

This support area contains very few projects focused on IE, and also projects focused ONLY on IE and NOT ONLY IE. Here it is necessary to take into account that intervention in this support area is primarily directed elsewhere than to the integration of disadvantaged people into the labour market and therefore it cannot be expected that, in this support area, there should be a greater number of projects aimed at integration of disadvantaged people into the labour market and integration through the business. Most supported activity in this support area is consultancy (for projects focusing ONLY on IE) and general education (for projects focused on NOT ONLY IE). 100% of supported target groups are women, again mostly women with secondary education, which are followed by women with university education. In comparison with other support areas, nearly 20% of supported persons are self-employed, which is due to the fact that the projects in support area 5a.1 are focused on international cooperation and often involve the exchange of "good practice" (training programs, establishing the cooperation etc.) which is oriented on current self-employed.

Sustainability of activities after finishing the support

Problematic part of projects focused on IE is their sustainability, i.e. continuation of activities after finishing the support. The reasons can be summarized as follows:

- 1) In project applications, applicants are required to describe how they will ensure the sustainability of the project, but this is only planned sustainability, which is after project finish not controlled in any way.
- 2) Sustainability refers only to support of created jobs and potentially investments financed within the framework of cross-financing, but it doesn't refer to jobs created by self-employment. Sustainability of other activities and outputs of the projects therefore depends on the approach of the applicant/recipient.
- 3) Evaluation of sustainability has, in the overall assessment of the project application, weight only 3% and the applicant hasn't be necessarily motivated to greater account of sustainability.

In other words, an applicant who applies for support within IE need not worry too much about the issue of sustainability. Results from the questionnaire survey show that after the project finish activities take place fully in its entirety only in 13% of the projects, are under way in 54%, but to a lesser extent, 33% of beneficiaries do not realize activities after the project finish at all (although they have pledged in the project application to sustain project activities to some extent also after finishing support).

If project activities are implemented after the end of support, beneficiary (applicant) relies to:

- a) Financial support of the project, where the applicant doesn't have to allow with the possibility of active participation on further project implementation after the project finish – the applicant considers for ensuring the sustainability the very fact, that after the project finish there will be available materials generated by the project (training materials, websites) and that the sustainability of the project will be cared particularly by successfully supported persons, who remain in the business.
- b) Own resources – after the project finish the applicant will implement activities (i.e. their part) from own resources (profit, operating budget, voluntary employees work, etc.). The issue is the subsequent support of target group through the consultancy, when the supported

persons may address their questions to the applicant even after the end of the support, i.e. updating materials issued by the project, the project website maintenance etc. Own sources - after the project completion, applicant will implement activities (resp. their part) from its own sources (profit, operating budget, voluntary work by employees etc.).

- c) Liabilities – applicant expects further subsidies either from ESF, from another subsidy program, support from region or municipality, or sponsorship gift.
- d) Commercial service – emergence of training courses, consultancy etc. will be further provided to other interested parties and interested women for a consideration.
- e) Combination of upper referred possibilities.

From the whole number of surveyed projects, only 29.9% relies on one source of funding: these are mostly project resources followed by assumption of funding from liabilities and own resources and the provision of commercial services. It is clear that further funding of project activities from own resources is unrealistic for many organizations, as well as commercial service provision – target groups as they are defined in various areas of support, usually never would be able to pay any comprehensive consultancy and education for themselves. Other recipients rely on multiple sources of funding in their project applications.

Recommendations and implementation of IE support in OP ESF 2014 – 2020

- Encourage partnership between employment offices and other entities that perform services in IE – employment offices have an overview of unemployed and target groups, and can cooperate with other entities on selection of suitable persons and also perform contributions to SUJ of self-employed.
- By the calls formulation aimed at IE support, focus on subjects (potential implementers), which have the capacity to provide business advice to new entrepreneurs (e.g. Chamber of Commerce, business associations, etc.) and which have an experience in this area.
- The basis for each project focused on IE must be the activity of balance and work diagnosis, which reveals in the early start of the project the abilities, skills and motivation of disadvantaged people for own business so that there wouldn't be supported persons by whom is starting their own business for various reasons improbable. This activity should be required in all calls focused on IE.
- Support the projects with a comprehensive approach to IE, i.e. those projects that by their activities accompany supported persons from the very beginning of the business (selection of appropriate persons) until the new entrepreneur reaches a stable position in the market and support from the project implementer is no longer needed, or until he can provide the support from its own resources.
- Provide the financial support to new entrepreneurs in the form of subsidies, "starter" loans or "micro" loans. These supports connect or condition by education, mentoring, or consultancy, which should lead to reduction in financial risks.
- Maintain to disadvantaged people (the unemployed, mothers/fathers in maternity/parental leave, etc.) min. for the duration of 1 year social benefits (unemployment benefits, child allowances, etc.).
- Prioritise new entrepreneurs with tax holidays min. for the duration of 1 year.
- Monitor sustainability of project activities even after the project finish.
- Not restrict the support only on some target groups – it is necessary to give a chance to all disadvantaged people in the labour market. But from the very beginning (by setting of supported activities) it is necessary to eliminate the number of people, where it can't be expected, that they successfully start and maintain their own business.

1. INTRODUCTION

This document presents the Final Report, which was created within implementation of the project ***Evaluation of the social and inclusive entrepreneurship support in OPHRE***. The main objective of this evaluation was to assess the functioning and results of projects aimed at the promotion of the social entrepreneurship and entrepreneurship of disadvantaged people in OPHRE and IOP and to formulate recommendations for setting the support in this issue in OPE 2014+ and the relevant OP ERDF in the programming period 2014-2020.

The subject of evaluation (evaluation area) was the support provided for the initiation and development of social entrepreneurship and support for entrepreneurship of disadvantaged people (inclusive entrepreneurship) through OPHRE projects and Integrated Operational Programme (IOP) investment projects. This evaluation is divided into the following tasks:

- Evaluation Task 1 is focused on the analysis of problems and their causes in the issue of inclusive and social entrepreneurship. The purpose of this analysis is to identify the key problems and challenges of the Czech Republic in this sphere with regard to the planning of public policies for employment and social inclusion, and also with regard to the planning of interventions supported by the ESF and the ERDF;
- Evaluation task 2 is divided into two sub-tasks. Task 2.1 is focused on the evaluation of specific support social entrepreneurship granted under the global grant OPHRE Social Economy (Call 30) and in the framework of the intervention area 3.1c) Investment support for social service providers, employers and other stakeholders in promoting and implementing of IOP's tools for social economy. Task 2.2 is focused on the evaluation of the OPHRE's projects outside the call 30 OPHRE which promote the social entrepreneurship (especially in the area of intervention 2.1, 3.1, 3.2, 3.3, 3.4 and 5.1) in order to assess whether the OPHRE support covered relevant needs in the field of social entrepreneurship;
- Evaluation Task 3 is focused on the evaluation of projects OPHRE oriented on the inclusive entrepreneurship. Therefore, the evaluation is related to starting a business support of disadvantaged people in the labour market, alternatively on disadvantaged people who already run their business.

The project was launched by signing the contract with the contracting authority at the day of 29th May 2013, from which were inferred key dates for submission of interim evaluation reports and this final report.

1. Introductory report (29. 6. 2013)
2. Interim report I. (29. 7. 2013)
3. Interim report II. (29. 10. 2013)
4. Final report I. (12. 2. 2014)

Text of evaluation questions according to each task:

Task 1 – „Process an analysis of problems and needs in the business area of disadvantaged people and in the area of social entrepreneurship in the Czech Republic“, in which were solved evaluations questions as follows:⁶

- EQ 1.1. What are the main issues in the development area of SE and IE and what consequences do they have?
- EQ 1.2. What are the causes of the main issues as they are defined in the framework of evaluation question 1.1?

⁶ Evaluation questions 1.1 to 1.5 are referred in Chapter 3 of this final report, and after agreement with the contracting authority, are addressed in two separate sub-chapters separately for SE (Chap. 3.1) and IE (Chap. 3.2).

- EQ 1.3. What are the specific problems and needs of different groups endangered in the labour market, which start their own business, and different types of social enterprises?
- EQ 1.4. What are the differences in problems and needs among the regions of the Czech Republic?
- EQ 1.5. What are the appropriate interventions of the ESF (EFRR), which solves defined issues, respectively which eliminate negative issue causes, or eventually support an action of the positive factors?

Task 2 – „Perform an evaluation of support of social entrepreneurship provided from OPHRE and IOP“, in which were solved partial tasks and evaluation questions as follows:

- **Task 2.1: Perform an evaluation of calls 1 and 8 IOP and 30 OPHRE for the support of social entrepreneurship.**
 - EQ 2.1.1: How appropriately are there defined principles and criteria of the SE in particular calls and how appropriately are they really implemented in the projects?
 - EQ 2.1.2: To what extent do the supported activities lead to the goal achievement in the calls and how do they solve the problems and their causes identified under the Task 1?
 - EQ 2.1.3: To what extent are supported target groups and types of eligible calls beneficiaries relevant?
 - EQ 2.1.4: How appropriately are set other criteria of the calls?
 - EQ 2.1.5a: What are the observable impacts on participants of completed projects, especially on target groups? Qualitative analysis.
 - EQ 2.1.5b: What are the observable effects on participants of completed projects, in particular on target groups? Quantitative analysis in terms of the proportion of supported persons who are employed, after the project completion.
 - EQ 2.1.6: What are the factors for achieving observable results in supported projects?
 - EQ 2.1.7: What is the (expected) sustainability of supported projects and their results after having been funded from OPHRE and what are the factors of sustainability? What are (presumed) financial sources of the social-entrepreneurial projects after having been funded from OPHRE and IOP?
- **Task 2.2: Perform an evaluation of the projects which are out of the call 30 OPHRE for support of the social entrepreneurship.**
 - EQ 2.2.1: What types of projects are there implemented in OPHRE for the SE support and development?
 - EQ 2.2.2: What activities are there implemented and in what framework in the OPHRE projects for social entrepreneurship development?
 - EQ 2.2.3: To what extent do the projects solve needs in SE area?
 - EQ 2.2.4: How appropriately was formulated and configured the support of projects within OPHRE, especially in terms of concentration (cohesion) of the support and set of conditions in calls?

Task 3 – „Perform an evaluation of the OPHRE projects aimed at Inclusive entrepreneurship, i.e. at starting a business support of disadvantaged people in the labour market, alternatively of disadvantaged people who already run their business“, in which were solved evaluation questions as follows:

- EQ 3.1: What projects are there implemented in OPHRE for support of entrepreneurship of disadvantaged people?
- EQ 3.2: What types of activities are there implemented within identified projects aimed at support of entrepreneurship of disadvantaged persons? To what extent are implemented activities relevant and effective?
- EQ 3.3: How many people and what target groups are supported in OPHRE projects

aimed at support of entrepreneurship of disadvantaged people?

- EQ 3.4: What are the observable impacts of finished projects on support of entrepreneurship of disadvantaged people?
- EQ 3.5 What is the factors for achieving observable results in supported projects?
- EQ 3.6 What is the (expected) sustainability of project activities in OPHRE after having been funded from OPHRE?

2. CONTEXT, METODOLOGY AND PROCESS OF THE SOLUTION

2.1 Context of evaluation of social and inclusive entrepreneurship

This evaluation responded not only to some need of assessment of the existing support provided to the initiation and development of social entrepreneurship and support of disadvantaged people (inclusive entrepreneurship) within the OPHRE and investment-oriented IOP projects, but also to the growing importance of this issue of labour market support within the main EU priorities, i.e. the Europe 2020 Strategy, Social Business Initiative, legislative proposals for cohesion policy, etc. Both types of entrepreneurship represent some form of social inclusion support, community development and support of lagging regions. New business of disadvantaged people often creates more jobs and also creates a space for the emergence of innovative companies with high added value (e.g. students and graduates).

Through the evaluation of the context of this issue (i.e. identification of causes and consequences of central problems, regionalization of causes of the problems according to types of disadvantaged groups or social enterprises), the existing support provided within the OPHRE and IOP, was formed within this evaluation a background for setting of calls within the Operational Employment Programme 2014 – 2020 (event. OPEIC, IROP and OPRDE) for support of SE and IE.

2.2 Methods, data sources and the way of their collection

Questioner survey was according to approved introductory report of the project one of the main data sources. Obtained information was linked to other methods (e.g. structured interviews, panel of experts) and especially to answer selected evaluation questions.

The starting point for the implementation of questioner surveys within the project Evaluation of social and inclusive entrepreneurship support in the OPHRE was gathering all relevant databases and other documents required to compile the list of respondents for each survey. The following text describes the implementation process of questioner surveys. At the same time, there are summary statistics on respondents' feedback.

Data sources and methods of their collection also differed in relation to the character of tasks set of this evaluation. While Task 1 was focused on problems identification in SE and IE, their causes and consequences, specification according to the regions and target groups, including solution proposals and were used here essentially all data sources or methods defined for evaluation tasks, as it is a certain way of synthesizing task on the issue of SE and IE in the Czech Republic. In contrast, tasks 2 and 3 were thematically focused on evaluating existing support SE (task 2) and IE (task 3) within the OPHRE and IOP.

Research team combined several methods and used both qualitative and quantitative methods of investigation and evaluation by solving the contract. This chapter provides an overview of research methods and techniques. During data collection, the research team used both primary and secondary information sources.

Primary sources:

- Data from questioner survey.
In total it is planned to implement the five surveys (see next tab. No. 1 – Summary of questionnaire results).
- Information from structured interviews with projects implementers;

- Involvement of relevant experts for SE and IE within Delphi questionnaire and panel of experts;
- Technical consultations with representatives of OPHRE managerial body.

The implementation team also used **secondary sources**, among them especially:

- List of documents and sources for desk-research (see list of used sources);
- Data from monitoring system – desk research of information from MONIT7+;
- Data from previous surveys or evaluating reports;
- Statistical data;
- Data provided by the CSSA.

Basic **evaluation methods** used in the solution of the evaluation contract:

- Basic analysis (analysis of relevant documents, analysis of basic data)
- Questionnaire survey, COPIE D. T. and COPIE R. M. T.
- Structured interviews
- Case studies
- QCA, CIE

Table 1: Summarisation of questionnaires' results

Questionnaire	Respondents	Number of addressed persons	Number of answers	Returnability
Questionnaire 1	FB of SE OPHRE and IOP	135	71	52,6
Questionnaire 2	FB of IE OPHRE and IOP	166	70	42,2
Questionnaire 3	TG of SP	479	6	1,25
Questionnaire 4	TG of IE	1987	98	4,93
Questionnaire 5	unsuccessful applicants and those who didn't submit a grant application	439	30	6,83
Questionnaire 6 - COPIE Diagnosis Tool		Planned number in accordance to methodises and Inception Report	Fulfilled Questionnaires	
Polymakers SE + IE		5	4	80
SP Consultants – in total		30	28	93,3
<i>SP project Consultants OPHRE „ SE support in CR“ and SE experts from panel of experts</i>		10	9	90
<i>Consultants according to COPIE R.M.T. choice</i>		20	19	95
IE Consultants – in total		30	37	123
• <i>South Bohemian Region</i>		5	5	100
• <i>Ústecký Region</i>		5	6	120
• <i>Other Regions in CR</i>		20	26	130
IE Entrepreneurs – in total		30	34	113
- <i>South Bohemian Region</i>		4	5	125
- <i>Ústecký Region</i>		4	4	100
- <i>Other Regions in CR</i>		14	17	121
- <i>South Bohemian Region – without OPHRE Support</i>		4	4	100
- <i>Ústecký Region – without OPHRE Support</i>		4	4	100
SP Entrepreneurs		30	30	100

On the following page there is a list of basic research techniques / methods / activities that were used during the SE and IE evaluation, in structure according to the evaluation questions.

Table 2: An overview of main research technics / methods / activities of SE and IE evaluation

[illegible]

2.2.1 Questionnaire survey No. 1 – final recipients (SE) within OPHRE (Call 30) and IOP (Call 1 a 8)

Target group in the first questionnaire survey was consisting of final beneficiaries of the OPHRE and IOP support, who were already identified in introductory report of the project. These were beneficiaries designated by so-called screening of the projects aimed at support of social entrepreneurship. The basis for the determination of these projects, respectively final beneficiaries, was MONIT7 + database from which respondents were selected. Basic database contained 170 projects for SE in total. After subsequent adjustments the final list contained 135 projects.

Number of respondents:	135
Number of answers:	71
Responsibility of answers in the questionnaire survey:	52,6 %

Realization progress of the questionnaire survey

The aim was to develop a questionnaire that would help to get a feedback from final beneficiaries and that would contribute to answering the evaluation questions within the task 2. The questionnaire was compiled by research team and was consulted with contracting authority. Contracting authority suggestions and comments were incorporated and the questionnaire was converted into the electronic form and placed on the IREAS server (www.ireas.cz/dotaznik33). There was sent a mass email with background information and justification of the survey including a web link to identified respondents. The questionnaire survey was completely anonymous.

The period of questionnaire survey implementation: **23th of September 2013 – 12th of October 2013** (with regard to a very weak feedback after the initial respondent address, the term of realization was extended to the 12th of October 2013 and respondents were re-addressed and asked to participate in the survey). Despite efforts and second respondent address, there was found at the end of the survey, that the responsibility is still low and insufficient for processing the evaluation task 2.1. For this reason, research team proceeded to re-address final recipients. This time, respondent address has been conducted in close cooperation with the contracting authority (the questionnaire was sent directly to contracting authority representatives). **Further investigation was carried out until 5th of December 2013.**

2.2.2 Questionnaire survey No. 2 – final recipients (IE) within OPHRE (Call 30) and IOP (Call 1 and 8)

The target group was represented by final beneficiaries within the OPHRE and IOP, who were already identified in the introductory report of the project. These were beneficiaries designated by so-called screening of the projects aimed at support of inclusive entrepreneurship. Data were obtained from MONIT7 +, from which respondents were selected. Overall, there were 166 projects and relevant contacts for projects supporting inclusive entrepreneurship.

Number of respondents:	166
Number of answers:	70
Responsibility of answers in the questionnaire survey:	42,2 %

Realization progress of the questionnaire survey

The questionnaire was compiled by research team and was consulted with contracting authority. Its aim was to get answers from final beneficiaries about conditions, opportunities, barriers of inclusive entrepreneurship and other aspects that could contribute to answering the evaluation questions

within the task 3. Suggestions and comments of contracting authority were incorporated and the questionnaire was converted into the electronic form and placed on the IREAS server (www.ireas.cz/dotaznik32). The questionnaire survey was completely anonymous.

The period of questionnaire survey implementation: **23th of September 2013 – 12th of October 2013** (with regard to a very weak feedback after the initial respondent address, the term of realization was extended to the 12th of October 2013 and respondents were re-addressed and asked to participate in the survey). In similar way as it was in questionnaire survey for SE final beneficiaries, also in the projects aimed at inclusive entrepreneurship support, there was proceeded to subsequent further investigation. The reason was low and unrepresentative respondents feedback. Respondent address has been conducted in cooperation with the contracting authority and the questionnaire was sent directly to OPHRE representatives. **Further investigation was carried out until 5th of December 2013.**

2.2.3 Questionnaire survey No. 3 – target groups of social entrepreneurship

Parts of implemented questionnaire surveys were also target groups, i.e. persons supported under SE projects. The initial step for obtaining the files of these people were KP addresses by the contracting authority (MLSA) with a request to provide relevant information on supported entities within implemented projects. For the purpose of the evaluation was necessary that these data show the name and surname of supported person, date of birth, contact (e-mail or telephone number) and possibly also the place of residence or other geographic information. After addressing KP, there were provided data about supported people to build a complete list of respondents to the evaluator.

After some complications (described in the technical report) it was managed to assemble a complete file, which contained relevant data. Overall the file about SE projects numbered 479 people, of which 151 e-mail addresses were identified (in some cases there was given only 1 e-mail address for all people of the project – it was an universal implementer e-mail, who was thus included in the sum only once).

Number of respondents:	479
Number of answers:	6
Responsibility of answers in the questionnaire survey:	1,25 %

Realization progress of the questionnaire survey

The purpose of this questionnaire was to provide an alternative way of data collecting about target groups. The questionnaire was compiled by research team and consulted with the contracting authority. Suggestions and comments of contracting authority were incorporated and questionnaire was converted into the electronic form and placed on the IREAS server (www.ireas.cz/dotaznik31). To the lists of target groups, whose creation was described in the paragraph above, was sent a mass e-mail with basic information and justification of questionnaire survey including web link. The questionnaire survey was completely anonymous.

The period of questionnaire survey implementation: **2nd of October 2013 – 12th of October 2013.**

2.2.4 Questionnaire survey No. 4 – target groups of inclusive entrepreneurship

In following questionnaire survey the attention was focused on target groups supported by the projects supporting inclusive entrepreneurship. The initial step to retrieve the files of these people was again addressing the KP by contracting authority (MLSA) with a request to provide relevant

information about supported entities within the implemented projects. After addressing KP, there were provided data about supported people to build a complete list of respondents to the evaluator.

In the IE area, data were obtained for 77 projects, of which 47 "inter alia" IE and 30 "only IE", while from these 77 projects to 38 of them wasn't available e-mail (by 1 of which wasn't stated date of birth), to 35 projects was given an e-mail and date of birth, by 2 projects lacked in the vast majority e-mail and date of birth and by 2 projects was missing date of birth, but e-mail was given. Overall, the files for IE projects accounted for 6,240 people, of which e-mails were available for 1,987 of them.

Number of respondents:	1987
Number of answers:	98
Responsibility of answers in the questionnaire survey:	4,93 %

Realization progress of the questionnaire survey

The purpose of this questionnaire was to provide an alternative way of collecting data about target groups for the purpose of CIE, but it was very crucial to obtain data for QCA analysis (which was not necessary by SE target groups). The questionnaire was compiled by research team and consulted with the contracting authority. Suggestions and comments of contracting authority were incorporated and questionnaire was converted into the electronic form and placed on the IREAS server (www.ireas.cz/dotaznik30). The questionnaire survey was completely anonymous.

The period of questionnaire survey implementation: **2nd of October 2013 – 12th of October 2013.**

2.2.5 Questionnaire survey No. 5 – unsuccessful applicants and subjects, which didn't apply for grant at all

Respondents of the fifth questionnaire survey were the unsuccessful applicants for support under the SE (according to data from MONIT7 +), and from both OPHRE (Call 30) and IOP (Call 1 and 8), and also entities which haven't apply for this support so far. The result was creation of a final list, comprising a total number of 439 unsuccessful applicants.

Number of respondents:	439
Number of answers:	30
Responsibility of answers in the questionnaire survey:	6,83 %

Realization progress of the questionnaire survey

In the case of unsuccessful applicants there was created one questionnaire, which was also consulted with the contracting authority and subsequently converted into the electronic form and placed on the IREAS server (www.ireas.cz/dotaznik34). To the list of selected respondents was sent a mass e-mail with basic information and justification of the survey including a web link. The questionnaire survey was completely anonymous.

The period of questionnaire survey implementation: **23th of September 2013 – 3rd of October 2013**

2.2.6 Questionnaire survey No. 6 - COPIE Diagnosis Tool

The sixth questionnaire survey was aimed at COPIE Diagnosis Tool implementation, where this method involves providing specific questionnaires to three target groups, namely entrepreneurs, consultants and policy makers.

Summary of the number of addressed respondents and the responsibility of questionnaires is shown in detail in Table 1 in section 2.2 of this final report.

Respondents from the group of entrepreneurs – again divided into SE and IE, represented selected persons from the file of target groups (see above). From the basic list of target groups it was necessary to select those persons who will receive a COPIE questionnaire, in the composition of four representatives from the South Bohemian region, four representatives of Ustecky Region (+ 8 from unsuccessful entrepreneurs, who will be identified in the course of negotiations with the consultants) and 14 representatives from other regions. These people were chosen by random selection, which was by MO Excel RANDBETWEEN function generated random numbers in the basic list of target groups, while those persons, which have had generated the highest numbers, were included in the group of respondents for COPIE – entrepreneurs. There should be selected 30 inclusive entrepreneurs by this way, but because of reserve reasons, there were designated 40 persons in total + 8 additional unsuccessful entrepreneurs would be identified later. Identically were also selected social entrepreneurs, while for this selection were assigned several entities from the list of P3, who were not among supported applicants in MONIT7 + (see above). There was also promised min. 30 respondents, and because of reserve reasons there were identified 42 subjects (40 from the list of target groups + 2 from P3).

Regarding respondents for group of consultants SE and IE, it was people from the list of addressed experts of the Delphi panel of experts, who operate outside the central authorities of the state administration, to which assigned also other advisors. Persons from the above list of experts, who work in the ministries, were included among respondents for the group of SE and IE policy makers.

Realization progress of the questionnaire survey

Within the COPIE Diagnosis Tool questionnaire survey there were firstly translated all relevant questionnaires from English originals. The resulting image was sent to the representatives of contracting authority. Subsequently, questionnaires were converted into the electronic form and are located on the IREAS web. Starting the COPIE questionnaires took place at the end of October 2013, while the individual representatives of the respondents (entrepreneurs, consultants, policy makers) were again contacted by e-mail (in this case, these were mostly direct individual e-mails and not mass email). With regard to the need of insurance of the highest number of completed questionnaires according to plan in the introductory report, it was necessary to communicate with a number of respondents also by telephone.

3. TASK 1 – PROCESS AN ANALYSIS OF PROBLEMS AND NEEDS IN THE BUSINESS AREA OF DISADVANTAGED AND IN THE AREA OF SOCIAL ENTREPRENEURSHIP IN THE CZECH REPUBLIC

3.1 Analysis of problems and needs of social entrepreneurship in the Czech Republic

3.1.1 EQ 1.1: What are the main problems in SE development area and what are their consequences?

Basic definition of social economy, social entrepreneurship and social enterprise

Within TESSEA thematic networks there was specified the definition of social economy, social entrepreneurship and social enterprise in the Czech Republic (TESSEA, 2011, p. 14-15):

Social economy is perceived as a set of activities undertaken by social economy actors, whose goal is to increase employment in local conditions or to meet other needs and goals of the community in economic, social, cultural and environmental development. **Subjects of social economy** are social enterprises, supporting financial, consultancy and educational institutions for social entrepreneurship and non-profit organizations that carry out economic activities for the purpose of employment of its clients or for additional funding of its mission. Social economy entities share common values, which are meeting the public benefit goal, democratic decision, support of citizen's initiatives, independence on public or private institutions, another way of dealing with profit, taking into account environmental aspects, preferably satisfying local needs and priority use of local resources.

Social entrepreneurship is entrepreneurial activities thriving society and the environment. Social entrepreneurship plays an important role in local development and often creates employment opportunities for people with disabilities, social or cultural disadvantage. Profit is mostly used for further development of social enterprise. For social enterprise is important both, making a profit and increase public benefit.

Social enterprise is then defined as "a subject of social entrepreneurship", i.e. corporate entity organized under private law or any part of it, or natural person that meet the principles of social enterprise. Social enterprise meets the public benefit objective, which is formulated in elementary documents. It is created and developed under the concept of so-called triple benefit (English triple bottom line) – economic, social and environmental.

Social entrepreneurship is thus a specific type of business in which the economic activity is equated with social welfare (satisfaction of public interests) and development at the local level with regard to the environment. In social enterprise, the profit is from a greater part used for further development of the company, and it is important not only to make profits, but also increase public benefit. (TESSEA, 2011).

Meaning and benefits of social entrepreneurship

The importance of social entrepreneurship is growing with current downturn of economic situation, which is reflected in current EU priorities (see the Europe 2020 Strategy, Social Business Initiative, legislation for EU cohesion policy etc.), when in the forefront is getting a job creation (employment) for disadvantaged people in the labour market, combating poverty (social inclusion), development of local communities and lagging regions. The proposal of EOP 2014 + (MLSA, 2013, p. 15) emphasizes that support of entrepreneurial skills also contains significant potential of multiplier creation of

additional jobs in the newly formed (micro)enterprises in which there can be placed job seekers who themselves have no personality traits for the business. Social entrepreneurship constitutes, by Jetmar et al. (2012, p. 76), one of effective ways how to deal with the issue of social inclusion of disadvantaged groups naturally, i.e. to offer them a job with regard to their possibilities and limitations. It represents one of the ways how to transform some of inefficient parts of current system of solving needs of socially disadvantaged, disadvantaged in the labour market, it means by strengthening or introducing market principles.

If we consider the development of social entrepreneurship in the EU countries, it can be stated that this issue is across EU member states very diverse. From the research of selected documents there can be seen efforts of majority of EU member states to support social entrepreneurship as a suitable form for involvement of disadvantaged people into the labour market. These documents provide examples of good practice, mostly from the old EU member states. Basic problems arising from the research can be divided into two levels – first, the general problems associated with the very definition of social economy (SE) and social enterprise, which vary in different countries. The result of these problems is not yet fully developed sector of SE in the European Union, i.e. low number of social enterprises and insufficient range of services and products and socially beneficial activities of social enterprises.

This situation is influenced on one site by different understanding of the concept in different countries, on the other site by historical, economic, social and cultural aspects, which are reflected in the overall understanding of the importance of this issue, into the setting of legislation and support measures to promote the development of SE in individual countries. Differences in basic terms can cause a „communication“ problem. Member States efforts in the area of SE development are supported by the priorities of the Europe 2020 Strategy and the consequent pillared initiatives Social Business Initiative⁷ and the Innovation Union⁸.

Serious problems are related to actual implementation of social economy and social enterprise support at both EU and individual member states level. These problems can be, according to documents research, divided into several groups (e.g. GLE, Redeco, 2008; TESSEA, 2011; NBFSE, 2010; OECD, EC, 2012c, SBI):

- Legislative problems, including social entrepreneurship definition and its legislative forms, socially available public procurements, tax and other reliefs;
- Political atmosphere – role of public policies in relation to social enterprises support (business support, employment support, education policy);
- Access to financial resources, both public and non-public, not just at the SE start, but also during the operation;
- Non-financial support – consulting and training services, mentoring and coaching, partnerships and networks, support services centres and incubators;
- Development of social enterprise by supporting the quality measurement of companies, transfer of experiences and social franchising, research in the field of social entrepreneurship.

Social entrepreneurship in the Czech Republic

Social entrepreneurship in the Czech Republic according to the TESSEA study (2011, p. 18-19), P3 and websites "Czech Social Business" can be briefly characterised as follows:

⁷ See: http://ec.europa.eu/internal_market/social_business/docs/working_document2011_en.pdf

⁸ See: http://ec.europa.eu/research/innovation-union/index_en.cfm?pg=keydocs

- Czech concept of social enterprise is wide and large emphasis is placed on that, that the economic and social goal (business and social mission) are in balance, good intentions are insufficient, social entrepreneurship is still business and this is seen as a prerequisite for a successful business; most of existing social enterprises in the Czech Republic focuses on the employment of disadvantaged people (these are so-called Integration Social Enterprises - WISE - Work Integration Social Enterprise);
- Number of them have the status of a sheltered workshop⁹, i. e. employs people with disabilities;
- In addition to above mentioned integration social enterprises there are in the Czech Republic also social enterprises that provide community services in the field of social inclusion and local development, including environmentally oriented activities or sales of fair trade products;
- Non-governmental non-profit organizations (NGOs) socially do a business (or would like to start the business) in the context of their complementary activities with the aim of using profits to finance its main charitable activities/its mission.

Social enterprise sector in the Czech Republic is underdeveloped, which can be demonstrated, among other things, by the values of Table 3 – in whole Czech Republic there are according to the website of “Czech social enterprise” only 142 social enterprises, which means that for 1 million inhabitants of the Czech Republic there are approximately 13 social enterprises. Overall, there were supported 121 social enterprises by OPHRE and IOP and therefore there can be concluded that the existing social interventions started social entrepreneurship in the Czech Republic with a strong emphasis on the SE integration type, which reflects the nature of OPHRE.

In regional distribution of social enterprises are significant differences. The most active are, besides Prague, Usti nad Labem and Olomouc region. In contrast, South Bohemian, Karlovy Vary and Liberec region or Highlands Region lag in activity in comparison with other regions (even taking into account the population size of these regions). An overview of social enterprises operating in the Czech Republic regions is in the following table.

Table 3: Number of social enterprises in the Czech Republic regions according to P3 and supported social enterprises in OPHRE and IOP

Region	Number of SE in the Czech Republic (according to P3)*	proportion in %	Number of SE only with OPHRE support	Number of SE only with IOP support	Number of SE with OPHRE+IOP support	Totally supported SE in the Czech Republic within OPHRE and IOP
Prague**	33	23,2	3	2	1	6
Central Bohemian region	13	9,1	10	1	2	13
South Bohemian region	4	2,8	4	0	1	5
Pilsen region	6	4,2	6	3	2	11
Karlovy Vary region	1	0,7	2	0	0	2
Usti nad Labem region	15	10,6	6	3	3	13
Liberec region	1	0,7	3	1	0	4

⁹ Although this concept is not currently defined in legislation, it is commonly used to refer to (protected) workplace for people with disabilities.

Hradec Kralove region	7	4,9	3	1	3	7
Pardubice region	7	4,9	6	1	0	7
Highlands region	5	3,5	2	3	0	5
South Moravian region	12	8,4	12	2	2	16
Olomouc region	16	11,3	8	2	1	11
Zlín region	10	7,0	7	0	3	10
Moravian – Silesian region	12	8,4	6	0	6	13
Czech Republic	142	100,0	78	19	24	121

Source: Own table according to <http://www.ceske-socialni-podnikani.cz/cz/adresar-socialnich-podniku/misto-vykonu2> [cit. 7. 2. 2014] and MONIT7+

* Note 1: Database P3 doesn't always include all supported SE within OPHRE and IOP in the region, that's why total sums of supported SE can differ.

** Note: SE, in Prague region, have their seats in Prague, but have realised their projects outside Prague.

The main reason for regional disparities in the Czech Republic is an inadequate development of supportive institutions for SE; there are not strongly entrenched regional supportive institutions, they inform each other about the SE support options only selectively (e.g. regular meeting in the HUB Prague, so-called *Social Business Breakfasts*) and rather haphazardly, for example in seminars and workshops. Established supporters of entrepreneurship get to know the theme of social entrepreneurship for example through the Economic Chamber of the Czech Republic and Czech Invest.

Most of existing social enterprises in the Czech Republic are integration non-transitive, i.e. that they employ persons with disabilities (P3, 2013, p. 12)¹⁰, which is influenced by tradition and relatively clearly defined instruments and status of this type of disadvantage compared to other types. This happens in 72% of all social enterprises. Second in order are with 19% long-term unemployed. Around 10% are youth at risk of social pathologies and ethnic minorities (mostly Roma minority, see P3, 2013, p. 13). It can be assumed that this trend (employment of people with social disadvantage, not "only" disabled) in the Czech Republic is on the rise. The consequence of this situation is lack of employment opportunities for people disadvantaged in the labour market. There is limited development of other types of social enterprises in the Czech Republic: integration-transit, half-transit, socialization, as well as community social enterprises, environmental enterprises and fair trade enterprises.

Social enterprises in the Czech Republic take different legal forms. According to the P3 survey, dominant legal form of company is limited liability, Ltd., further public service Company and civic associations, (P3, 2013, p. 7). Within the IREAS questionnaire survey for social enterprises supported under OPHRE and IOP, results were very similar, i.e. most frequently mentioned legal form was Ltd (62%), followed by public service companies (15.7%) and self-employed (13.3%). It is interesting that cooperatives which are very common legal form of social enterprises in the world, in the Czech Republic is generally committed to social entrepreneurship only 5% (in IREAS survey 6.6%). Overall, predominant type of enterprise is a profit company than a non-profit legal form. However, there can't be clearly told which one of legal forms is the best one for social enterprises. Namely always depends on specific conditions, type of provided services/products or on access of founders. 9 out of

¹⁰ Results of questionnaire survey which was implemented under P3 – People, Planet, Profit public service company in partnership with the ProVida. Number of addressed social enterprises was 143, number of realised interviews was 100 (P3, 2013, p. 1).

10 companies are involved in the field of equal opportunities. This means in particular that they employ disadvantaged people in the labour market.

In the area of community development and in social area, there are 69% of respondents. Almost two-fifths of enterprises are engaged in environment and ecology and the same number of them works in cultural field. The performance shows that the most common impulse to the creation of social enterprises is the motivation from social field. In addition to employment provision, enterprises still try to improve the quality of life of their target groups even outside working area (see P3, 2013, p. 11). In terms of duration of social enterprise activity in the market, there was (in IREAS survey by SE final beneficiaries under OPHRE and IOP) found that the average duration of action of social enterprises in the market is about 2.6 years, with a significant proportion represented by companies operating one year (or less) which constitute of 38.2%, all companies within 2 years then 76.5%. Oldest social enterprises indicate 10 years (3 firms, i.e. 4.4%). OPHRE and IOP intervention were focused on supporting the development of social entrepreneurship in the Czech Republic; therefore, these results are quite logical.

According to P3 survey, the most represented business activities are: hotels and restaurants, gardening services, landscaping, property maintenance and cleaning services and food production and sale (P3, 2013, p. 4).

According to TESSEA (2011) can generally be noted that social entrepreneurs in the Czech Republic (or most of them) comes either from the business environment (i.e. they already did the business and decided to start do the business "otherwise", socially beneficial) or non-profit environment (i.e., they previously worked in a non-profit organization). Depending on which type of environment they come, they may meet specific problems by implementation of their business plan. Social entrepreneurs, who have established themselves among "normal" entrepreneurs, usually orientate very well in business environment, can work with business and financial plan, may dispose of capital from their previous business activities, which they can now use e.g. as an input investment into the new business activity or which can then be used as a "cushion" when things go wrong (economic crisis, etc.). As an added benefit we could also mention the fact that most of these entrepreneurs can negotiate with banks, have established contacts in this area, have acquaintances, etc., which they may continue to use. Problems by this type of entrepreneurs can mainly occur when working with target group (when their business is in the employment of disadvantaged people) or generally in the area of meeting and maintaining the social mission of their business.

According to social entrepreneurs who come from non-profit sector, opposite problem occurs. These people are usually characterized by very professional work with the target group, have established contacts with other helping organizations, are able to write the project on their activity, can justify needs of target groups. They are too disoriented in business environment, have not established necessary contacts, do not have financial capital, which they might use for their business activities, whether on initial investment or as a reserve. Furthermore, it happens that they underestimate the importance of a business plan, i.e. that the market analysis, marketing plan, break-point analysis, competitor analysis, investment plan, financial plan, cash flow schedule, etc. isn't either processed at all, or these documents are handled very poorly.

For both types of entrepreneurs and their successfully business apply:

- that economic and also social goal were in equilibrium, both objectives are equally important;
- to have a good idea, which "fills a hole" in the market, arouse curiosity of customers and which is consistent with the mission of organization and is based on its strengths.

According to conclusions of a panel of experts and expert discussion it suggests that Czech Republic

doesn't have a comprehensive strategy to promote social entrepreneurship, as it much lags interdepartmental communication yet (especially MLSA, MIT, ME, MA) and the subsequent definition of the definition of social enterprise and its goals. On one hand, although there are efforts to promote social entrepreneurship in the form of "bottom-up" (e.g. TESSEA), there is completely ineffective cooperation at regional level on the other hand. At national level, there are also efforts to support social entrepreneurship in the form of strategic policies and offers of support for social enterprises (see e.g. networks of local consultants for social entrepreneurship within individual OPHRE project), but social enterprises lack a comprehensive and systematic support during their operation. For these reasons there is not fully exploited the potential of social entrepreneurship in the Czech Republic. A large share on this situation has little awareness of general public about benefits and form of social entrepreneurship and also a lack of awareness of the principles and benefits of social entrepreneurship among potential founders of social enterprises.

Central problem of social entrepreneurship in the Czech Republic

Central issue of social entrepreneurship in the Czech Republic is its lack of development. The inadequacy of social enterprise development in the Czech Republic is reflected in low number of social enterprises in absolute terms (according to the web site "Czech Social entrepreneurship" there are only 142 social enterprises, which means that for 1 million Czech population accounts for about 13 social enterprises). The low number of social enterprises is related to low number of supported disadvantaged people.

Czech Republic has a low proportion of the population engaged in SE compared not only with advanced Western and Northern Europe countries, but also, for example, compared to some Latin American countries (Argentina, Colombia) - See GEM 2011 (Terjesen et al., 2011). According to GEM Czech Republic (Luke et al., 2013), only 0.9% of adult population is currently trying to develop socially or environmentally beneficial activity, 2% already manages such kind of activity, eventually they apply it in their business.

Social enterprises in the Czech Republic are characterized by low diversity of SE focus and models (integration – non-transit, half-transit, socialization, community, environmental, fair trade); the largest share is made of social enterprises integrative-socialization. According to GEM Czech Republic (Luke et al., 2013), SE mostly focus on supporting disabled or socially disadvantaged (about 24%), followed by support of work with children and youth, incl. education (about 13%). Sports activities, community service and environmental activities are represented by about 11%; lower is representation of activities in the field of culture and education. In the Czech Republic, there is also less developed the area of supporting institutions for SE and there is no comprehensive SE support system, although most of social entrepreneurs are interested in expert advice and information support, in the possibility of different forms of public support (Luke et al., 2013).

Consequences of inadequate development of social enterprises are particularly manifested in the lack of employment opportunities for people disadvantaged in the labour market, insufficient range of services and products and socially beneficial activities, in low level of development of local communities and consideration of environmental aspects in production and consumption through SE. In accordance to limited access to finance from non-public (private) sources, not only at the beginning, but also during the SE functioning, there is a high dependence of existing SE in the Czech Republic on public sources.

Causes of central problem of social entrepreneurship are arising from previous text and are summarized in Figure No. 1. Defined main causes can be divided into 3 areas:

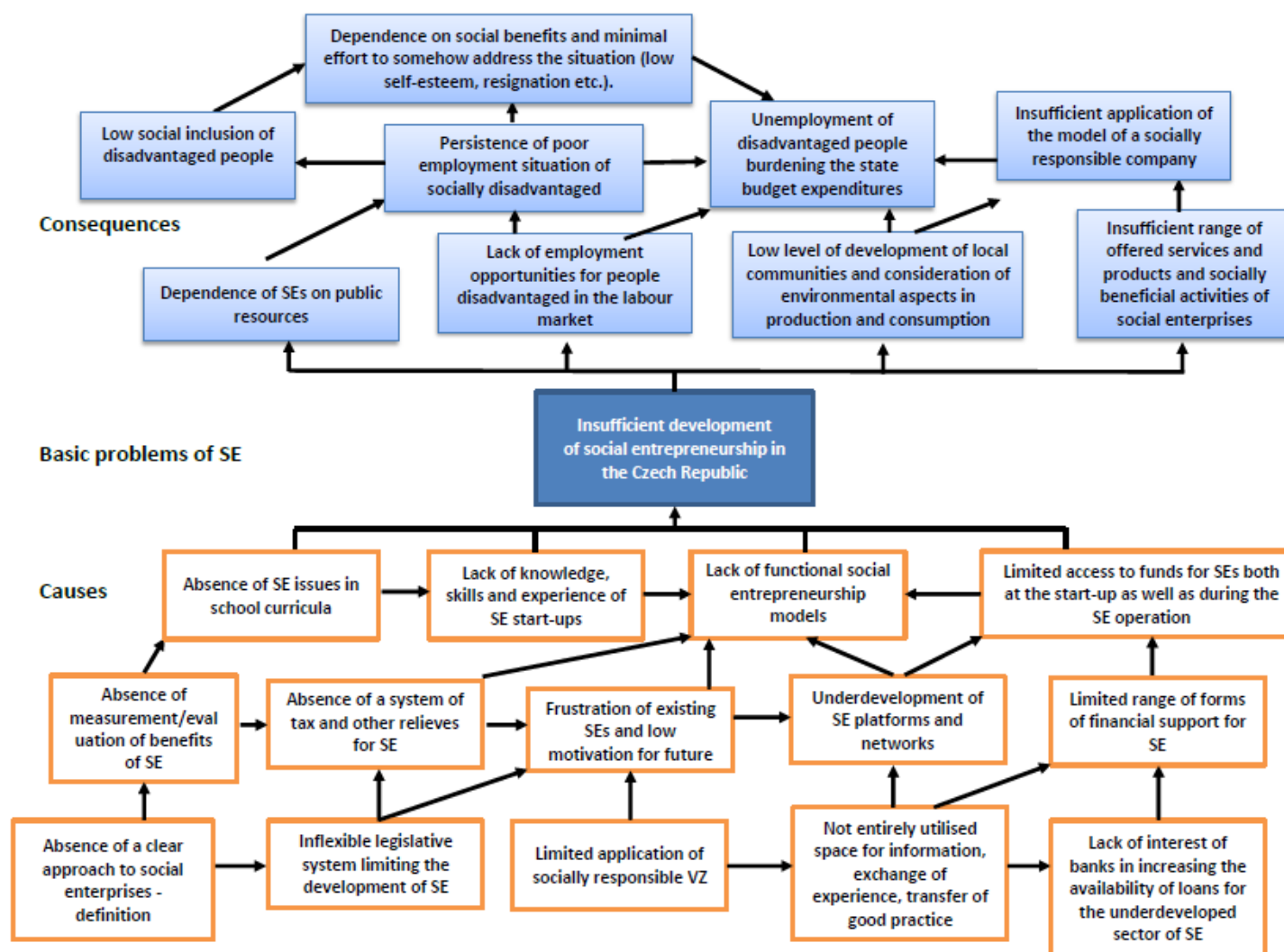
- a) environment for social entrepreneurship (the absence of a clear approach to social enterprises and rigidly set legislative system limiting SE development, the lack of measurement/evaluation of SE benefits, limited application of socially responsible procurement and political

- environment),
- b) financing of social enterprises (small scale of forms for SE financial support, limited access to finance for SE, both at the start and during the activity, lack of interest of banks to increase credit availability for underdeveloped SE sector, lack of a system of tax and other concessions for SE),
 - c) operation of social enterprises themselves (lack of knowledge, skills and experience of starting social enterprises, frustration of existing SE and low motivation for further entrepreneurship, not fully utilized space for information, exchange of experience, transfer of good practice, underdevelopment of SE platforms and networks, insufficient application of functional business types of social enterprises).

More detailed analysis of these causes is the content of following chapter 3.1.2.

Central problem tree of the social entrepreneurship in the Czech Republic, presented below, was created and continuously updated according to documents of the desk-research, according to results of questionnaire surveys and adjusted according to results of experts' discussion within the 1st dissemination seminar with representatives of the contracting authority and the panel of experts on the topic of SE and IE.

Figure 1: Central problem tree of the SE in the Czech Republic



Source: own processing according to desk-research analysis, questionnaire surveys and expert panel

3.1.2 EQ 1.2: What are the causes of central problems of social entrepreneurship as they are defined in the framework of evaluation question 1.1?

Central issue of social entrepreneurship in the Czech Republic is its lack of development, i.e. low number and variety of models for social enterprises and with this related lack of range of services and products and socially beneficial activities of social enterprises. Causes of this situation were divided on the basis of documents desk-research background into several groups and evaluated in questionnaire surveys of this evaluation (e.g. GLE, Redeco, 2008; TESSEA, 2011; NBFSE, 2010; OECD, EC, 2012c):

a) Environment for social entrepreneurship

- Absence of a clear approach to social enterprises and rigidly set of legislative system limiting SE development
- Lack of measurement/evaluation of SE benefits
- Limited application of socially responsible procurement
- Political environment

b) Financing of social enterprises

- Small scale of forms of SE financial support
- Limited access to finance for SE, both at the beginning and during the operation
- Lack of banks interest to increase credit availability for underdeveloped SE sector
- Lack of a tax system and other concessions for SE

c) Functioning of social enterprises themselves

- Lack of knowledge, skills and experience of starting SE
- Frustration of existing SE and low motivation to further entrepreneurship
- Not fully utilized space for information, exchange of experience, transfer of good practice
- Underdeveloped platforms and SE networks
- Inadequate application of functional business types of social enterprises

ad a) Environment for social entrepreneurship

1) *Absence of clear approach to social enterprises (definition) in legislation and rigidity of legislative system*

Brief description of the problem

In the Czech Republic there is no clear approach/definition of other SE types than integration¹¹ types (environmental, community, cultural, or fair trade, financial SE etc.). One of solutions is to create a separate law on social entrepreneurship, as well as adjustment of Employment Act and possibly other laws/statutory measures that would deal with some aspects related to the support of social enterprises. From the research in this project emerged that the most common impulse to the creation of social enterprises is the motivation from social field. Over non-profit legal form of enterprises dominate companies; few are represented cooperatives, which may be affected by legislation and lead to little activity/limit SE creation with other legal forms. At international level, in the context of social entrepreneurship, there are combined three spheres (social, economic /local and environmental), under which enterprises come out with social innovation. In the Czech Republic the emphasis on social innovation and self-financing in long term is still missing.

¹¹ In the Act of social Corporations, there is defined only "social cooperative".

Legislative problems of social entrepreneurship ensuring arise from a wider problem, which overall concerns low awareness and knowledge about social and inclusive entrepreneurship in all spheres of society, incl. public administration (MLSA, 2012). This problem does not occur only in the Czech Republic. Definition of SE and legislative regulation of this issue is not the same in all countries according to GEM 2013 (Amoros and Bosma, 2014). One of solutions of this problem in the Czech Republic is creation of a separate law on social entrepreneurship¹². Certainly, the notion of social enterprise should take into account in the Employment Act and possibly in other laws/statutory measures that would deal with some aspects related to the support of social enterprises. Suggestions on how to solve this situation have been handled in the analysis and proposal for processing integration social enterprises into the Employment Act and into other legislation (RAVL, Ltd., 2013). Again, these are integration social enterprises. In this document, there are presented 3 proposals for solving the legislation: 1) to promote comprehensive legislation with over ministerial powers, 2) incorporation of the support of integration social/socially beneficial enterprises into the Employment Act, 3) processing and pilot verification in form of "measures in employment sector" focused on support for employers, matching the characteristics of socially responsible employers (integration social enterprises). The resulting solution is more a matter of political consensus on the importance of this issue in Czech Republic. In long term it seems as the best the first option.

Within thematic networks TESSEA there was defined in the Czech Republic the definition of social entrepreneurship. This is a specific type of business in which the economic activity is equated with social welfare (satisfaction of public beneficial interests) and development at the local level with regard to the environment. Social enterprise profit is largely used for further development of the company, and it is important not only to make profits, but also increase public benefit (TESSEA, 2011).

Regarding the forms of SE, abroad apply in addition to civic associations also public benefit corporations, churches, foundations, cooperatives (GLE, Redeco, 2008):

- Credit cooperatives provide loans from financial interests invested by members often esp. to their own members and are a source of SE financing out of public funds;
- Mutual corporations (mutuality) focus on social insurance and complement social security system;
- Labour societies/companies owned by employees – part/most of the capital is owned by employees, who also manage the labour society;
- Community development financial institutions provide financing to small enterprises in disadvantaged communities, social enterprises and enterprises which are founded by disadvantaged communities;
- Rural innovation centres provide support to farmers who lost their jobs when cooperatives decayed (support for start self-employment or job searching);
- Social enterprises owned by municipalities are established by municipalities, but autonomous in their activities;
- Centres of local development arising from the partnership between private and public spheres that function as centers of business support; participate in planning of entrepreneurial zones.

From above mentioned **list of SE forms/models** emerge that it is actually a very large area, which can take various forms. Various forms of social enterprises can be developed in the context of specific situation of territory, in relation to differentiation of disadvantaged groups' distribution in the labour market, particularly members of minorities, the elderly and/or low-skilled persons etc. From strategic

¹² Note: Law on social enterprise got into the legislative plan of the government and it should be in force from the 1st of January 2017.

ESF evaluation (see DHV, NVF, page 324), emerged that a broad spectrum of SE has an important impact also on evaluation of this issue (especially from evaluation from the impact point of view). Contributions of individual social enterprises to integration goal of socially disadvantaged population can vary significantly, both quantitatively and qualitatively.

At realized panel of experts participated experts have agreed that under the current development of SE support in the Czech Republic this form is understood as an enterprise, which employs disadvantaged people. However, at the international level it is understood as an interconnection of three spheres (social, economic/local and environmental), under which enterprises come out with social innovation. However, in the Czech Republic, the emphasis on social innovation and self-financing in long term is still missing. For this reason, in the Czech Republic, didn't always arise social enterprises fulfilling the international definition and these are often entities dependent on subsidies without significant links to social innovation. It can be concluded that there is a lack of clear approach/definition of other SE types than integration SE types in the Czech Republic (environmental, community, cultural, or fair trade, financial SE etc.).

The predominant type of social enterprise is commercial company over the non-profit legal form in the Czech Republic. Nine out of ten companies are engaged in the field of equal opportunities. This means in particular that they employ disadvantaged people in the labour market. In the area of community development and in social area are employed 69.0% of respondents. Almost two-fifths of enterprises are engaged in environment and ecology, and the same number of them is engaged in cultural field. These results show that the most common impulse to creation of social enterprises is the motivation from the social field. In addition to provision of employment, enterprises are still trying to improve the quality of life of their target groups also outside working area (see P3, 2013, page 11).

The variety of SE forms is on one hand cause of legislative problems, but on the other hand it may contribute to their development. From COPIE workshop conclusions (see MLSA, 2012) revealed that there isn't created and used a clear definition of social entrepreneurship, including criteria and indicators for different SE types (integration, community, social cooperative). There isn't established measurement/evaluation of benefits (impacts) of social entrepreneurship. Proposal of OPE 2014 + (MLSA, 2013) also mentions in legislation the lack of definition of municipalities' role, counties and other relevant actors in the field of social inclusion (esp. housing and social entrepreneurship). Inflexible set of legislative system can significantly limit the development of social entrepreneurship.

In panel of experts realized in this evaluation wasn't possible completely reach a consensus on how to handle the issue of legislative SE grip. On one hand, there is the very desire of SE to anchor their form in legislation, especially in the law of AEP, on the other hand, they pointed out that with this form there would be continued again in a very narrow understanding of the concept of social entrepreneurship in relation to integrative social enterprises. Due to the fact that in the Czech Republic there is a tradition to reflect only what is clearly given in the legislation, it would be appropriate to define preferred forms of social entrepreneurship, which should be at least stated in the new OPE 2014 + program documentation. At the same time, this issue is very important with regard to enforcement of system elements of social enterprises support in the Czech Republic (e.g. linked to tax relief).

2) Lack of measurement/evaluation of SE benefits

Brief description of the problem

In conditions of the Czech Republic, there is reflected an insufficient research in the field of social enterprises, which limits the possibilities of further development of this sector,

assessing its importance and benefits to the economy. Important role should play also development of ways to measure quality and added value of social enterprises that would provide relevant information for setting and implementing supportive SE policies.

Lack of measurement/evaluation of the SE benefits is affected by lack of research that would allow developing appropriate tools and methods to measure the quality of social enterprises. In the Czech Republic, TESSEA (2011) deals with measuring of SE benefits, in particular with SROI (*Social Return on Investment*) method. Within the project supported under the OPHRE arise web www.sroi.cz, which contains information about this method, instructions and examples from abroad.

For development of social enterprises, it is necessary to find ways to measure their quality and added value. Measuring of social value added can be considered as one of the key elements for the success of social enterprises. Improving access to affordable, sustainable and high quality services, including health care and social services of general interest, provided by social enterprises, is crucial for clients of such services (NBFSE, 2012). In this context, it is necessary to develop research in the field of social entrepreneurship, which is very important in terms of knowledge about this sector, its development and needs, which can be reflected in the conception of relevant support policies and in development of the sector as a whole. Research focused on monitoring, measurement and evaluation of economic and social impacts helps to visualize and evaluate the importance of social enterprises in economy. Part of the research is involvement of stakeholders in platforms and networks for the purpose of transferring *best practice* and further education and skills development (OECD, EC, 2012c).

Reasons for measuring the quality of services and products provided by social enterprises (introduction of measuring social value) can be summarized as follows: (NBFSE, 2012)

- Need of a strong government by implementation of policies focused on inclusion and intervention programs,
- Need to understand and reduce the costs of social inclusion policies and services,
- Need to justify decisions and investments based on the results obtained,
- Need to ensure quality level of service delivery by measuring and comparing performance, efficiency and costs.

In this area, there are substantial differences between countries that are affected by the level of development of social enterprises in sated area and the need to measure/compare their quality.

3) Limited application of socially responsible public procurements

Brief description of the problem

In the Czech Republic, there are created legislative and methodological conditions for contracting socially responsible procurements (SRPP), but they are implemented by public authorities only on limited basis. The major barrier for SRPP application is lack of information, knowledge and skills, both on SRPP contracting authority and also on applicants' site.

The basis for contracting socially responsible procurements is transparent system of contracting public procurements. This is the creation of clearly defined rules for contracting socially responsible public procurements, i.e. contracting procurements, which respects and supports job opportunities, safeguard measures with regard to standards of working conditions, social inclusion, social economy and SMEs, equal opportunities, ethical issues, human and labor rights (respects agreement on the EU and EU directives on public procurements) (NBFSE, 2010). Significant potential of social enterprises can be seen especially in certain areas of public policies such as housing, agriculture and fisheries, culture, tourism, rural development, etc. (NBFSE, 2012).

In the Czech Republic there exists a methodology for contracting socially responsible procurements. Detailed information and examples of good practice provides for example *Agency for social inclusion* on its website (<http://www.socialni-zaclenovani.cz/socialne-odpovedne-zadavani-verejnych-zakazek-metodika-a-manual-dobrych-praxi>). However, application of socially responsible public procurement is limited yet.

From the results of methodology COPIE survey by policy makers can be concluded that public policy and also private financial institutions create incentives to support social enterprises, but on the other hand, the concept of contracting socially responsible public procurement is not fully applied yet. From the survey of SE consultants engaged that their assessment of incentives for support of social enterprises is worse, but they consist with policymakers in a limited application of the concept of contracting socially responsible procurement. From the questionnaire survey at the level of SE final beneficiaries, there was pointed out on some obstacles in obtaining public contracts (e.g. determining the amount of turnover, which SE cannot meet sometimes or yet less used option of social enterprises advantage). According to conclusion of panel experts, the European Commission is currently preparing directive, which would allow from 2016, in case of public procurements, preference of social enterprises and SMEs.

From the research emerged basic problems of contracting socially responsible public procurements, which usually results from lack of information, knowledge and skills, both on contracting SRPP and also on applicants' site. These contracts must have support in legislation and policy environment must be tilted to SRPP (implementation of EU directives).

Differences in problems and needs of individual regions are based on specific situation in the region in terms of social enterprises development and also representation of disadvantaged groups in the labour market.

Documents state lower level of involvement of contracting authorities and applicants, esp. in new member states. Problems were identified in terms of SRPP information, as well as in terms of knowledge and skills of participated actors, in terms of ability to communicate, but also in terms of legislation, which establishes the basic framework for SRPP, and surviving belief that this type of public procurement is too expensive (NBFSE, 2010). The causes of this problem were also discussed at the MLSA workshop to COPIE (see MLSA, 2012), in which participants agreed on that, that in public administration, there is low awareness and experience in the field of contracting socially responsible public procurements, development planning and public investment in cooperation with key partners (so called community social partnership). Contracting of socially responsible public procurement is applied with limits, which would reserve public procurements to certain types of SE or favoured SE in getting public procurements.

4) Political environment

Brief description of the problem

In the Czech Republic, the political environment for SE development is confusing, which is affected by low level of bodies coordination, competence of whose touch the area of social entrepreneurship (MLSA, MIT, MRD, counties, etc.). This lack of clarity contributes to difficult access to information, including grant programs, which may negatively affect business activities development.

Role and importance of public policies for SE development is influenced by the overall political environment – whether and to what extent it is favoured to social economy support. A very important role in this area can play the appropriate setting and coordination of policies, which are

interrelated and create a common space for business activities development, including social enterprises. Development of social entrepreneurship hasn't directly conceived own strategy, although in some concept documents, the issue is at least partially included – Concept of SMEs in the period 2014 – 2020 under the auspices of MIT, Regional Development Strategy 2014-2020 under the auspices of MRD, MLSA documents, esp. in relation to the ESF. Another problem is that there is not clearly defined coordinator responsible for this issue (support for SMEs is the responsibility of the MIT, social affairs – MLSA and local and regional development – MRD).

According to results of the investigation within the COPIE methodology, by views of policy makers in SE area engaged, that in the Czech Republic there are not regularly carried out analysis of needs of potential and existing social enterprises as basis for political decisions. The level of mutual periodic awareness of regional support institutions about support possibilities for social enterprises is low and there are no common comprehensive strategies of various support institutions for support of social entrepreneurship. These results confirmed also the panel of experts. However, advisors in SE area see the situation at the regional level more positively, in their point of view; regional support institutions regularly inform each other about possible support for social enterprises. This information is very important for creating an environment and shaping policies to support social entrepreneurship at both national and regional levels.

Final SE beneficiaries within OPHRE and IOP slightly differ in processed questionnaire survey in opinion on MLSA activity in support area of social entrepreneurship. On one hand, there are positive opinions on MLSA activity in the field of social entrepreneurship as such; on the other hand, there are negative opinions on the staff approach when implementing the OPHRE. They also emphasize the need of political support of SE development at the government level as a functional solution to some social problems.

Low level of coordination usually leads to a certain "autonomy" of individual bodies, which contributes to environment confusion of entrepreneurs. Coordination and cooperation at the national (and also regional) level allows setting of such environment, in which conditions are clearly defined and there are also clear rules, so that entrepreneur is able to orientate without any problems, which is important for everyone, but especially for entrepreneurs from disadvantaged groups in the labour market.

Chaotic environment can significantly influence the development of business activities, large number of different rules, but also grant programs, it can more demotivate rather than stimulate entrepreneurship.

ad b) Financing of social enterprises

1) Small scale of forms of SE financial support

Brief description of the problem

In the Czech Republic, the support of social enterprise is realized mainly through subsidies; more usual form of support is loans. Providing guarantees applies only with limits, various types of tax credits and payments reduction for social and health insurance do not apply. Abroad there are developed other forms of support such as soft loans and micro-loans and capital investments (venture/seed capital).

Support of social entrepreneurship as a form of business, but especially as a means of employment of people disadvantaged in the labour market appears in all developed countries. Social sector plays an important role in struggle with unemployment, esp. those people disadvantaged in the labour

market. Low development level of SE is reflected in the lack of employment opportunities for people disadvantaged in the labour market and their unemployment then carries other consequences not only of a financial nature.

State usually tries to solve bad situation on the labour market through AEP tools, including subsidy programs that allow/encourage in particular the return and integration of disadvantaged groups into the labour market. As people disadvantaged in the labour market have been identified in documents following groups: women, young people, people over 50, people with disabilities, minorities. Handicaps of these groups are different; however there are certain common features, esp. in area with lack of qualification. If support programs are set properly, there are enhancing employment opportunities for disadvantaged, including support for starting a business (self-employed). Subsidy programs are often built directly for individual disadvantaged groups (EC, 2010), esp. women, seniors and young people.

Access to financial resources plays a very important role in business development. Financial resources for social enterprises are provided in particular by public sources. In some countries, there is developed significant support from private sources, but this is influenced historically, economically and culturally. In the Czech Republic, there are used grants in particular to support social enterprises. From the analyses carried out within this project implies a wider range of financial support that is used abroad – in addition to grants, it is primarily soft loans and micro-loans, provision of guarantees, various types of tax credits and payment reduction for social security and health insurance. Financial support abroad goes to SE not only from public budgets, but also from various private funds, in particular with non-profit character.

As regards access to finance, policy makers in COPIE investigation evaluate it as unsatisfactory, both in terms of investment incentives for beginning entrepreneurs in the form of grants, and in terms of amount of subsidies with regard to ensuring the functioning of small entrepreneurs or ease of getting a loan. Advisors are in result also negative, but their assessment is still more optimistic. Policy makers mostly disagree with each other in opinion on the amount of subsidies with regard to ensuring livelihood. Entrepreneurs evaluate access to finance more positively, in particular it regards access to funding or grants for support of their business plans (e.g. from Labour Office, job centers, ministries), the majority was satisfied also with the amount of subsidy that was enough to start a social enterprise. Conversely, negative responses related mainly to the ease of getting a loan at a bank or in another financial institution. The survey results are basically consistent with the panel of experts.

For starting to run a business is very important infrastructure that would be adequate in space for social enterprises. In this context plays an important role so-called Start-up centers, business incubators, offices, sheltered workshops, etc., which essentially provide additional financial support to social enterprises through preferential rents, possibilities of consultancy service use – free or for a nominal fee, common office equipment, etc. According to the investigation carried out in this evaluation, policymakers and advisors agreed on rather negative evaluation, whereas entrepreneurs see these options more optimistic. Also from panel of experts engaged negative evaluation of availability of necessary space adequate infrastructure for social enterprises. These activities can be supported within the ESF rather indirectly, by introducing a support start-up system, development and sustainability of social enterprises (including private sector involvement), as it is expected in programming period OPA 2014 – 2020.

According to results of questionnaire survey of final OPHRE (SE) beneficiaries engaged that they all would welcome tax holidays or tax relief for starting SE for some time, reduced contributions to social and health insurance for starting self-employed for a certain period and tax credit for disadvantaged groups except of disabled people (see § 35 of the Law on income tax). Tax reduction for SE acting in problematic areas seems to be somehow problematic from the definition perspective

of these regions and its updates. Regarding the way of financial support, respondents clearly prefer subsidies, both at the beginning and at further support of social enterprise. With a relatively large distance (for starting to run a business it is 1 point, for development it is 0.6 points) followed by soft loans/micro-loans and vouchers (grant with simple administration – on short-term/one-off activities). As less appropriate, at both starting and developing phase, were pointed out guarantees and capital inputs (these received at the commencement of business an average rating of 3 points, respectively. 3.2 points, in development then equally 2.9 points).

According to P3 research results (2013, p. 21), currently, main source of social enterprise income are incomes from own activities with a total of 51.2% in the Czech Republic. Second major source are Structural Funds of European Union – Call 30 OPHRE and Calls 1 and 8 IOP – with a total value of 33%. Last source of income, over 5%, are resources stated in answer as "others", which usually represent contributions from labour offices to persons with disabilities. In this research (P3, 2013, p. 24) however, almost two thirds of enterprises would need additional financial resources. In terms of preferred form of additional funding, SE representatives answered most in the category of "others", which usually included donations, grants or other non-refundable sources. Second preferred option was obtaining of credit means to medium-term financing, and the third option were loan funds for long-term financing.

In the Czech Republic, there is insufficient coverage of social micro-loans segment for socially or economically disadvantaged groups in order to increase the number of entrepreneurs (self-employed), the development of social enterprises and social entrepreneurship (see also PwC, 2012, p. 5 and 8). According to PwC (2012) in the Czech Republic, there is no wide range of institutions with experience in microfinance area. JETMAR et al. (2012, p. 55) reported that in terms of social enterprises support, there is undervalued role of credit availability for entrepreneurs in social economy area (business with social objectives, business supporting social inclusion). This tool could be a complement for awarding grants in the process of building a social enterprise and also as post-grant instrument for these types of entrepreneurs in period of further growth and expansion of their business.

This topic is also interesting with regard to efforts to promote the implementation of financial engineering instruments in case of ESF province, under which the support should be multiplied by usage of financial instruments in order to support students, new jobs creation, labour mobility, social inclusion and social entrepreneurship. Usage of financial instruments in programming period 2014-2020 under the Employment OP is considered in support area of business start applicants and applicants for employment within the implementation of new and innovative instruments of active employment policy. Prior to any usage of financial instruments, there will be treated ex-ante assessment of the appropriateness and conditions for their use, according to article 32 of General Regulation (Regiopartner, 2013, p. 10). With regard to financial capacity of NGOs, there was performed a discussion in thematic focus groups about using financial instruments as for example, loan, revolving, etc., which could possibly supply subsidies from Structural Funds.

2) Limited access to financial resources for SE, both at the start and during the operation

Brief description of the problem

Social enterprises in the Czech Republic are faced with limited access to financial resources at all stages of business. Social enterprises are often dependent on public funding.

As one of major causes of current social entrepreneurship state was identified, by final beneficiaries OPHRE (SE), access to finance, both public and non-public, not just when starting run SE, but also during the operation. This problem is related to lack of awareness and recognition of social

entrepreneurship in society, as well as lack of inclusion of social entrepreneurship issues into the school education. Both of these problems were rated on average 3.4 points (out of 5 possible), while access to finance was rated as a major problem or barrier by 45% of respondents.

With regard to the fact, that social enterprises face difficulties in financing for starting a business (investment in technology, buildings in knowledge – human resources), during the operation (working capital, extending the maturity of invoices) and also at the time of any expansion, there is necessary, according to JETMAR et al. (2012, p. 75), to make financial resources available, which should complement initiative contribution in the form of a grant. This aspect seems necessary for survival of social enterprises. The point is to ensure access to capital through changing the situation on financial market (the rules of regulation, more competition), cooperation of public and private sector by creation of financial products range for social enterprises, expansion of financial instruments portfolio. On this matter has already responded Conception for SMEs support for the period of 2014 – 2020 (see MTI, 2012, p. 84), in which part of support will be focused also on start-ups entrepreneurs. Especially in economically weak regions (such as regions defined for years 2010 – 2013 by Government Resolution no. 141/2010 as regions with concentrated state support) is necessary to support this group of entrepreneurs who can recruit from the ranks of long-term unemployed persons and persons at risk or affected by social exclusion. For start-up entrepreneurs, the key support will be made through soft loans, guarantees and capital inputs (venture capital) and also consultancy. In this context, the experience from implementation of programs with the Czech-Moravian Guarantee and Development Bank and Seed fund pilot project under the Operational Programme Enterprise and Innovation for the period 2007 to 2013 will be used. These tools can help in realization of innovative projects in difficult early stage of business. The aim is to encourage the interest of the Czech Republic population on business, preferably in high-tech fields, which could significantly contribute to the overall increase in the diversification of the Czech economy.

One of the sources for financing is European Social Fund, which aims on support of non-investment projects, such as unemployed retraining, creation of innovative educational programs for employees, support for starting self-employment, development of educational programs including distance form of education, modernization combined with distance form of education, and others. In the SMEs Concept 2014 + (MIT, 2012, p. 104), there will be financed from this fund measures to support employment through self-employment, entrepreneurship and businesses creation, helping the workers, enterprises and entrepreneurs to adapt to change, investment in education, skills and lifelong learning, and will also be focused on research support, technological development and innovation through post-graduate studies, research workers training, networking and partnerships between high education institutions, research and technological centers and enterprises.

3) Lack of banks interest to increase credit availability for underdeveloped SE sector

Brief description of the problem

Banking sector in the Czech Republic does not provide the appropriate financial products for SE; these are rather pilot initiatives within activities of banks social responsibility. The Czech Republic lacks support of financial institutions that should have the nature of social enterprises, and institutions of public-private partnership for SE support.

Low availability of credit from banks is based mainly on the issue of liability for the granted loan. Banks require as collateral real estates, which most of the companies doesn't own, or require loans securing by guarantor. Further condition of banks is requirement of a certain amount of turnover, which is significant problem, especially for start-up enterprises (JETMAR et al., P. 66). All these

aspects result from low skills and overall awareness of financial institutions representatives, who often do not even have an idea about the importance of SE (JETMAR et al., P. 67).

Social entrepreneurship support from non-public sources is developed especially in old EU member states. Non-public financial support is provided by private institutions, which are themselves often social enterprises (GLE, Redeco, 2008). In this area also applies institutions of public-private partnerships. As reported by LUKES, JAKL (2012, p. 7), in the area of business financing, the availability of seed funding and expansion financing of growing company is still a problem. Awareness of financing in early stages of company's development is improving very slowly, so the banks in the Czech Republic still focus on large projects with low risk.

According to seminar to the COPIE project (MLSA, 2012), in the Czech Republic, no programs of appropriate financial products are available (esp. microloans, guarantees, capital investments, bonds) for disadvantaged entrepreneurs and social enterprises, both for the stage of starting run a business and also for its maintenance/development. The gap in the microloans market is often filled up with usurious (unethical or fraudulent) loans. Grants and contributions (irreversible forms of support) to start a business do not motivate enough to long-term sustainability of entrepreneurship and cause a higher risk of market disruption. This is caused, according to JETMAR et al. (2012, p. 56), by the fact that Czech Republic hasn't yet practical experience with support for seed funds, equity funds and other forms of risk capital co-financed from public sources or provided under public-private partnership, or public society partnership (used in case of social entrepreneurship). The existence of such institutions enables multi-source social enterprises support and a certain independence from the public funds.

Main barriers and risks associated with the provision of micro-loans in the Czech Republic are (PwC, 2012, str. 4):

- above-average proportion of insolvencies in the beneficiaries portfolio,
- limited usage and application of securing tools (so called mitigant risks), mostly bills,
- difficulty in recovering non-performing loans, mainly provided from public funds,
- high operating costs associated with providing loans and portfolio management.

Because of above mentioned risks, provides financial sector, according to JETMAR et al. (2012, p. 69), products (loans) for social enterprises in small range, rather as pilot initiatives in the CSR (corporate social responsibility) context.

4) Missing system of tax and other concessions for SE

Brief description of the problem

In the Czech Republic do not apply any forms of tax reliefs or discounts on payments for health and social insurance, which could support SE development not only at the beginning, but also in other phases of the entrepreneur activity.

Missing system of tax and other concessions for SE is regarded as a major cause of weak development of social enterprises in the Czech Republic, not only by all social enterprises respondents in conducted questionnaire surveys, but also by experts who were involved into the investigation within the context of this evaluation. These connections, however, do not along without legislative changes. Tax and other concessions should be granted to SE as compensation of lower productivity of disadvantaged workers, or for funding of increasing costs of management and psychosocial support of disadvantaged workers, who try to work and succeed in the labour market (are not just welfare recipients).

Currently, there is a shortage of tax benefits and allowances, reduction in social and health insurance, interest-free loans, indemnification by the state, loans guaranteed by state banks, permanent subsidy for each job created, more efficient usage of public funds, for example redirect part of funds for social benefits to the jobs creation in social enterprises, continuous SE subsidizing after reaching predetermined limits, faster access to immediate financial support and problem-solving possibilities, long-term financial reward for SE, who deal with disadvantaged groups and share their years of experience. Absence of these issues in the Czech legislation is one of the major causes of social entrepreneurship underdevelopment in the country.

Concessions granted by state can play an important role in social enterprises (including self-employment) development, esp. during entrepreneurship start up. These include esp. tax reliefs, such as tax fees for self-employed (simplification of accounting), tax credits or tax holidays for start-up enterprises. Another form of support is for example relief in the form of forgiveness or reduction of social security contributions for a certain period of time (GLE, Redeco, 2008, EC, 2013; OECD, EC, 2012c, EC, 2010).

According to results of international ESF networks for entrepreneurship of disadvantaged (see MLSA, 2012) engaged, that in the Czech Republic isn't introduced tax benefit of social enterprises (tax on corporate income tax), lower statutory deductions for disadvantaged employees (except of disabled people) and limited contributions to the employment of socially disadvantaged groups (SUJ).

For start-up enterprises, this is an important form of support to enable them to start and grow their business without stress of non-fulfillment of tax obligations and with option to put such saved funds into the business. Lack of such conceived measures restricts the development of business activities, especially by self-employed persons from disadvantaged groups, who want to start a business at a time when they are unemployed and do not have sufficient financial resources to start their own business.

ad c) Social enterprises functioning

1) Lack of knowledge, skills and experience of SE

Brief description of the problem

Willingness and courage to do the business are dependent on a number of factors, of which the most important are the business experience, knowledge and skills. In the Czech Republic, these deficiencies are manifested particularly in the context of overall relatively low rate of people who do the business. Therefore, very important aspect is entrepreneurship support and in particular SE support, another quality business education, consultancy, coaching, mentoring and other support services in order to increase business skills and thus entrepreneurial activities stability.

Lack of experience, knowledge and basic business skills is very typical when starting to run a business in general, but esp. by social entrepreneurship. The willingness and courage to do the business are dependent on a number of factors, including family background (whether parents did the business), age, state of health, labour and business experience, education, access to finance and to entrepreneurial networks, the amount of social support, etc. (OECD, EC, 2012b; OECD, EC, 2012c).

It has been noted on panel of experts on this issue, that in practice it is generally very complicated to do the business, and in case of social enterprises, it is due to their specifics even more difficult. The problem in the Czech society is, to some extent, cultural and is related to skills and knowledge to do

the business, which affects education in general (some primary cause). This aspect was confirmed also in COPIE survey, where, in opinion of policy makers, the issue of social entrepreneurship is not included in schools education (resp. to curriculum) and students' preparation for self-employment at universities is weak. From the same survey, but in group of consultants, engages slightly more positive perception of culture of business environment for SE, including inclusion of entrepreneurship into the school's curriculum, incl. universities. SE entrepreneurs largely agree with advisors in their evaluations. In this area there are no significant differences in terms of evaluation by different groups of respondents.

The issue of consultancy and educational services, mentoring and coaching is, as necessary matter of SE support, very closely connected with financing of this issue. According to foreign experience engages (PwC 2012, p. 4) that microfinance support is not limited only to starting-up entrepreneurs. In terms of conditions of providing support, an attempt is to set the parameters of provided products most in line with market environment where, for example, interest rate is in some cases higher than standard market rate. It is for that reason that it is necessary to take into account higher risk of these products and high operating costs and costs for management of portfolio. An important aspect is the fact that financial support is always associated with a personal touch to support beneficiaries/entrepreneurs. In all schemes is always placed emphasis on further entrepreneurs training, consultancy, coaching and mentoring in order to increase business skills and thus the stability of support beneficiaries/entrepreneurs, which should include the following areas (PwC 2012, p. 35):

- Increase of financial literacy,
- Preparation of business plan, marketing strategies, including market potential identification,
- Training of negotiation skills and skills for purposes of negotiation with support providers, eventually with potential investors,
- Assistance with sales.

Quality support services in the Czech Republic are not available in sufficient rate (esp. information, education, consultancy, coaching, mentoring, networking, evaluation) for starting, maintenance and development of social entrepreneurship (see MLSA, 2012). In support services for starting-up the business of disadvantaged, provided by labour offices of the Czech Republic and ESF projects, there is no system to ensure the quality of these services, and there is an increased risk of worsening of situation of disadvantaged entrepreneurs in case of failure. Support services for disadvantaged entrepreneurs in stages after business start-up are almost not available at all. On this fundamental issue has responded MIT in its Conception of support for SMEs for the next period (MIT, 2012), in which it is stated that starting innovative enterprises in the Czech Republic need in general for their development and initial difficulties bridging, among other things, entrepreneurial know-how, which typically carriers of technical solutions do not have. This can give them appropriately targeted consultancy services, which can help new entrepreneurs to build a quality business plan and through the coach ensure first steps in its implementation.

Social enterprises when starting their activity need help with administrative work. Support services system is set so that the entrepreneur receives all necessary information in one place (centrum) he is provided consultancy and other support services (e.g. in the form of a package that includes consultation, office and information services, professional education, development of a business plan and organizing of marketing surveys, leasing equipment, Internet access, etc.) which allows entrepreneurs to focus on their work (EC, 2010).

In the same way as by other business activities, there are also used business incubators in social entrepreneurship, which in addition to support services provide space for entrepreneurship with reduced rents for a certain period of time that will not burden entrepreneur at the start of his

activities. These support services and incubators can play a significant role in deciding whether or not to launch a business; they help to simplify some procedures related esp. to administrative work. At the same time entrepreneur knows that he will be provided with other necessary services, such as consultancy, office and information services, professional education, development of a business plan and organizing marketing surveys, etc.

As a result of underdeveloped supporting services is reluctance to do the business, to take risks, to self-employ or not to do the business further. If the unemployment is a long-term, it may arise a dependency on social benefits and the effort to deal with the situation is somehow reduced (low self-esteem, resignation, etc.). Developed support services segment in turn, can facilitate people the way back to the labour market as employees, but also through start own business. In this area, differences exist, both at national and regional levels, which are influenced by economic and social situation of the area and also by overall culture, the values and settings of which can greatly influence the development of social enterprises and entrepreneurial activity.

2) *Not fully utilized space for information, experience exchange, transfer of good practices and with this related lack of platforms and SE networks development*

Brief description of the problem

Transfer of best practices is one of the weaker aspects of the process of SE support in the Czech Republic. Platforms and networks allow to create and develop contacts, play an important role in awareness and education of social entrepreneurship, provide data and information on social enterprises, which is for SE very important, but also for assessing the SE significance in the economy and thus for designing support policies.

Space for the transfer of information and exchange of experience is currently generated through platforms at national and international level and through networks for transfer of good practice. Creating platforms and networks is very important not only in terms of quick communication, thanks to modern technology among social enterprises and the transfer of good practice. Significant is also the feeling that "*I am not alone*" and possibility to recourse to entrepreneurs with similar problems. Platforms and networks allow creating and developing contacts, play an important role in awareness and education of social entrepreneurship, can address any other interested persons, but also the sponsors for their activities (McKinsey Global Institute, 2012). These platforms and networks should, according to draft of OPE programming document (MPSV, 2013), partially solve low awareness of potential of social entrepreneurship, both among public and potential founders of these enterprises. Expert cooperation in platforms and networks should also create conditions for solving the absence of long-term concept of social entrepreneurship development and inclusive entrepreneurship and ongoing interdepartmental and institutional coordination (MLSA, 2012).

From the COPIE survey by policy makers emerged that transfer of best practices belongs to the weaker aspects of SE support process. The establishment of clear requirements on quality of social enterprises, esp. regarding social services can be positively assessed. SE advisors correspond on these issues with policy makers more or less. According to the policy makers in the SE area, there isn't detailed and regular information on the issue of social entrepreneurship (e.g. performance of social enterprises, information on support activities), but on the other hand, in regions, there are regularly held information events about social entrepreneurship and there are also agencies that offer consultancy and courses for those interested in social entrepreneurship start-up or about providers of financial support, provide regular information about current possibilities of social entrepreneurship support.

If these platforms and networks are not developed, there may be a lower level of awareness not only about social entrepreneurship as a whole, but also between social enterprises themselves. Platforms and networks enable social enterprises actively defend their interests and together present range of their products and services (TESSEA, 2011). Platforms and networks can also play an important role in collecting data and information on social enterprises, both regionally and spectrally. (McKinsey Global Institute, 2012).

Also in this area there are reflected regional differences that are influenced by economic and social situation of the area and by overall culture, the values and settings of which can greatly affect development of social enterprises and entrepreneurial activity.

3) *Insufficient application of functional entrepreneurial types of social enterprises*

Brief description of the problem

In the Czech Republic, the scale of functional and sustainable SE activities is limited, there is no social franchising (nor supported), which is developed abroad.

In the field of social entrepreneurship in the Czech Republic is reflected inadequate development of social-entrepreneurial activities/objectives. Variety of functional and sustainable activities is limited; there isn't applied (nor supported) abroad developed social franchising. Social franchising is transfer of knowledge and good practices of social enterprises within the country and also across borders while respecting specific conditions of each country. However, after discussion within panel of experts, this aspect is very dependent on overall maturity level of the environment and on social entrepreneurship development level in the Czech Republic, which does not match, for example, status in the UK. Social franchising, however, allows economies of scale, transfer of rules and organizational structures, membership to network for sharing experiences, employment of disadvantaged workers in emerging enterprises, including education and training, employment in fast growing sectors (e.g. tourism). Into the social franchises there are included: social company that replicates its business model and at least one company that took him over, and a common brand under which firms operate in the franchise. Among the members of the franchise, there is an exchange of knowledge and skills and transfer of good practice.

Social franchise firms have an agreement which regulates rights and obligations and ensure the sustainability of franchise as a system. NBFSE (2012) gives an example of good practice, particularly from the old EU member states, where this concept develops. Thanks to social franchising there are used tools of support of social enterprises that have been proven in other countries. On the other hand, social franchising allows social enterprises to maintain their local roots and effective management without losing benefits of scale and political influence (NBFSE, 2010).

Evaluation of current supply of support services of social entrepreneurship

Summary evaluation of supply of services for each phase

In motivation phase, phase before starting own social entrepreneurship, but also in phase of social enterprise functioning, there are in the Czech Republic relatively well covered support services related to enhancing general level of awareness and motivation development for educational system. The Czech Republic has a relatively good coverage of legal advisory services with a broad spectrum of support organizations especially for the start-up entrepreneurs' phase.

Completely or significantly absent support services of social entrepreneurship in the Czech Republic:

- **Motivation phase** – completely abstention of support activities of business awards system/honours and promotion of these issues in broader public. According to COPIE D. T. policy makers, consultants and entrepreneurs are on agreement, that support before starting a business must be based on qualified advice that is necessary for success of social business;
- **Phase of creation** – mentoring and coaching is applied very limited (especially from MLSA site), educational and training activities for SE outside of ESF support. In the Czech Republic are completely missing incubators for social enterprises;
- **Phase for starting social entrepreneurs** – no significant services that miss or are not adequately covered in the Czech Republic were identified;
- **Phase of social enterprise functioning** – educational and training activities are represented minimally. Incubators for social enterprises are completely missing in the Czech Republic. In the area of support for starting a business, policy makers and advisors agree that in order to stabilize young company it is important to offer an advice, training and workshops, even after initialisation of social entrepreneurship;
- **Support services in the area of SE financial support** – for a wide range of institutions in the Czech Republic this is often more about their marginal or little relevant activities. The Czech Republic lacks support services for risk capital usage for social enterprises and participative loans;
- **Phase of growth and consolidation** – topics of mentoring and coaching (with exception of MLSA project – "Support of social entrepreneurship in the Czech Republic") are minimally covered in the Czech Republic. Underdeveloped are also training activities and training in growth and consolidation area. The Czech Republic is completely missing support services with incubation character related to growth and consolidation.

Evaluation of organizations and offer of support services provided by them – survey according to COPIE Resources Map methodology

Organizations and offer of support services for social entrepreneurship provided by them are evaluated in this evaluation according to COPIE Resources Map classification, where they are reflected with regard to their role and importance when providing these services according to business phase. These support organizations are further divided according to phase: motivation, creation, services for start-up entrepreneurs, already established social enterprises, services in financing area for social enterprises and services in growth phase and consolidation of social enterprises. Complete analysis of support services in the Czech Republic, divided into various phases of social entrepreneurship, is presented in technical report (see Sec. 2.3 TR).

Offer of support services in motivation phase, i.e. motivation is the purpose of supporting the initiation of social entrepreneurship, is relatively well covered in the Czech Republic both in activities designed to strengthen the general level of awareness and in organization supporting development of motivation for educational system. Of course it is question yet, to what extent manage these organizations affect educational system, however, the spectrum of these organizations exist. Czech Republic completely miss supporting organizations that would motivate potential social entrepreneurs through the business awards/honours and promotion of these issues in broader public.

Phase of creation is very important phase for potential social entrepreneurs, in which support organizations should provide specific services very carefully, within which should be very good understood benefits and risks of the business by potential social entrepreneurs. The state of support services is before starting own social entrepreneurship very well covered in general information and advice in the Czech Republic. This finding was confirmed also in questionnaire survey of final

beneficiaries and SE without OPHRE support in the topic of non-financial support. As the best was being evaluated stable and available offer of support services (information, education, and consultancy) for social entrepreneurs for all phases of the business with an average rating of 2.3 points. It should be noted, that non-financial instruments, according to an average evaluation, were considered as less important than financial instruments. To a very limited extent is then applied mentoring and coaching in the Czech Republic (especially from MLSA site). Support organizations dealing with educational and training activities to social entrepreneurship and also outside ESF support, are represented in a minimum rate. The Czech Republic completely absents organizations that would explore possibilities of providing facilities, i.e. incubators for social enterprises, in a comprehensive way.

Phase for starting social entrepreneurs will culminate in the very commencement of the business activity. At this stage of the business it is important to provide proper legal advice related to finalization of legal form of business, as well as specific support for entrepreneurship initiation and implementation. Czech Republic has a relatively good coverage of these services with a wide range of support organizations.

Phase of social enterprise functioning (operating), i.e. supporting organizations for established social enterprises, is very well covered in the Czech Republic in area of general information and advice provision. In the same way as it was in creation phase, support services in educational and training activities are represented minimally. Czech Republic completely absents organizations that would explore possibilities of providing facilities, i.e. incubators for social enterprises, in comprehensive way.

Support services in the area of social enterprises financing are covered by a relatively large range of different organizations, however, with regard to the partial evaluator's assessment of their importance (relevance degree to social entrepreneurship) engaged that this issue is very problematic. Many of these organizations are engaged in social entrepreneurship rather indirectly or only marginally, therefore the potential of their usage is not yet sufficiently exploited, more often it may be only marketing visibility to the public (e.g. by commercial banks). A similar situation exists in case of grants provision, eventually also in consultancy area. Currently, there are no supporting organizations that would deal with issues of venture capital and its usage for social enterprises in the Czech Republic. Absence of so-called participative loans, in which more interested organizations may provide long-term loans with option to defer first payments, can be identified as well. Microloans are covered rather only regionally in Moravian-Silesian and Central Bohemia region, which have their own programs to support small and medium-sized enterprises; however, in relation to social entrepreneurship this is a weak and partly also irrelevant coverage.

Support services for social enterprises in growth and consolidation phase are an important part of maintaining social entrepreneurship. To start a business is basically a big challenge, but even more important is the ability to sustain started business. Various support organizations are focusing on growth and consolidation phase of enterprises in course of their business. In the Czech Republic, there is mostly used common consultancy in area of growth and consolidation, where the range of supporting organizations is very high. The topic of mentoring and coaching is covered at minimum rate, except MLSA project – "Social entrepreneurship support in the Czech Republic"; there are no other relevant support organizations in the Czech Republic. Very poor is also an offer of support services in training activities and education in growth and consolidation area. The Czech Republic completely misses incubation support services related to the nature of growth and consolidation.

Evaluation of existing supply of support services according to business phase – survey according to COPIE D.T. methodology

Supply assessment of support services is complemented in this part of the document by partial findings of a questionnaire survey according COPIE D.T. In the topic of **support before starting a business** policy makers agree (note: At scale: 1 = strongly disagree to 5 = strongly agree, N = do not know) that **qualified consultancy is important** for success of social entrepreneurship (4 points), but according to their opinion it is not easy to find for those interested in business appropriate consultancy services (1 point), although there is supply of consultancy services "tailored" for free or for a fee, which includes only legitimate costs (4 points). The importance of qualified consultancy accent also consultants (4.1 points), but in their opinion, the availability of appropriate consultancy services is better (2.6 points) than in the opinion of policy makers. To the question of offers existence of tailored consultancy services, to the contrary, consultants are more negatively (2.7 points compared to 4 points by policy makers).

According to the views of policy makers proceed consultants from various support institutions in supporting of new social enterprises in a coordinated manner (3 points) and their approach takes into account special SE needs (3 points). Social enterprises have equal chances of access to appropriate support offerings as other companies (3 points). Consultants agree with policy makers on these issues with the exception of process coordination of consultants from various institutions and agencies – they see this exception as much weaker (1.9 points). Opinions on coordination process of various institutions from entrepreneurs point of view (2.7 points) is getting closer to a more positive assessment of policy makers. Entrepreneurs are not satisfied with the way of employment agencies and employment offices information about possibilities of launching social entrepreneurship (1.9 points).

Policy makers and consultants (both 3 points) agree on relatively good availability of suitable courses and trainings or seminars "tailored" (mostly financed by ESF). Entrepreneurs rated as the best the fact, that training and seminars meet the needs of social enterprises, that these are not general matters (3.2 points).

In the area of **support for starting a business**, policy makers and consultants agree on that fact, that in order to stabilize young companies is an important offer of consultancy, training and workshops, even after launching social entrepreneurship (5, respectively. 3.9 points). As it engaged from COPIE R.M.T. analysis about support organizations in the Czech Republic, there work in this issue relatively broad spectrum of organizations in Czech Republic, however, policy makers disagree about providing information on these services and their availability, and see them as insufficient (2 points). This discrepancy was also confirmed by a panel of experts, especially in the inadequacy of consultant and educational services after initiation of social entrepreneurship in the Czech Republic.

In the area of space adequate **infrastructure** was stated in questionnaire survey, that this is a necessary issue for social enterprises (start-up centers, business incubators, offices, sheltered workshops, etc.) in the region. Policymakers and consultants have agreed on rather negative assessment (2, respectively. 2.3 points). From the panel of experts point of view engaged that the availability of necessary and space adequate infrastructure for social enterprises is weak in the Czech Republic, which was confirmed by parallel investigation of the COPIE RMT methodology, whose purpose was to map precisely offers also for this type of support service.

The following table provides a list of organizations that provide support services in the Czech Republic for social entrepreneurship in the differentiation according to the phase of business support and specific activities:

1. Motivation 1 a) General 1 b) Education system 1 c) Reward system 2. Support of phase before starting a business 2 a) General information 2 b) Consultancy 2 c) Spaces for pre-incubation 2 d) Training 2 e) Mentoring/couching 3. Support of phase of starting a business Initiation 4. Support of phase after starting a business 4 a) General information 4 b) Consultancy 4 c) Business incubators 4 d) Training 4 e) Mentoring/couching	5. Finance 5 a) Financial support for entrepreneurship initiation 5 b) Financial support for growth (development) and establishment 5 c) Grants provision 5 d) Guarantees provision 5 e) Risk capital provision 5 f) Participative capital (loans) provision 5 g) Micro-loans provision 5 h) Privat investors 6. Growth and establishment 6 a) Consultancy 6 b) Training 6 c) Specific programs 6 d) Mentoring 6 e) Spaces for business incubators
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The following table shows a list of organizations providing support services for social entrepreneurship, which is a part of the solution according to the COPIE R.M.T. methodology. Complete description of each organization is separate part of technical report in the form of an Excel database.

Table 4: An overview of organizations providing support services in the Czech Republic for social entrepreneurship

	Relevance degree of SE support	1 Motivation	2 Creation	3 Beginners	4 Functioning	5 Finance	6 Growth
Chamber of Commerce							
Association of Small and Medium-Sized Enterprises and self-employed in the Czech Republic	0				a, b	c	a, c
South-Bohemian Chamber of Commerce	4	a	a, b		a, b	a, b	a, c
Regional Chamber of Commerce of Pardubice region	3		a, b		a, b	a, b	a, c
"district Chamber of Commerces - in general"	1		a, b		a, b	a, b	a
Governing bodies							
Government: Agency for Social Inclusion and the Government Council for NGOs	5		a, b		a, b		a, c
MLSA - „Social entrepreneurship support in the Czech Republic“	5		b, e		b, e		a, d
MIT - Operationalprogramm Enterprise and Inovation (OPEI) - Programm Start, Progress, Guarantee	5			x		a, b, d	
Regional/municipal development agencies							
Personal and consulting social cooperative	5	a, b	a, b	x	a, b		a
Centre of social services Prague	3	a, b	a, b	x	a, b		a
Centre of social economy	5	b	a, b	x	a, b		a, c
NGOs/foundations							
New economy o.p.s.	5	a, b	a, b	x	a, b		a
Fokus Praha o.p.s.	5	b		x	a, b, e		a, c
Via Foundation	3	a, b	a, b, e	x	a, b, e	a, c	c
NESsT	5		b, d, e		b, d, e	b	a, b, d
P3 – People, Planet, Profit	5	b	a, b	x	a, b		a, c
Foundation of Czech Savings Bank	1					a, b	
Vodafone foundation – Year in other way	1				b	c	a
Endowment Fund to support employment of people with disabilities	5	a, b	a, b	x	a, b	c	a, b
Era helps	5						a, b, c
Citi Foundation	1		b		b	a, b	
ProCulture	0	b			b		a
ASHOKA CZECH REPUBLIC	5				a, b	b, h	a
OSF Foundation	1					c	
Associations							
Association of Czech and Moravian Production Cooperatives	5		a, b		a, b		
Association of social responsibility	5	b	a, b		a, b		a, c
ČSOB	5					b, c	c
Czech-Moravian Guarantee and Development Bank	3					a, b, d	
ICT centres							
Univerzities							
other							
"municipal authorities"	2		a	x	a, b	b, c	a
"labour offcies"	4	b	a, b	x		b, c	
Government Board for People with Disabilities	1						c

Note: Relevance degree of SE support is in the range 0-5, where 0 is the minimum (SE is a marginal issue), 1 little significant, 5 most relevant

An offer overview of funding for disadvantaged and social entrepreneurs incl. contributions / subsidies from public budgets

This document is based on TESSEA 2011, NBFSE 2012 PS funding outputs incl. input for the Czech Republic to the baseline study of M. JETMAR 2009 et al., PwC analysis for micro-loans and is supplemented by results of own IREAS questionnaire surveys in 2013. The purpose of this document is to provide an overview of the range of finance for social enterprises. With regard to results of questionnaire surveys and expert discussion, the range of these instruments is used with varying degrees of intensity, plus some financial resources are for this type of business entirely marginal, or are rather a marketing matter of institution. For this reason, it is necessary to view this survey with some reserve in relation to real possibility of funding the support of social entrepreneurship. Detailed analysis of individual financial resources can be found in technical report in section 2.7

Table 5: An overview of organizations providing financing for social enterprises in the Czech Republic

Offer of financing for SE		Phase				
		Motivation	Creation	Beginners	Functioning	Growth
Subsidies from public budgets at national and European level						
MLSA – OPHRE	Call No. 30 Social economy	x	x	x		
MRD– IOP	Call No. 1 (upgrade, from 1. 8. 2011 it is the call No. 8) Investment support of social economy	x	x	x		
Ministry of industry and trade (+ CMGDB) - OPBI	programs <i>Start, Progress, Guarantee</i> National program <i>Revit</i>			x	x	
CMGDB (Czech-Moravian guarantee and development bank)	Support MSP (2013), isn't focused exactly on SE, but it is possible to use it when conditions are fulfilled				x	x
Ministry of agriculture	Rural development program, Axis III <ul style="list-style-type: none"> <i>III.1.2 Support of enterprises foundation and their development</i> <i>III.1.3 support of tourism</i> 			x	x	x
European Commission	Specific financial products Progress (in cooperation with EIB and EIF) Erasmus – support of young entrepreneurs	x	x	x		
EHP funds 2009 – 2014	(CZ05 - social inclusion - Program EHP, period 2009 – 2014)	x	x			
Subsidies from public budgets at regional level						
OP Prague – adaptability	priority axis 2 – Support for entering the labour market (early business start of social economy entities and support of disadvantaged people in the labour market)			x		
Regional operational programs 2007 – 2013	support of infrastructure for tourism (Note: in new programming period 2014 – 2020 regional supports will be coordinated within Integration regional operational program).				x	X
Operational programs for cross-border	Entrepreneurship support in form of „micro-subsidies“: <ul style="list-style-type: none"> <i>Cross-border operational program Czech Republic –Slovak Republic » Priority</i> 			x	x	

cooperation	<p>axis 1 - Support of social-cultural and economic development of cross-border region and cooperation</p> <ul style="list-style-type: none"> • <i>Cross-border operational program Czech Republic - Poland</i> » Priority axis II. Improvement of conditions for entrepreneurship area and tourism development for Liberec, Hradec Kralove, Pardubice, Olomouc, Moravian-Silesian regions 					
CMGDB – regional programs	<ul style="list-style-type: none"> • INOSTART - program goal is to enable to get a loan through preferential loan guarantees for realization of innovative projects of new entrepreneurs implemented in Moravian-Silesian and Olomouc region (to be extended to the whole Czech Republic) • Program of preferential regional loans in South Bohemian region • CMGDB - preferential loans to municipalities and entrepreneurs from urban development fund resources. It is not directly aimed at SE, but can be used when certain conditions are fulfilled. Beneficiaries of support: municipalities in Moravian-Silesian Region 			x	x	
Support of social and inclusive entrepreneurship through regional governments						
Moravian-Silesian Region	Program of small and middle sized enterprises support in Moravian-Silesian region			x	x	
South Bohemian Region	GP support of social inclusion of people at risk of social exclusion in South Bohemian region			x	x	
Central Bohemian Region	Central Bohemian Fond for support of small and middle sized entrepreneurship			x	x	
Specific programs of commercial banks and other organizations in the Czech Republic						
Česká spořitelna plc	Project: Financing of social enterprises				x	x
ČSOB in cooperation with P3	grant program: Stabilization of social enterprises				x	
ČSOB	Era helps – Integration of handicapped persons			x	x	
Commercial Bank	Jistota Foundation				x	x
Citibank	<p>Support of small and middle sized entrepreneurs through Prosperita, o.p.s.</p> <ul style="list-style-type: none"> • Citibank cooperation with NESST • Citibank cooperation with Via Foundation • Citi Foundation 		x	x		
Vodafone Foundation	<p>Program Year in other way</p> <p>Grant program Technology for society</p>		x	x		
Foundation fond DALKIA plc	Foundation fond Dalkia Czech Republic operates in Moravian-Silesian, Olomouc and Karlovy Vary region.			x	x	

ASHOKA Czech Republic	Support of innovative social entrepreneurs				x	
Foundation for employment support of handicapped persons	Project „Start without barriers“	x				

Assessment of demand for support services according to the phase of business

Summary of evaluation of service demand for each phase

According to performed surveys and expert interviews engaged that in case of social entrepreneurship in the Czech Republic, there is no regular monitoring of regional support activities for social enterprises and from this are resulting problems with determination of a qualified estimate of demand in relation to presented range of support services. Therefore it is a very complicated matter for evaluation. Evaluating the demand for support services is carried out according to the evaluation of questionnaire survey through COPIE D.T. methodology, and evaluator has partly extended these findings by evaluation of regional differentiation of demand for services that emerged from questionnaire survey of final beneficiaries in the topic of social entrepreneurship.¹³

Complete or significant lack of support services for social entrepreneurship in the Czech Republic:

- **Motivation phase** – entrepreneurs agree with policy makers and consultants within the meaning of qualified consultancy;
- **Phase of creation** – the greatest demand in this phase is for activities of qualified consultancy, which is important for success of social entrepreneurship, but it is not easy to find appropriate consultancy services for those interested in business;
- **Phase for starting social entrepreneurs** – there weren't identified any significant services that would be missing or weren't adequately covered in the Czech Republic by – from questionnaire survey by final beneficiaries is confirmed that the lack of experience, knowledge and basic business skills is very typical when starting a business in general, but esp. in social entrepreneurship;
- **Phase of social enterprise functioning** – most pronounced is demand for consultancy, training and workshops, which is confirmed not only by entrepreneurs, but also policy makers and consultants. Problematic appears to be possibilities of their use, which is insufficient. This discrepancy was also confirmed by panel of experts. Together with support services, there exist demand also for mentoring and coaching usage. Ideal situation is stable offer of support services (information, education, consultancy, coaching, mentoring, networking, and evaluation) for social entrepreneurs for all phases of the business. Exactly these tools can be supported under the ESF;
- **Support services in area of SE financing** – in this section entrepreneurs evaluate access to finance more positive, in particular when regarding access to funding or grants for support of their business plans, for example from labour offices, job centres, ministries (3.5 points). Conversely, negative responses were related mainly to ease of getting a loan at a bank or other financial institution in (1.9 points);
- **Phase of growth and consolidation** – for this phase is very important an issue of spatially corresponding infrastructure. In questionnaire survey has been stated that entrepreneurs perceive the availability of this infrastructure more optimistic (3 points) and that the demand for this type of support for social enterprises is rather weaker.

Evaluation of existing demand for support services according to business phase – survey according to the COPIE D. T. methodology

Panel of experts and by experts evaluated questionnaire survey on social entrepreneurship already showed that in the Czech Republic there is no regular monitoring of regional support activities for social enterprises and from this resulting problem with determination of a qualified estimate of

¹³ In questionnaire survey COPIE D.T., the demand regards only the question of importance / significance of the activity; it means questions 16, 27 a 33. Other questions concerns supply, its availability and qualitative evaluation (relevance, coordination, quality services and so on).

demand in relation to presented range of support services. It is therefore a very complicated matter for evaluation. Demand evaluation of support services is carried out according to evaluation of questionnaire survey through COPIE D.T. methodology.¹⁴ Third scope of COPIE questionnaire survey was focused on **support of business**, from which the most important were parts related to support before starting a business, support after starting a business and evaluation of services in the infrastructure. This part of questionnaire survey was answered by policy makers, consultants and entrepreneurs. In conclusion of this part is made an evaluation of demand for support services in the context of questionnaire survey results at SE final beneficiaries' level supported under OPHRE and IOP.

In topic of **support before starting a business** agree entrepreneurs and policy with consultants within the meaning of qualified consultancy (Note: at scale: 1 = strongly disagree to 5 = strongly agree, N = do not know), in terms of availability of appropriate consultancy services (2.7 points). Social entrepreneurs are basically satisfied with provided consultancy, which was tailored to their needs (3.1 points), including support when dealing with formal / administrative requirements to start business activities (3.1 points).

In question of whether consultants from various support institutions proceed in support of new social enterprises in coordination (2.7 points), entrepreneurs tend toward a more positive assessment of policy makers. Entrepreneurs are not satisfied with means of employment agencies and employment offices information on possibility of launching social entrepreneurship (1.9 points).

When regarding the area of **support after starting a business**, entrepreneurs in this range of questions are basically consistent with policy makers and consultants in sense of consultancy, qualified courses and various training, even after starting a business, however, as weaker were evaluated possibilities of their usage. Entrepreneurs consider the possibility of exchange of experience among social enterprises as important (4.3 points), access to organizations and social enterprises in the region is not considered as easy (2.9 points).

In area of **access to finance**, entrepreneurs assess approach to funding more positively, in particular regarding the access to financial resources or grants for support of their business plans, for example from labour offices, job centres, ministries (3.5 points), the majority were satisfied also with the amount of subsidy that was sufficient to start a social enterprise (3.4 points). Conversely, negative responses were related mainly to ease of getting a loan in a bank or other financial institution (1.9 points). Survey results are basically consistent with the panel of experts.

In area of **space adequate infrastructure** was in questionnaire survey concluded that entrepreneurs perceive the availability of necessary infrastructure optimistic (3 points) and that the demand for this type of support would be rather weaker according to social enterprises.

Evaluator has extended these **findings by evaluation of regional differentiation of demand for services that emerged from questionnaire survey of final beneficiaries** in topic of social entrepreneurship. In this case was always calculated for each region an average mark of rating and also variance and determinant deviation (detailed analysis and table are introduced in technical report, chapter. 2.3.3 of TR). Results show the lowest average mark and therefore the highest demand for stable and affordable offer of support services. It is confirmed that the lack of experience, knowledge and basic business skills is very typical when starting a business in general, but especially by social entrepreneurship. Also in this area are reflected regional differences that are

¹⁴ In questionnaire survey COPIE DT, the demand Regards only the question of Importance / significance of the activity; it Means questions 16, 27 and 33. Other questions Concerns supply, availability of ITS and qualitative evaluation (relevance, coordination, quality services and so on).

influenced by economic and social situation of the area and also by overall culture, values and settings of which can greatly affect efforts to engage into the labour market and entrepreneurial activity. Together with support services, there exist also demand for mentoring and coaching usage. Ideal state is steady supply of support services (information, education, consultancy, coaching, mentoring, networking, and evaluation) for social entrepreneurs in all phases of the business. Very demanded is also social "franchising" and the establishment of a platform for social enterprises and their participation in international networks. These tools can be supported under the ESF.

In technical report (see chapter 2.4 of TR) is incorporated a separate analysis and output for this evaluation question, which focuses on the evaluation and quantification of estimate of demand for financial sources for all phases of social entrepreneurship.

Quantification – an estimate of the demand for funding sources for all phases of the business

Partial objective of evaluation question 1.2 is **to determinate qualitatively and quantitatively the absorption capacity** in support of social and inclusive entrepreneurship for the next programming period 2014 – 2020. This part of evaluation is specifically dedicated to the quantification of existing demand for funding in all phases of the business. With regard to ongoing discussions with contracting authority, this section focuses on a quantified estimate of demand of disadvantaged and social entrepreneurs for social micro-loans because of support possibilities of this type of financial engineering instrument in ESF and ERDF programs in 2014 – 2020 period. Access of support through these tools is very complicated and in the Czech Republic there aren't important experiences with this form of support, but a greater European Commission emphasis on application of repayable forms of financing can be expected not only within the ERDF, but also ESF (details about financial instruments can be found in PWC analysis, 2013¹⁵ and expert discussions¹⁶). With regard to minimal experience in providing loan guarantees for social and inclusive entrepreneurs in the Czech Republic, this theme isn't included to quantification estimate of demand for funding sources.

It should be noted in this context, that **social micro-loans** are focused on people with economic and social exclusion (especially long-term unemployed, people approaching retirement age, ethnic minorities, the disabled and in other way handicapped people (see also PWC analysis, 2012, p. 8). In the Czech Republic there aren't significant experiences in providing social micro-loans (only small loans in traditional sense). Most difficult access to this type of funding have persons with economic and social exclusion for purposes of starting-up the business as self-employed or setting up a certain form of social enterprise (PWC, 2012, p. 3). With regard to the fact, that in the Czech Republic the segment of specific support to disadvantaged people and social enterprises is not developed, there are made in this quantification three variants of estimate divided into minimum, medium and maximum level.

Social entrepreneurship

In case of social entrepreneurship, this theme can be grabbed from methodological point of view in different ways, and therefore it is appropriate to include at least basic methodological notes of rating. Social enterprises in the Czech Republic do not constitute a homogenous group of subjects in size, there are significant differences when comparing urban and rural areas, and there can be also identified significant inter-regional disparities in actual number of social enterprises. From this follow

¹⁵ On-line available on: http://www.strukturalni-fondy.cz/getmedia/93f63032-46a5-4a72-a7bb-17eb251e95e7/Vystup_Typy-intervenci-navratnou-formou-podpory.pdf

¹⁶ On-line available on: <http://www.strukturalni-fondy.cz/cs/Fondy-EU/Narodni-organ-pro-koordinaci/Novinky/Zavery-z-uskutecneneho-kulateho-stolu-na-tema-Fina>

problems associated with possible quantification and estimation of average amounts needed to ensure establishment and operation of social enterprises. Research team therefore performed this detailed analysis with combination of data according to PWC analysis, MLSA data (MONIT7 +) and P3 database, and partly were also used results and findings of a questionnaire survey among beneficiaries (and unsuccessful applicants).

Basic solutions for quantification of supply for financial resources – social entrepreneurship

1. Micro-loans are defined as loans to 25 000 EUR, which are provided to new and also existing small entrepreneurs (up to 9 employees) and for individuals who wants to become self-employed, but have difficulties in access to conventional bank loans.
In PWC analysis (2012, p. 19) was performed calculation of **the average amount of disadvantaged micro-loans** under yet implemented programs providing this type of lending in the Czech Republic, which reached amount approximately **420 thousand CZK** (see PWC, 2012, p. 19). This amount was determined by research team as default for other calculations to estimate demand in the segment of social micro-loans for social enterprises, for which this amount represents approximately 10% of average amount of grants provided to the social enterprise from OPHRE in programming period 2007-2013. We assume that social enterprises are in this respect comparable with other companies, because there are no available statistics of financial management specifics of social enterprises in the Czech Republic.
2. According to PWC analysis (2012, p. 20) engaged **an estimate of absorption capacity of micro-loans market in the Czech Republic in amount of 150 – 200 mil. CZK per year**, which are the following rough estimate parameters:
 - It concerns all small entrepreneurs in the Czech Republic, it means not only disadvantaged persons,
 - Not only for starting beneficiaries, but also for existing entrepreneurs (operating activity)
 - Estimated amount includes also costs related to portfolio „service “and management.
3. In **assessing the significance of financial instruments for social entrepreneurship initiation**, the dominance of subsidies resulted as the most important form of financing (in an investigation at KP level). On this fact agreed 84% of SE respondents. Demand for social micro-loans can be expected more in case of existing social enterprises. At minimum level were used instruments of MIT within the OPEI (e.g. guarantees). In this sense, it will be needed in new programming period 2014 – 2020 to pay more attention not only to possibilities, but also on practical benefits of usage of funding mix, i.e. grants, soft loans, guarantees. Respondents could also add other instruments depending on their experience; however, they didn't give any. From this result follow also general ignorance and inexperience of social enterprises with alternative forms of financing, which greatly limits accurate quantification of demand extent for certain resources beyond grant framework.
4. According to questionnaire survey (no. 33), the access to finance¹⁷ was evaluated as a fundamental problem only by 26% of respondents (social enterprises). To start a business, in addition to subsidies, the required forms are also soft loans / micro-loans (30% of respondents assessed them with mark 1, 18% of respondents with 4 or 5 points). Also for social enterprises development (operational part) respondents prefer, in addition to the above mentioned grants, also vouchers and advantaged loans / micro-loans (59% of respondents rated them with 1 or 2 points on a 5-point scale). It can therefore be estimated that **about 30% of social enterprises in the Czech Republic would probably use the form of soft social micro-loans to start their business, and if social micro-loans segment is developed in operation phase, this form would be used by 60% of existing social enterprises.**

¹⁷ In the document of the P3 2014 (pp. 14 and 16), ie., "Evaluation of a questionnaire survey of social enterprises in the Czech Republic - Mapping the situation of social enterprises in the Czech Republic" is also quantified the problem of the SE with access to finance. Available online: http://www.ceske-socialni-podnikani.cz/images/pdf/P3_setreni_SP.pdf

5. In the Czech Republic there is insufficient coverage of social micro-loans segment for socially and economically disadvantaged groups in order to increase the number of entrepreneurs (self-employed), the development of social enterprises and social entrepreneurship (see also PWC analysis, 2012, p. 5 and 8). According to PWC (2012) in the Czech Republic there is no wide range of institutions with experience in microfinance area. Thus, **in the Czech Republic, there are no significant experiences with these forms even on social enterprises level**, and therefore, questionnaire surveys reflect their particular caution with this type of financing.
6. Quantified estimate in this analysis does not reflect the intensity and effectiveness of calculated volume of financial resources administration (because of small number of social enterprises).

In this part, there are, according to above mentioned conditions, performed 3 variants of estimate of demand for social micro-loans of social enterprises for whole period 2014 - 2020:

I. Minimal estimate – approximately 42 million CZK

- average amount of social micro-loan 420 000 CZK,
- number of SE applicants – 100 (2/3 from current number of 150 SE, no new SE will be established)

II. Conservative estimate – approximately 70 million CZK

- average amount of social micro-loan 420 000 CZK,
- number of SE applicants – 166 (2/3 from current number of 150 SE + approximately 100 new supported SE within OPE 2014 - 2020)

III. Maximal estimate – approximately 140 million CZK

- average amount of social micro-loan 420 000 CZK,
- number of SE applicants – 166 (2/3 from current number of 150 SE + approximately 100 new supported SE),
- during programming period 2014 – 2020 would above mentioned SE gain min. 2 social micro-loans for ensuring their development

3.1.3 EQ 1.3: What are the specific problems and needs of particular SE groups? EQ 1.4: What are the differences in problems and needs among particular regions in the Czech Republic?

As follows from analysis of evaluation questions 2.1.2 focused on evaluation of supported activities and operations of existing calls to social entrepreneurship (i.e. call 30 OPHRE and 1 and 8 IOP) and their degree of compliance with causes of central problem that is identified in evaluation question 1.2, practically all supported social businesses have an integration character. This means that their public benefit aim is employment and social inclusion of people who are in some way disadvantaged in the labour market. This is mainly due to terms of the calls that are primarily focused on creating new jobs for disadvantaged groups. Activities in implemented projects logically aim to create conditions for these jobs. For this reason, the analysis of specific problems and needs of social enterprises is provided in the Czech Republic, including their regionalization, uniformly, for the whole group of integration SE according to questionnaire surveys and research in this evaluation. According to conducted desk research engaged that no document (nor TESSEA or P3 research) deals with definition of specific problems and needs of individual social enterprises groups, including differences in definition between individual regions of the Czech Republic. There are available only analysis regarding SE typology (e.g. according to legal form), but it is not deeply studied their regional

character from the view of need and of problem degree, as it is supposed in definition of evaluation questions 1.3 and 1.4.

Necessity of focus on activities of supported social enterprises was verified by final beneficiaries majority through detailed analysis before applying for a grant (78% of them evaluated particularity of the analysis approximately with 1-2 points on 5-point scale, where 1 meant very detailed analysis, while 5 was minimal analysis). From realized survey engaged the largest proportion of projects aimed at group of people with disabilities (total planned 44 projects), followed by group of long-term unemployed (16 projects) and a group of youth and young adults (12 projects).

Table 6: Respondents according to regions and legal forms

Legal form	SB	SM	KV	HK	LB	MS	OL	PD	PL	Prg	CB	U	VY	ZL	Total
Plc, joint-stock company												1			1
Ltd.	1	5		1		4	3		5	1	3	7	2	4	36
Public company															
Limited partnership															
cooperative	1	1				2	2				1	2			9
Self-employed	1			1		1		2	1		3			2	11
Non-profit organization	2		3	2		1		1	1		1		1	1	13
civic association															
religious legal entity							1								1
respondents in total	5	6	3	4	0	8	6	3	7	1	8	10	3	7	71

Source: IREAS (09-12/2013) questionnaire survey, Survey No. 1 (FB of the SE OPHRE and IOP), n=71 (number of addressed 135)

Evaluation of causes of social entrepreneurship implementation problems is regionally differentiated. From realized questionnaire survey engage relatively large differences in terms of understanding the seriousness of social entrepreneurship implementation problem. While, for example, respondents in South Bohemian and South Moravian region do not regard **legislative issues** as significant problem, at scale of rating 1-5 (*1 = not serious problem, 5 = serious problem / barrier for social entrepreneurship*) received an average result in relatively stable regions, i.e. in South Bohemian 2.0 and in South Moravian 2.3 points. For investigation participants in Hradec Kralove region (average 4), Olomouc (4.3), Zlin region (4) (and Prague (5))¹⁸ it is quite crucial problem. From these results can't be drawn any conclusions on the specifics of individual regions and they can be considered rather as casual.

Political environment (business support, employment support (AEP), educational policy in relation to social enterprises support) is evaluated as medium important up to a major problem. On a scale from 1 to 5, this issue was evaluated in all regions with 4 points (especially respondents from Karlovy Vary and Pardubice region and from Prague).

Access to finance is generally considered as a significant problem, but even here can be found quite significant regional differences in the assessment of its severity. Into the group, which doesn't consider this problem as much significant, can be included respondents from South Bohemian region (2.2), Pilsen (2.6) and also Usti Region (2.5). On the contrary, this problem is attributed with great importance in South Moravia region, Karlovy Vary, Hradec Kralove, Moravian – Silesian region, Highlands region and also in Prague (an average rating of 4 or more points). According to the views of

¹⁸ Prague is indicated in bracket because of only one respondent in this region.

respondents from South Moravian (4.3) and Karlovy Vary (4.3) region, the access to finance can be pointed as a barrier of social entrepreneurship development.

Although is **non-financial support** assessed as less serious problem of social entrepreneurship implementation in the Czech Republic, respondents' views, from individual regions, differ. Non-financial support (consultancy and educational services, mentoring and coaching, partnerships and networks, support services centres and incubators) is in terms of its importance considered as insignificant problem in Highlands, Karlovy Vary, Plzen and Zlin regions. Majority of other regions consider non-financial support as moderate problem, it is considered as major problem by respondents from Pardubice, Olomouc and South Bohemian regions.

Development of social enterprise as a whole (support of measuring the quality of social enterprises and their benefits, transfer of experiences and social franchising, research in the field of social entrepreneurship) was generally rated as less serious problem of social entrepreneurship realization. Differences between various regions evaluation are oscillating at max. 1 point, it means that regional differences haven't fundamental character in comparison with evaluation of other problems.

The **problem of lack of awareness and SE recognition in society** shows regional differences in degree of its severity. In fact, this problem is evaluated as barrier of SE development in Karlovy Vary and Hradec Kralove region. It is considered as a key problem in Pardubice and the South Moravian region. Respondents from other regions consider the lack of awareness and SE recognition in society as issue of moderate importance.

It can be stated in summary that in South Moravian region, Moravian – Silesian region, Karlovy Vary region, Highlands and Prague is considered as a major problem, in addition to legislation, also an access to finance. In Karlovy Vary, Hradec Kralove and Plzen regions, respondents consider as a major problem also lack of awareness and SE recognition in society. For respondents from Olomouc and Zlin regions, the biggest problem is legislation. Interesting is respondents' evaluation of Usti region, who consider all mentioned problems as the same (small / medium) significant, differences in ratings are max. 0.5 point. It is similar in South Bohemian region, but differences between evaluations are greater, max. 1 point. All predefined problems are reaching in South Bohemian region maximally moderate severity.

Respondents of questionnaire survey also evaluated significance of **financial instruments to support social entrepreneurship, both at start-up, and in development and expansion of SE**. Although majority of respondents (84% evaluated it by 1 point on a 5-point scale, *1 = important tool, 5 = little important tool*) correspond with subsidies significance as an financial instrument **for starting a business**, there can be find differences in their assessment at regional level. In most regions it is ranked among most valuable tool, but respondents from Zlin region and Prague evaluate it as moderate beneficial problem (rating 2.7 point).

Vouchers evaluation is very different (33% of respondents evaluated it by 1, but 23% of respondents evaluated it by 4 or 5 points). As a very beneficial tool it is indicated in Pardubice (1.7) and Olomouc (1.5) regions (and Prague), while in Highlands (4) it is considered a little beneficial tool.

Advantaged loans / micro-loans are very well evaluated in Pardubice (average evaluation 1) and Karlovy Vary (1.3) regions (and in Prague), the rest of regions evaluate them as moderate beneficial. Worst evaluation of this instrument is in South Bohemian region (3.2).

Guaranties fluctuate on whole scale of possible assessments. The best result is in Karlovy Vary region (average evaluation 1), the worst rating is among respondents from Pardubice and (5) South Bohemian (4.2) regions.

From above mentioned tools to support SE start-up, respondents identified as least beneficial capital inputs with an average rank of 3.2 points. This tool is evaluated best in Karlovy Vary region (2) (and Prague), worst it is evaluated in Pardubice region (5).

In overall view to individual regions, subsidies are preferred, as the most valuable of mentioned tools, in South Bohemian, South Moravian, Hradec Kralove, Olomouc, Central Bohemian, Usti and Highlands regions. In Karlovy Vary and Zlin regions are best evaluated guarantees that exceed subsidies in Karlovy Vary region of 1.3 points and in Zlin of 0.3 points. In Pardubice region respondents evaluated as the same subsidies, vouchers and also preferential loans / micro-loans (average evaluation 1) respondent from Prague (in questionnaire survey was only 1 respondent) evaluated vouchers and advantaged loans / micro-loans.

From comments of respondents follows that they do not always have an idea of what is behind mentioned financial instrument, that **they lack knowledge about possible ways of financial support both at the beginning and during the development of social enterprise activities.**

From evaluation of respondents follow some variations at regional level in understanding the significance of **financial instruments for SE development and expansion**. Again, highest rated are subsidies, differences between regions have not so essential character. Worst assessment of subsidies (with an average of 2.3 points) as a tool of SE support is in Karlovy Vary region.

Vouchers are by majority of 9 regions considered from very to moderate useful tool. From this assessment deviates only Highlands region where this instrument is evaluated as less significant (average 3.7 points). Preferential loans / micro-loans are valued as the most valuable tool for SE development in Karlovy Vary and Olomouc region with an average rating of 1, respectively 1.3 points), on the contrary, they received worst rating in South Bohemian region (3.2). Guarantees are not regarded as the most valuable tool in any of regions; they are usually classified as moderate beneficial tool. In South Bohemian and Highland regions (4.2, respectively 3.7) is this tool valued as little beneficial.

Evaluation of capital inputs is also very different, as very useful tool they are seen in Hradec Kralove region (average 1.3), on the contrary, respondents from South Bohemian and Pilsen region (3.8, respectively 3.7) take a stand more negatively toward them.

When we look at order of financial instruments for SE development in each region, in South Bohemian, South Moravian, Moravian – Silesian, Pardubice, Pilsen, Central Bohemian and Zlin regions, respondents identified as the most valuable tool subsidies. In Karlovy Vary and Olomouc region respondents appreciated most preferential loans / micro-loans, while in Karlovy Vary region preferential loans have the same rating as vouchers. Results of evaluation of individual instruments in Zlin region are not dramatically different, however, as the most preferred tool proceed from this assessment guarantees.

There are also differences in assessment of significance of **financial instruments to support social enterprises in the form of tax relief**. Tax holidays are generally considered as relatively beneficial tool (an average rating of 2.3 on a 5-point scale), which is reflected especially in evaluation of respondents in Hradec Kralove (1), (Prague), South Moravian (1.3) and Central Bohemian (1 , 3) regions. Conversely, respondents in Pilsen and Pardubice regions consider this tool as less beneficial (4, respectively. 3.7).

Evaluation of payments reduction in social and health insurance of self-employed is very different. Majority of regions consider this tool as quite beneficial (it is evaluated best in South Bohemian

region -1.6 and Highlands - 1.7), but respondents from Pardubice region (and Prague) assigned it as least beneficial (an average evaluation 5).

Tax deduction for SE operating in problematic regions has good rating especially in regions, on whose territories are placed regions approved by government of the Czech Republic as problematic (at district or territorial districts level), these are South Moravian region, Karlovy Vary and Moravian – Silesian region (but not Usti region, here this tool is assessed as moderate beneficial). On the contrary, as little beneficial it is considered in South Bohemian region (with an average rating of 4.2), with a relatively high interval followed by Pilsen region (3.6) and Highlands (3.3).

Tax deduction for disadvantaged groups, except of disabled people (see § 35 of the Law on Income Tax), is assessed from very to moderate tool by respondents from all regions. Best it is considered in Pardubice region (with an average of 1), as the worse in Zlin region (2.9) and Prague.

When we summarize the merits of tax benefits according to regions, then in South Bohemian, Pilsen and Usti region they are considered as the best tool to reduce social and health insurance for starting self-employment for certain period of time. In South Moravian, Olomouc and Central Bohemian region (and Prague) these are tax holidays or tax reliefs for starting SE for certain period of time. In Karlovy Vary region is assessed as best a tax deduction for SE operating in problematic regions, in Pardubice region it is tax deduction for disadvantaged groups except of disabled people (see § 35 of the Law on Income Tax).

For remaining regions does not dominate only one tool. In Zlin region is the assessment of tools very balanced, but best are evaluated tax holidays and payments reduction of social and health insurance for self-employed. In Moravian-Silesian region are assessed 3 instruments at the same level: reduction of payments and both tax deductions. Similar situation is in Highlands region; its respondents highlighted tax holidays, payment reduction and tax deduction for disadvantaged groups except of disabled people and vice versa demeaned the importance of the tax deduction for SE operating in problematic regions.

Regarding **non-financial instruments for SE support**, again, there can be stated differences at regional level. The greater usage of mentoring and coaching is classified as moderate tool of non-financial support. Respondents of Pardubice region and Central Bohemian region give the greatest emphasis on this tool, while in Karlovy Vary region it was given the smallest emphasis on it.

Table 7: Evaluation of non-financial tools according to regions

Non-financial support	SB	SM	KV	HK	MS	OL	PD	PL	Prg	CB	U	VY	ZL
greater use of mentoring and coaching when starting a business, but also in the course of its operation	3,0	3,2	3,3	2,0	2,6	2,2	1,5	2,3	2,0	1,9	2,7	2,3	2,3
Stable and available supply of support services (information, education, consultancy) for social entrepreneurs in all entrepreneurship phases	2,6	2,5	2,3	2,0	2,1	1,8	1,0	3,4	4,0	1,4	2,4	2,3	2,7
Platform establishment of social enterprises and their participation in international networks	2,6	3,2	2,3	2,5	3,6	2,0	2,5	2,7	4,0	2,1	1,8	2,7	3,0
Existence of support services centres and entrepreneurial incubators, where, in given area, entrepreneur gains all needed information and services for social enterprises development	2,5	3,6	2,7	2,5	2,3	2,5	2,0	2,7	1,0	2,6	2,4	1,7	3,2
Better support of social „franchising i.e.	2,6	3,3	2,0	2,7	3,0	1,7	1,0	2,9	4,0	2,3	2,3	1,3	3,0

Outputs of this evaluation question solutions are recommendations for concentration (objectives) of interventions for social and inclusive entrepreneurship, the following text is structured according to identified causes of social (Chap. 9.3.1) and inclusive (Chap. 9.3.2) entrepreneurship problems in the Czech Republic.

a) Environment for social entrepreneurship

1) *Lack of clear SE definition and its enshrinement in legislative system enabling further SE development*

The aim is to create legislative framework enabling development of various SE forms with clearly defined basic concepts. This definition would allow further development of systemic support in other related areas (various tax reliefs, on payments on social and health insurance, etc.). This is a change in legislation, which would reflect real conditions in the Czech Republic and enable further development of social enterprises also in relation to public policies concept.

Although the definition of social enterprise in the Czech Republic exists, it is not enshrined in legislation, which is, among other things, affected by certain problems with grasping of some criteria of social enterprise.¹⁹

On the basis of legislatively defined social enterprise is possible to support the development of social entrepreneurship systemically, for example by means of changing tax legislation (introduction of certain concessions), reduction of payments on social and health disability etc. These themes emerged also from questionnaire survey performed in the framework of this project.²⁰ Respondents' proposals were much diversified, but they can be divided into several groups:

- stable legal environment - legislative in general, which would simplify entrepreneurship as whole, clear laws and legal guides interpretation, in general simplified administration without continual changes;
- legislative changes associated with legislative enshrinement of social enterprise;
- legislative changes associated with financial instruments – tax benefits²¹ and allowances, reduction in social and health insurance, interest-free loans, indemnification by state, guaranteed loans from state banks, permanent subsidy for each job created, more efficient use of public funds for example to redirect part of funds for social benefits to jobs creation in social enterprises, continuous SE subsidizing after reaching predetermined criteria, faster access to immediate financial support and problem-solving approaches, long-term financial reward of SE dealing with disadvantaged groups and sharing their years of experience;
- socially responsible procurements – significantly promote socially responsible procurements, general simplification of public procurements, specify mandatory, precisely percentage specified part of procurements from municipal sector entities, all companies with state participation and enterprises that manage with mineral resources and their distribution as water for awarding contracts to social enterprises, to apply price discounts (15-20%) for SE by procurement tenders.

¹⁹ Currently, MLSA realizes project, which should contribute to the SE definition and its indicators.

²⁰ Questionnaire 33 - final beneficiaries (SE) within OPHRE (call 30) and IOP (calls 1 a 8)

²¹ The importance of tax reliefs results also from realized panel of experts from date 15. 1. 2014

Proposals of solutions:

- 1) To perform an actualization of social entrepreneurship definition²²
- 2) To consider and incorporate into the legislation other appropriate forms of social enterprises, which will allow further SE development (GLE, Redeco, 2008):
 - credit cooperatives;
 - mutuality;
 - labour societies / enterprises owned by employees;
 - financial institutions of community development;
 - rural innovative centres;
 - social enterprises with municipality participation;
 - Centres of local development.
- 3) On the basis of legally defined SE, to consider the systemic possibilities of their support in the area:
 - of easier access to financial resources (e.g. preferred loans, credit guarantees etc.);
 - of tax benefits;
 - of payments on social and health insurance;
 - of emphasis on socially responsible procurements.

The way of solution:

In case of social entrepreneurship definition update, it may be solved in the context of public policies (including ESF use).

For other relevant forms of social enterprises it is a change that is conditioned by political consensus on the importance of this issue and its application in practice.

In case of other suitable forms of financial support for social enterprises it is a change that is conditioned by political consensus on the importance of this issue.

In OPA it is not mentioned.**2) Lack of measurement /evaluation of SE benefits**

The aim is to set measuring system of social added value as one of a key elements of social enterprises success. Therefore, it is needed to support research in the field of social enterprises, which would contribute to expansion and deepening of knowledge about social enterprises and their economic and social impacts, which would help to set up a system of measuring the quality and involvement of stakeholders into the platforms and networks for the purpose of best practice and further continuing education and skills development transfer (OECD, EC, 2012c). An important aspect is also the usage and modification of foreign experience.

Problem in this context may be research funding, where it is possible to create new institution for SE research or research program involving existing institutions R&D, incl. universities.

Proposals of solutions:

On the basis of experience from abroad and their application in Czech circumstances, to introduce:

- 1) Indicators system of social enterprises²³, which should be, if possible, quantifiable;

²² To focus the definition on SE understanding as a company that comes out with social innovations. From panel of experts also engaged the possibility / need to distinguish more types of SE. But then the question is the complexity of related legislation.

²³ See above mentioned MLSA project for SE indicators definition.

- 2) System of measurement and evaluation of added value of social enterprises (NBFSE, 2010, NBFSE, 2012) using experience from abroad and with regard to conditions of Czech environment, data availability and their processing (feasibility of measurement and evaluation).²⁴ System of measurement and evaluation of added value of social enterprises should be based mainly on the fact, that social enterprise is primarily independent, self-financing and self-sustainable.

The way of solution:

This issue can be addressed by public policy instruments (see e.g. standards of social services in the Czech Republic) with using ESF funding, including funding for research in this area.

Quality and efficiency of services in OPA included in Priority Axis 3 Social innovation and international cooperation in SC 1: Increase effectiveness of social innovation and international cooperation in thematic within OPA areas and PO 4: Effective Governance, IP 1: Investment into the institutional capacity and efficiency of public administration and public services at national, regional and local level in order to make reforms, to improve legal regulation and good governance, SC 1: Improve the efficiency and transparency of public administration.

3) *Limited implementation of socially responsible procurements*

As it is mentioned in chapter about causes of social enterprises problems, in the Czech Republic there are methodologies to socially responsible procurements, there are also examples of good practice. But the problem is an application of socially responsible procurements in practice and their usage by state authorities and local governments.

The aim is to achieve socially responsible procurements by state and local governments, and corresponding ability of social enterprises to bid for these contracts. Do not restrict the support of socially responsible public procurement (in relation to social enterprises) only on municipal social enterprises, but to formulate it in general.

Proposals of solutions:

- 1) Training and skills development of contracting authorities of socially responsible procurements, including elaboration/actualization of methodologies and examples of good practice, elaboration of action plan / strategy for socially responsible procurements;
- 2) Training and skills development of applicants for socially responsible procurements;
- 3) Support of competitive dialogue and negotiation in the context of socially responsible procurements.

The way of solution:

Can be addressed by public policies, particularly through the development of knowledge and skills in this area both procurements contracting authorities and applicants of these procurements, with

²⁴ In this regard we can be inspired for example by:

- complex accounting and report tools, such as Social Accounting, SROI (social return on investment), social economic reports or SYTA
- measurement of impacts and performance - Local multiplier 3 (LM3), Co-operative economic and social performance indicators (CESPIs), Bilan sociétal and bilancio sociale
- systems of quality/performance improvement, e.g. on the basis of model EFQM tool K² (Belgium), SYFO (Finland) and C3 (UK)
- tools of strategic management – SEBS (Social Enterprise Balanced Scorecard)
- quality and mark standards - trademark for social enterprises, which guarantees certain quality of performed services, e.g. Star Social Firms (UK), Sozialgüteezel (Austria)

using ESF funds.

In OPA proposal, this issue is included in supported activity *“Support and creation of conditions for emergence and development of local social enterprises”* Investment priority 3 Priority Axis 2: Community-led local development strategies within specific objective 1 Increase involvement of local actors in solving the problems of unemployment and social inclusion in rural areas or within activities of Priority Axis 4 Effective Governance Investment priority 1 Investment into the institutional capacity and efficiency of public administration and public services at national, regional and local level in order to make reforms, to improve legal regulation and good governance, SC 1: Increase efficiency and transparency of public administration.

4) Political environment

The aim is to create transparent environment with clearly defined public policies that are coordinated, do not overlap each other and are clear and transparent to users.²⁵

Proposals of solutions:

- 1) To identify one coordinator (Ministry) responsible for social entrepreneurship issue;
- 2) To establish functional and operational body of interdepartmental cooperation between competent Ministries (Ministry of Trade and Industry, Labour and Social affairs, Agriculture, Regional Development, but also e.g. Ministry of Finance), including representatives of social enterprises and regional authorities²⁶, to prevent narrowing of this issue only on social area;
- 3) Coordination of public policies that are relevant in relation to entrepreneurship, including social entrepreneurship, with involvement of regional dimension of support measures to social entrepreneurship within public policies in relation to concrete situation in relevant regions;
- 4) Support of communication and cooperation of local and regional authorities with social enterprises.²⁷

The way of solution:

These issues should be solved at ministries level, and particularly that ministry, which will be designated as an administrator responsible for social entrepreneurship. Body creation of an interdepartmental cooperation is an organizational measure that can be solved quickly by agreement of relevant ministries. It's not just about establishment of such body, important is its functionality and operability in relation to solution of social entrepreneurship problems in the Czech Republic. Coordination of public policies and involvement of social entrepreneurship into them, including regional dimension, is a matter of consensus on the importance of this issue as an important and supporting issue in economic and social environment.

Can't be solved through OPA – it's a political and organizational (competent) agreement. (However, arguments could be based on system projects implemented within OPA).

b) Financing of social enterprises

1) Small scale of forms of SE financial support

The aim is to extend forms of financial support for social enterprises, both public and non-public

²⁵ Political environment see as a barrier of entrepreneurship also GEM 2013 (str. 45): *„As a greatest barrier of entrepreneurship in the Czech Republic is, according to experts, considered an area of government policy. ... Namely it is an excessive burden of entrepreneurs by bureaucracy and administration connected with entrepreneurship, non-transparent tax system and last but not least, too frequently changing laws.“*

²⁶ Meaning confirmed also by panel of experts.

²⁷ It is also comment mentioned in Collection from study journey on integration social enterprises in the Czech Republic (P3, P. Francova, 2013), p. 7.

sources, which should lead in final consequences to SE self-financing.

Proposals of solutions:

Setting of system of SE financial support (EC, 2010; EC, 2013; NBFSE, 2012) for start-up, development and extension of social enterprises in form of:

- Subsidies that would be co-financed (up to 20%) by SE themselves;
- Preferred loans / micro-loans²⁸ (loan amount, interest amount, repayment period, bonus for early repayment etc.);
- Guarantees²⁹;
- Mixture of above mentioned forms of support.

The way of solution:

Can be solved by public political tools, including the support of entrepreneurship and support of employment, financed within the programs of EU's funds (ERDF, ESF).

In OPA listed as supported activity "*Development of social and social-integration entrepreneurship, e.g. with social franchising and mobilization of financial resources usage to support initiatives of social economy and social entrepreneurship, for example through micro-loans*" under Priority Axis 2: Social inclusion and fighting with poverty, Investment Priority 1 Active integration, including integration with regard to support of equal opportunities and active participation and improvement of employability. Furthermore, this issue can be supported through activity "*development of social and social-integration entrepreneurship, e.g. with social franchises usage*" within Priority Axes 3: Social innovation and international cooperation, SC 1: Increase effectiveness of social innovation and international cooperation in OPA thematic areas.

2) Limited access to financial resources for SE, both at the beginning and also during activity operation

The aim is to enable and expand access to financial resources for both beginning and existing social enterprises, enabling multi-source social enterprises support and certain independence from public funds.

Proposals of solutions:

- 1) Make use of venture capital funds for support of social enterprises.³⁰
- 2) Support not only starting new business, but also takeover of existing SE in form of repayable assistance, e.g. when owner gets retired (OECD, EC, 2012a) and include into the refundable supports also second chance for fair entrepreneurs³¹ (EC, 2013).
- 3) Make use of experience from abroad and initiate support of social enterprises by financial institutions that are social enterprises themselves (as for example Bank for social economy (N), Bank for women (N), COOP 57 – Cooperative corporation and ethic bank (Š), Business Angels for social enterprises (UK).

The way of solution:

Can be solved by public political tools, including the support of entrepreneurship and support of employment, financed within the programs of EU's funds (ERDF, ESF).

In OPA listed as supported activity "*Development of social and social-integration entrepreneurship, e.g. with usage of social franchises*" within the Priority Axis 3: Social innovation and international

²⁸ Microfinance, respectively loans, states as an appropriate form of support PWC (2013) study. Definition of suitable types of interventions those are supportable by a form of repayable form of support, see pages 9, 10, 14, 15.

²⁹ From panel of experts engaged future necessity to give more emphasis on returnable forms of support.

³⁰ When use of MIT experience.

³¹ For those entrepreneurs who went bankrupt not by own guilt (secondary insolvency).

cooperation, SC 1: Increase effectiveness of social innovation and international cooperation in OPA thematic areas, further these are *"activities leading to ensuring easier access to finance for social enterprises for all phases of business"* within Priority Axis 2: Social inclusion and fighting with poverty, IP 2.1: Active inclusion, including integration with regard to support of equal opportunities and active participation and employability improvement, SC 2: SE sector development. Especially repayable forms of assistance should be supported, which will contribute to greater responsibility of beneficiaries themselves when developing their business activities, thereby to increase an effectiveness of financial resources spent.

3) Support bank interest to increase credit availability for underdeveloped SE sector

The aim is developed system of private support of social entrepreneurship, which is associated with deepening of knowledge and general awareness of financial institutions representatives about SE importance and functioning. Although in some banks in the Czech Republic support of SE is developing, at the present it is rather PR than a real support (which follows e.g. from the amount of support provided). On the other hand, support of SE by banks is very important to verify better the viability of business plans.

Proposals of solutions:

- 1) Presentation of social enterprises through education about SE functioning and importance, usage of examples of good practice from abroad, but also, and especially from pilot projects of some banks that have already been implemented in the Czech Republic.
- 2) To use an experience from abroad and initiate social enterprises support by financial institutions, which are social enterprises themselves (such as Bank for social economy (N), Bank for women (N), COOP 57 - Cooperative corporation and ethical bank (S) Business Angels for social enterprises (UK).
- 3) To consider SE support through bank loans with guarantees from state (or with using EU funds).

The way of solution:

Can be solved by public policy instruments, especially through education and awareness, through transfer of experience from some EU Member states for example through ESF.

In OPA can be identified opportunities how to support these activities, especially in context of Priority Axis 2: Social inclusion and fighting with poverty, IP 2.1: Active inclusion, including integration with regard to support of equal opportunities and active participation and employability improvement and Priority Axis 3: Social innovation and international cooperation.

4) Missing system of tax and other concessions for SE

The aim is to set properly system of tax and other concessions for social enterprises.

Proposals of solutions:

In accordance with Czech legislation to create a system of tax and other concessions³² that would allow and support social enterprises, where such concessions can be differentiated by inclusion of disadvantaged groups. But, in this sense, the question is whether disadvantaged groups in labour market should not be defined more precisely (and in rather lesser extent). To take into account setting of conditions for social enterprises aimed at target group of disabled people, when implementing suggestions below³³.

³² The importance of tax benefits resulted from expert discussion on panel of experts.

³³ It is observation made in Collection from study journey on integration social enterprises in the Czech Republic (P3, Francová, 2013), p. 7-8, justification: employment of people with disabilities is supported by legislation, which does not apply to persons who are socially disadvantaged.

Forms of concessions or advantages are as follows:

- tax holiday or tax reliefs for SE on certain period of time after starting the business;
- reduction of payments on social insurance for SE on certain period of time after starting the business;
- tax reduction for SE operating in disadvantaged areas or for disadvantaged groups (OECD, EC, 2012c).

The way of solution:

In case of tax reliefs and other concessions, the issue is the change in legislation, which is conditioned by political consensus on this issue and temporal context resulting from legislative process. Research could be financed through the ESF – preparation of documents for such reliefs (using experience from abroad).

In OPA it is not stated directly, but there can be identified ways to support research, especially under Priority Axis 2: Social inclusion and fighting with poverty, Investment Priority 1 Active inclusion, including integration with regard to support of equal opportunities and active participation and employability improvement.

c) Functioning of social enterprises themselves

1) *Insufficient knowledge, skills and experience of SE*

The aim is to create developed system of educational and consultancy services, mentoring and coaching for improving knowledge and skills of SE participants and functional system of support services centres and business incubators³⁴. This system should be built on the fact that social enterprise is a business and as such must be viable. On the other hand, its workforce has certain specific characteristics; therefore it is necessary to know how to work with it.

Proposals of solutions:

1. Education and skills development aimed at social entrepreneurship support, targeting in accordance to disadvantaged groups in labour market, work with relevant partners in territory.
2. Include the development of entrepreneurial skills into the educational process (from primary schools to university studies)³⁵, including internships, support of entrepreneurial skills development in terms of extracurricular activities (OECD, EC, 2012b, TESSEA, 2011), education through practical teaching models based on gaining experience and with use of experience of people really doing the business (EC, 2013 GEM 2013), including usage of modern technologies (McKinsey Global Institute, 2012, OECD, EC, 2012a).
3. Development of consultancy services in all phases of social entrepreneurship life cycle (OECD, EC, 2012, OECD, EC, 2012b, TESSEA, 2011, the GEM 2013). To focus on consultants quality (e.g. in certification form), who should be able to advise entrepreneurs, even in crisis situations.
4. Mentoring and coaching use when starting a business, but also in its operation; appropriate selection of mentors and coaches who will support entrepreneurs with their knowledge and skills (OECD, EC, 2012a, OECD, EC, 2012b).

³⁴ Importance of these aspects results also from GEM 2013 (str. 47-49) study.

³⁵ The importance of education is confirmed also by GEM 2013, which emphasizes that, *"since elementary school, young people should be encouraged to learn the characteristics of the business."* (p. 47).

5. Organizational measures to establish one place, where, in given area, existing or potential social entrepreneur will obtain all necessary information and services (there must be stated territorial units for which will work such type of center), use of existing networks, or extend them by qualified consultants (specifically focused on SE, i.e. they know both business issues and problems of work with disadvantaged groups).
6. Support of business incubators providing relevant conditions for social enterprises development.

The way of solution:

This issue can be addressed by public policy tools, such as educational policy, employment policy and business support, including use of EU funds. With regard to competence of pupils and students it is needed to strengthen school education on the issue of entrepreneurial skills and students training on self-employment, as an alternative to employment.

In OPA can be identified opportunities how to support development of knowledge and skills in social entrepreneurship – these are supported activities, especially within the framework of Priority Axis 2: Social inclusion and fighting with poverty, Investment Priority 1 Active inclusion, including integration with regard to support of equal opportunities and active participation and employability improvement. Support of incubators is listed under Priority Axis 3: Social innovation and international cooperation, SC 1: Increase effectiveness of social innovation and international cooperation in OPA thematic areas, Activity “Support of capacities for innovation development and diffusion – innovation ‘laboratories, hubs’³⁶ and incubators”.

2) Undeveloped space for information, exchange of experience, transfer of good practice

The aim is to create working platforms and networks of social enterprises for information transfer and exchange of experience when using experience of Priority Axis 5 OPHRE. Within support of these activities, pay attention to local contexts of social entrepreneurship, take advantage of social capital consisting in close ties to key players, social cohesion of community, knowledge of business opportunities in municipality, micro-region, because embedding of social entrepreneurship in the territory is for providers of certain services (cleaning, lawn, gardening, crafts) prerequisite of their longer functioning.

Proposals of solutions:

- 1) Use of existing or initiation of potential new social platforms and networks for information collection and their transfer – information gathering, group financing (crowdsourcing) and problem solving (McKinsey Global Institute, 2012). From national level point of view, to focus on interconnection of existing networks and support connection "from the bottom" of new incurred networks on existing network;
- 2) Support international cooperation for sharing experiences and learning, improve expertise and knowledge about benefits and appropriate SE and SI support in public administration, analysis and evaluation performance for social and inclusive entrepreneurship;
- 3) Support start-up communities and other projects that help aspiring entrepreneurs to connect with each other, but also with more experienced entrepreneurs and investors. (Lukes, quadrangular, 2012, p. 33).

The way of solution:

This issue can be addressed by public policy instruments on limited basis – rather to initiate, facilitate development and roof it. In this context, it should be emphasized that environment in the Czech Republic is matured a little yet, which may bring specific problems, concerning among other things,

36 One of possible definitions of „hubs“ is e.g. „workspace for meeting and innovation“ (<http://prague.the-hub.net/>)

understanding of social enterprise as a whole.

Support and use of thematic networks and platforms is included in OPA in Priority Axis 3 Social innovation and international cooperation, in framework of SC 1: Increase the effectiveness of social innovation and international cooperation in areas of OPA and PO 2: Social inclusion and fighting with poverty.

3) *Lack of functional models of social entrepreneurship*

The aim is to use international experience with social entrepreneurship development in particular social franchising for further development of social enterprises in the Czech Republic. However, in this context, it is necessary to recognize possible problems of franchises support associated with a certain immaturity of Czech environment and certain freer for-stage of social franchising, and support also awareness and spread experience with franchising.

In orientation of (supported) social enterprises in the Czech Republic outweigh integration SE aimed at permanent employment of disadvantaged groups. In very limited form so far and thus also with small experience with their functioning. There are transit SE, goal of which is to prepare disadvantaged persons to enter open labour market.

Proposals of solutions:

- 1) Support development of social franchising as a source of jobs, esp. for disadvantaged groups in the labour market (from foreign experience follows the focus of social franchises – cleaning services, support services for elderly and disabled persons, second-hands employing people who are disadvantaged in the labour market, etc.).
- 2) Support of *green jobs* and of environmentally focused social entrepreneurship and of consultancy for these SE.
- 3) Support of transit integration enterprises.
- 4) Support awareness and dissemination of experience with franchising, consultancy, mentoring in social franchises area, emphasizing best practices and successful social franchise.
- 5) Support creation of codex and standards of quality within social franchises
- 6) Set available funding system for social franchise.

The way of solution:

Can be addressed by public policies relatively quickly – implementation into the support of entrepreneurship, into the support of employment.

In OPA listed as supported activity "*Development of social and social-integration entrepreneurship, e.g. using social franchises*" under Priority Axis 3 Social innovation and international cooperation, in the framework of SC 1: Increase the effectiveness of social innovation and international cooperation in thematic areas of OPA and Priority Axis 2: Social inclusion and fighting with poverty.

3.2 Analysis of problems and needs of inclusive entrepreneurship in the Czech Republic

3.2.1 EQ 1.1: What are central problems in InE development area and what are their consequences?

Basic definition of inclusive entrepreneurship (InE), its contributions and support

Lukes and Jakl (2012) defined inclusive entrepreneurship in their study *Global entrepreneurship monitor 2011* as a **small entrepreneurship, when most often it is self-employment of persons disadvantaged in the labour market.**

Self-employment is for many people with disabilities better job than working on employment, esp. in high-tech branches. In the Czech Republic, there are a significant proportion of people doing the business to total employment (about 15%), in segment of small and medium-sized companies about 30%³⁷. New entrepreneurship of disadvantaged people creates other jobs and increases potential for innovative companies' emergence with high added value (e.g. students and graduates). In general, there are improving business competences of individuals doing the business by their support, that are beneficial to any work (project management, financial literacy, communication skills, cooperation etc.) and they improve perception and appreciation of entrepreneurship in society.

According to Kohout (2013) are small and medium-sized enterprises (including self-employment) the basis not only of regions and states wealth, but they also ensure long-term competitiveness. However, according to the World Bank (2013), the Czech Republic ranks in international comparison to 146th place (out of 189 countries evaluated) in category related to starting a business. Dynamics of business activities is in relation to macroeconomic development. Paradoxically, in sphere of labour market, economic crisis has played "positive" impact on business activities rate evolution in the Czech Republic in segment of small and medium-sized enterprises including self-employed business, by which was partially offset an increase in unemployment in crisis years. According to analysis and CSO data (2013, p. 2) it is not entirely true that the numbers of these firms are increasing with economic activity growth. On the contrary: **the fact, especially when people from self-employment group leaved their business, was in the Czech Republic associated with boom coming – segment of large and partly of medium-sized firms was able to absorb workers in the form of employment by starting strong economy growth.** During the years 2004-2006 disappeared from 105 thousand smallest companies employed persons, while in other larger companies in the segment, but also outside it, the employment was rising. In contrast, in crisis year 2009 but also in year 2010, increased the number of employees in total of 47 thousand, thanks to 50 thousand increase of self-employed persons. Other sized groups of companies' reduced jobs. For the whole segment, during years 2008-2010, occurred decrease in the number of employees by 64 thousand. From this follows the fact that many employees in times of unfavorable economic development use self-employment as "substitutes" of insufficient employment in the labour market in form of regular employment. This factual **"leak" into the business**, is not associated with a corresponding increase in production.

³⁷ The Czech Republic has approximately 700 to 790 thousand self-employed, working owners of companies, working family members, employees on work contract and employment in small and medium-sized enterprises in the Czech Republic, compared to around 4,7 mil. of employees, this share is approximately 15%. Shares of self-employed groups in total number of people employed in small and medium-sized enterprises are approximately 30% in long-term period from 2003 to 2010 (see Technical Appendix of final report, section 2.1.4 Dynamics of business activities).

Business support of disadvantaged people is part of coordinated approach on how to solve worsening economic situation and with this associated loss of (new) jobs. **Support of InE from public sources** was in programming period 2007 – 2013, in addition to support within AEP, provided through the **OPHRE and IOP**. In **OPHRE** the support is provided to initiation and development of social entrepreneurship (incl. starting a business of self-employed persons from disadvantaged people) in support area 3.1 Support of social integration and social services in the context of global grant Social economy (call no. 30), and further, inclusive entrepreneurship is supported in particular within the RIP of EO in support area 2.1 Strengthening active employment policies, in support area 3.3 Integration of socially excluded groups in the labour market, in support area 3.4 Equal opportunities of women and men in the labour market and coordination of work and family life and in support area 5.1 International cooperation. In **IOP** the support of social entrepreneurship is (incl. starting a business of self-employed persons from disadvantaged people) provided in intervention area 3.1c Investment support for social services providers, employers and other stakeholders when promoting and implementing tools of social economy (call no. 1 and 8).

Central problem of inclusive entrepreneurship

Inclusive entrepreneurship in the Czech Republic faces two interrelated central problems:

- radical decrease in number and proportion of unemployed starting the business – due to the fact that economic situation, not only in the Czech Republic, but also in other EU countries in recent years, has deteriorated significantly and at the same time the possibilities for business activities were limited and, in general, they do not act longer as ways of self-employment (so-called escape into the business). Room for economic policy maneuverers is limited by this only on unemployment support and the overall impact on practice in labour market is reduced and thereby social stability and cohesion within society is threatening in long-term.
- small number and proportion of persons disadvantaged (endangered) on labour market initiating the business and subsequently entrepreneurship, esp. women, low-qualified persons, elderly people and partly young people – when problems of disadvantaged people in labour market are deepening in long term, the risk of problems cycling is increasing and there is a risk of emergence of disadvantage vicious circle. But in fact, possibilities of business utilization for this group of persons, is one of the most important possibilities to face those problems.

The consequence of above mentioned central problems of inclusive entrepreneurship in the Czech Republic is **continuing deterioration of situation of disadvantaged groups in the labour market**, esp. in terms of specific employment rate and unemployment. More generally, the result is low rate of new businesses emergence and reducing rate of population entrepreneurial activity in the Czech Republic, which is in international comparisons generally at low level (see also GEM 2013).

Quantification of central problem of inclusive entrepreneurship in the Czech Republic

Regarding the issue of inclusive entrepreneurship, i.e. disadvantaged persons entrepreneurship, there was, in accordance to analysis of business state in the Czech Republic (Lukes, Jakl et al., 2013, p. 23), **in last few years radical decline in new business activities just by unemployed**. As it follows from preliminary results of mentioned analysis, in year 2013 a new entrepreneurial activity rate was only 2.8%. However, in year 2011, the rate of new entrepreneurial activity was 9.2% in this group and in year 2006 even 18.9%. Lukes and Jakl in this context warn that **this decline threatens social cohesion in society** that is also one of the European Union priorities. Entrepreneurship ceases to be a way of self-employment. According to MLSA (2013b) accounted in year 2011³⁸ for one vacancy 14.2

³⁸ Data from 31 December, source: http://portal.mpsv.cz/sz/politikazamest/trh_prace/rok2011/Anal2011.pdf

jobseekers (compared to 2.5 jobseekers for one vacancy in year 2007). With current low number of vacancies also people without handicaps have problems with finding work. **Support of entrepreneurial skills also contains significant potential of multiplier creation of additional jobs in newly formed (micro) enterprises**, in which can be placed jobseekers that do not have themselves personality traits for the business.

The cause of this state is not only poor condition of labour market and unstable macro-economic state development, but also inappropriately set of active employment policy in the Czech Republic when supporting self-employment. According to results of discussion on experts' panel within this evaluation it engaged that **the system of support of socially purposeful job creation by jobseekers, for the purpose of self-employment, is necessary to revise**. The aim should be support of creation of business plans that are able to remain in the market and generate new jobs. In recent years, however, there was an accumulation of negative macroeconomic development associated with increasing level of unemployment on one hand, and the ongoing reorganization of labour offices in the Czech Republic on the other hand, which, in this very complicated constellation, handled the pressure in the number of unemployed increase very difficult. Transformation of the system should lead rather to quality than quantity of supported intentions, i.e. in means of support of starting self-employed from jobseekers group should be significantly strengthened balance diagnostics, entrance consultancy in terms of access to finance, subsequently consultancy. Lukes, Jakl et al. (2013, p. 23) states that the result should not be only financial support, but also quality training focused on preparation of viable business models and acquisition of entrepreneurial skills. Problem with AZP setting identified also Hora and Sirovátka (2012, p. 17), who found that **existing self-employed support almost does not concern disadvantaged persons**. Support programs for self-employment are focused more on people with higher education levels (also at universities), on middle-aged persons and persons without health problems, but also on those who are feeling health problems in lesser level. Uncovering a significant part of disadvantaged persons in this aspect of support for starting self-employed results to deepening of problem of low initiated entrepreneurial activities level, due to lack of skills or low educational level.

Entrepreneurial activity of all age groups is beneficial for society. On one hand, there are young people with fresh ideas, language and computers knowledge and without mortgages and other obligations. On the other hand, there are older people with experience, contacts and financial backgrounds, in many countries also with sufficient IT knowledge. From people involved in new business activity in the Czech Republic, people under 34 years accounted for 47% in total in year 2011 (Lukes, Jakl, 2011), and according to preliminary findings for year 2013, this percentage increased to 53.3% (Lukes, Jakl et al., 2013, p. 22). **In comparison with year 2006, there was significant increase in new business activity in the youngest group aged from 18 to 24 years**. This age group has relative proportion 18.7% in new business activity and the Czech Republic is at this scale on 12th place among countries, similar situation as for example in Germany. Higher proportion is for example in Lithuania. **Probably, several factors have an impact on the growth of new business activity in the youngest group**. One of them is **deterioration of chances in the labour market**, especially for secondary school graduates, which occurred in the context of the economic crisis. Entrepreneurship is thus more attractive alternative. Second factor may be an **internet extension, mobile applications and information and communication technologies sector in general**, which is closer to young generation and in which young generation is able to find good opportunities. Finally, subjects and educational activities focused on the business can play their role, which are developing in high schools and partly in secondary schools in recent years. On the other hand, the Czech Republic was placed at 39th place in international comparison, in case of already established business activity of persons in the youngest group aged from 18 to 24 years, which, additionally shows steady decline.

According to GEM (Lukes, Jakl, 2012, p. 27) we are **relatively worst in new business activity of people approaching retirement age**, where the Czech Republic is in entrepreneurial activity in international comparison at 40th place. Also strategic evaluation of OPHRE (DHV, NVF, p. 33) identified **age group 50+** as most at risk of unemployment, which is mainly manifested in group of people aged 50-54 years, share of which is between 12-15% in total unemployment. In year 2010, share of age group 55 to 59 rose, also in accordance to extending age of retirement, and thereby it was reduced number of persons who may in this age group apply for early retirement, through which many people solved their problem with unemployment. In terms of effects of existing retraining programs, Kulhavy and Sirovátka (2008, p. 51) founded that the greatest effects are achieved by participants in middle age group, while the smallest effects are by participants over 50 years.

By more detailed comparison of **new business activities of men and women** the situation in the Czech Republic is similar to other countries, i.e. there are involved more men than women (10.5% of man and 4.09% of women in 2013), but with deteriorating trend of development. While in year 2006 the ratio of men and women was approximately 2.18 (among other things, beginning of programming period 2007 – 2013) in period of economic crisis consequences, this ratio increased to approximately 2.56 in year 2011 and 2013, which clearly indicates decreasing proportion of women in new business activities (see Lukes, Jakl et al., 2013, p. 21).

In terms of achieved education, correlation between the level of achieved education and rate of new business activity was proved in GEM analysis 2013. While with basic education only 3.5% of people are involved into the business, in case of trained persons the rate is 4.1% (very similar result as in year 2011). In particular, people with primary education have difficulties with companies survival founded by them. In case of involvement of trained persons into the business, the situation may indicate market stuffing by existing craft firms or a bad time to start an independent entrepreneurship. Question of consistency of current apprenticeship education level – which equips its graduates with certain competencies – with conditions and current situation on the labour market, is also very problematic in contexts relating to successful business launch. On the contrary, more than 10% are people with university education. In long term remains very high level of entrepreneurial activity of people with a doctoral degree (see Lukes, Jakl et al., 2013, p. 24, 25).

Regional differentiation of the issue of inclusive entrepreneurship in the Czech Republic

What are inter-regional disparities at regional level in the Czech Republic in the field of inclusive entrepreneurship? According to the NUTS 2 regions (see Lukes, Jakl et al., 2013, p. 24) the highest rate of new entrepreneurial activity was achieved in Prague, namely 10.6%. However, this represents a slight decrease of 0.7% compared to year 2011. In second place was placed Northeast region (growth 1.8%), third was Moravian-Silesian region (growth 2.6%), fourth was Southeast region (decrease of 1.9% compared with year 2011). Low level of entrepreneurial activity remained equally as in year 2011 in Central Moravian region (growth 0.3%) and Southwest region (decrease of 0.9%). Differences between regions are statistically significant ($p < 0.01$). Conversely, differences in already established business activity between regions are not significant. According to analysis of variance to compare individual regions of the Czech Republic (see Lukes, Jakl et al., 2013, p. 26) engaged that statistically significantly higher entrepreneurial activity could be reported in Karlovy Vary region compared with Pardubice region, Olomouc region and Moravian-Silesian region. The issue of regional differentiation of inclusive entrepreneurship in the Czech Republic can be illustrated by AEP statistics for year 2011 – see table below. The highest number of applicants for support related to self-employed showed South Moravian and Moravian-Silesian region, which are very different by their economic structure. There also **can't be identified greater regularity among different regions**. Lower values in number of applicants in the case of Liberec, Karlovy Vary and Zlin region is due to the fact that these are relatively small regions. **In terms of structure, it is appropriate to emphasize**

significantly lower proportion of women, also lower proportion of young people under 25 years and a minimal number of elderly people over 55 years in all regions of the Czech Republic.

Table 8: Statement of active employment policy in year 2011 – self-employed persons

Region	Number of applicants	Disabled people	Women	Under 25 years	Over 50 years	Over 55 years
South Moravian	319	13	117	38	28	8
Moravian-Silesian	304	8	87	27	29	5
Highlands	240	11	96	35	21	8
Olomouc	223	3	63	29	16	5
Usti	191	0	35	8	6	2
Pilsen	184	9	93	21	14	4
Central Bohemian	157	4	29	3	10	5
South Bohemian	155	12	57	14	15	5
Pardubice	146	3	47	19	11	5
Liberec	120	4	65	12	14	6
Zlin	119	6	40	9	3	1
Karlovy Vary	117	5	46	10	11	6
Hradec Kralove	109	2	25	2	6	2
Prague	23	0	10	0	3	0
In total	2407	80	810	227	187	62

Source: own processing according to MLSA data

Main causes of central problem of inclusive entrepreneurship – context, connections and future problems in the labour market in the Czech Republic

Main causes of inclusive entrepreneurship problem are relatively complicatedly inter-conditioned and there can't be concluded that the mistake was only in one issue. Contrarily, it is a complex of causes that are analysed in detail in following chapter and in evaluation question 2.1. **In general, inhabitants of the Czech Republic, in comparison with other countries, have low self-confidence when concerning belief that they have skills, knowledge and experience required to start a new business.** This can limit entrepreneurial activity in the early bud. This self-confidence is significantly higher among men, university students, people from Prague and Central Bohemia and among high-income households. **Big difference in self-confidence is between men and women in the Czech Republic.** (see Lukes and Jakl, 2012, p. 35). Radical decrease in number and proportion of unemployed starting the business is due to negative macroeconomic development, which was in recent years accompanied by reorganization of labour offices in the Czech Republic, which were capacity overloaded. Reasons of small number and proportion of disadvantaged (vulnerable) people in the labour market, when starting the business and subsequently entrepreneurs, are the same as they are further negatively reinforced by other causes, including lack of skills to demands of labour market and low level of education and skills of disadvantaged people in the labour market to start the business, and also lack of funds for financing the initiation of the business, risk aversion to entrepreneurial activities associated with low business self-confidence of disadvantaged persons.

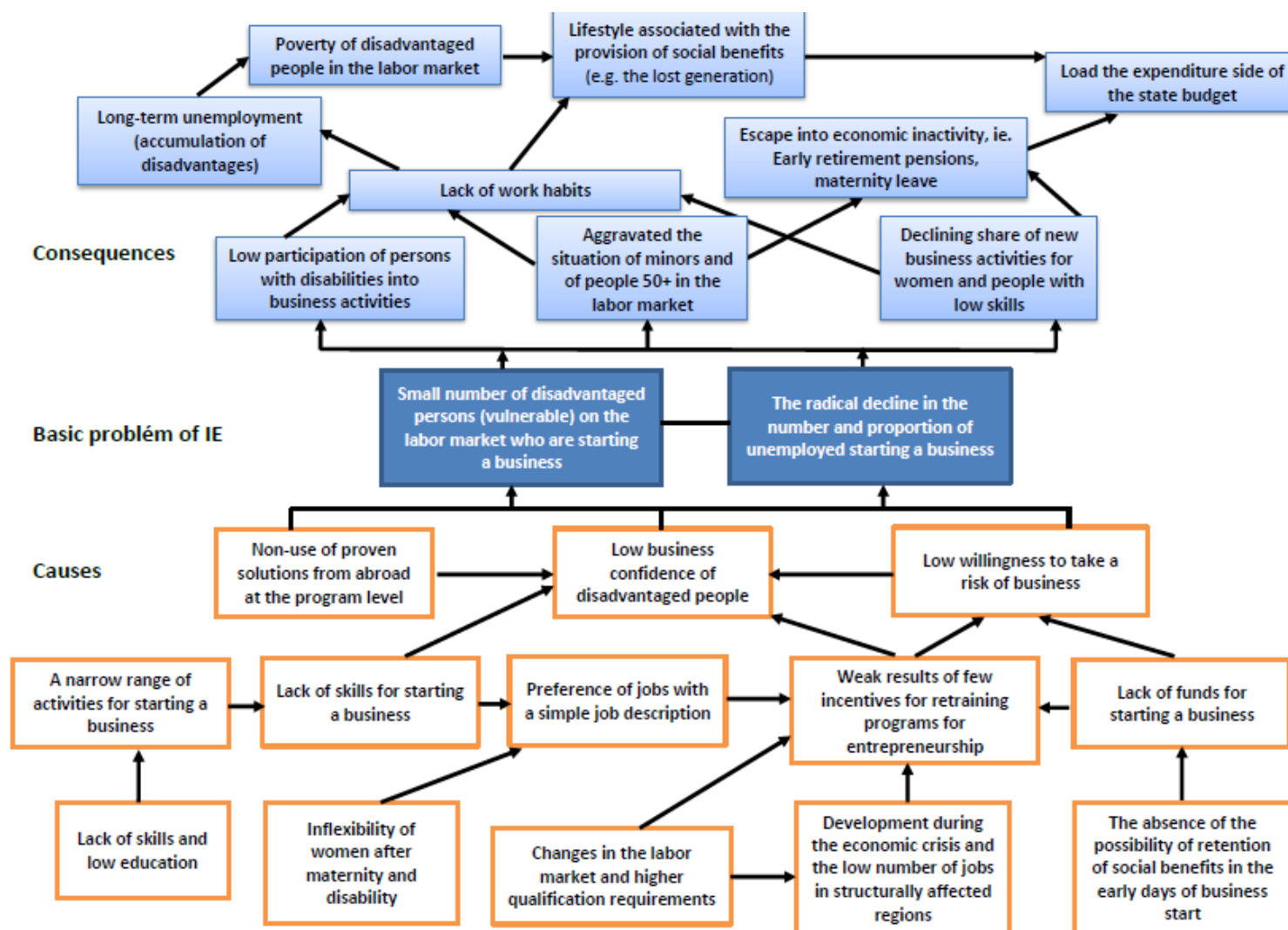
The issue of inclusive entrepreneurship will be negatively influenced by generally formulated **future problems in employment area** (DHV, NVF, p. 30, 31), of which the SE and InE theme will be most concerned:

- ***Declining employment rate*** – high and perspective employment is in countries without significant natural wealth the only one source of economic prosperity. Future economic prosperity can be achieved through increasing employment in fields of activities with high added value. Indicator determination to 75% level of employment of persons aged 20-64 years in the

Europe 2020 Strategy aims to ensure that EU member states make better use of potential of its aging population. The Czech Republic is currently slightly above European average of employment rate, but does not reach values as advanced, mainly Nordic, European countries. Due to the fact that since late 90s this indicator has rather downward trend in the Czech Republic, problem with its filling appears to be real. Counter-influently will cause gradual increase in retirement age, even in this time period it won't reach the limit of 65 years. Stimulation of inclination to employment will be needed to support not only by job seekers who are satisfied with a life on benefits, but also by people taking early retirement and by economically inactive people of working age.

- ***Deepening gaps in employment in regions*** – employment rate varies not only in different regions – regions, but also within regions. Employment rate has an influence on effective demand and thereby on economic and social development of the region. If there won't be targeted measures to support employment of the most vulnerable regions in the future, problem of economic backwardness and possible local social unrest in regions with high unemployment may rise.
- ***Inadequate sectorial structure of employment*** – although in the Czech Republic the structure of employment is gradually changing in terms of sectors, for benefit of tertiary sector, the Czech economy is still characterized by a significant share of secondary sector and in it by manufacturing and building industry. Advanced European countries, in contrary, gradually increase employment in service sector, which will be trend also in the coming period in the Czech Republic, although it is assumed that industrial production in the Czech Republic will continue to play a key role. The risk of this change is inadequate structure of persons who will gradually lose work in secondary sector and only with difficulties, with their existing skills, would be able to employ in service sector.
- ***Steady state at low level of flexible forms of work involvement***, disabling those persons in the labour market, who have personal barriers for participation in full-time work with fixed working hours and workplace (health condition, care for child or another dependent person, work productivity related with age, and other personal reasons). Likewise, certain groups of economically inactive people will be more apparent to employ if they will be offered other forms of employment than full-time work with fixed working hours and workplace. If no measures motivating employers to creation of a wider range of flexible work contracts and work organization will be taken, it wouldn't be possible to integrate these people into the employment.

Figure 2: Central problem tree of the IE in the Czech Republic



Source: Own processing in accordance to performed research analysis, questionnaire surveys and expert panel

3.2.2 EQ 1.2: What are the causes of InE central problems defined within solution of evaluation question 1.1?

Inclusive entrepreneurship in the Czech Republic includes two central problems, i.e. low number of people disadvantaged (vulnerable) on the labour market starting the business, and further radical decline in number and proportion of unemployed starting the business.

Causes of this condition can be identified on the basis of documents research and they can be divided into several groups (e.g. IREAS, 2008; Sirovátka, 2012; Lukes a Jakl, 2012; DHV, NVF, 2012; Naviga 4, HOPE-E.S., 2013):

- a) **Lack of qualification to labour market demands and low level of education and skills of disadvantaged people in the labour market**
 - narrow range of activities for starting the business
 - lack of skills for starting the business
 - preference of employment with a simple job description associated with little flexibility of women after maternity leave and people with disabilities
- b) **Lack of funds for financing the start of a business, entrepreneurial activities risk aversion associated with low business self-confidence of disadvantaged people**
 - low willingness to take risk of a business
 - low entrepreneurial self-confidence of disadvantaged persons
- c) **Macroeconomic development associated with economic crisis, entrepreneurship environment**
 - low number of opportunities in structurally affected regions
 - poor results of retraining programs for business compared to pre-crisis period

ad a) Lack of qualification to labour market demands and low level of education and skills of disadvantaged people in the labour market
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Brief description of the problem:

One of main reasons, why unemployed and disadvantaged people in the labour market do not start the business, is their inadequate qualification, skills and low educational attainment. Lack of skills to start a business follows from the fact that the issue of entrepreneurship (self-employment) is only marginally (or not at all) included in schools education. Development trends in the labour market contribute to marginalization and exclusion of unskilled or low-skilled labour force in long term, especially accompanied by a significant continuous decrease in the number of jobs that do not require higher or specific education. The consequences are poorly qualified persons in the labour market, respectively high degree of unemployment of low-skilled people in the Czech Republic and the threat of long-term unemployment.

Lack of experience, knowledge and basic business skills is very typical when starting a business in general. **Willingness and courage to run the business are dependent on number of factors, including family background** (whether parents did the business), **age, health condition, work and entrepreneurial experience, education, access to finance and to entrepreneurial networks, amount of social support**, etc. (OECD, EC, 2012b; OECD, EC, 2012c)

According to surveys carried out at policy makers level (COPIE D.T.) engaged that **in the Czech Republic there is no detailed and regular information about business issues of disadvantaged people** (e.g. providing examples of entrepreneurs, information about support activities). Also, there aren't held regular information events about business opportunities for disadvantaged people in the Czech Republic regions sufficiently. Lack of ability to start the business results by policy makers and also by consultants for inclusive entrepreneurship from that fact that **the business issue (self-employment) is included only marginally (or not at all) in schools education**. This deficiency is partially compensated by positive evaluation of activities provided by employment agencies that offer consultancy and courses for those interested in starting a business or about financial support possibilities. Similarly, very positively was evaluated access and quality of consultancy centers, which have good knowledge and inform people interested in starting a business transparently and completely about possibilities and risks associated with entrepreneurship. Disadvantaged entrepreneurs themselves, in COPIE survey, appreciated organized information campaigns on the issue of starting a business positively, they also welcome consultants' expert knowledge very positively, on the contrary, they consider lack of regularity and depth of information provided by local or regional media about business possibilities negatively. In questionnaire survey of final beneficiaries supported under InE projects, this issue was assessed as medium-problematic (on a scale from 1 to 5 it has reached level of 3.1). **Number of retraining programs in the Czech Republic is sufficient, but nevertheless, they do not continue in balanced diagnostics in case of starting self-employed significantly.**

Very important cause of disadvantage of low-skilled persons in the labour market is due to the general trends in recent years. Horáková and Hora (2010, p. 50, 51) found that the study of contemporary European labour markets revealed **still more striking discrepancy between jobs and labour force in the field of education / qualification (qualification gap)**. Development trends in labour market contribute to marginalization and exclusion of unskilled or low-skilled labour force from the labour market in a long time, caused on one hand by still very strong representation of those categories of people with low education levels in general population, on the other hand, by significant permanent decrease in number of jobs that do not require higher or special education. Although the Czech Republic does not belong to countries which are most threatened by problem of low human capital of labour force, nevertheless, even here it is clear that people with low level of education make up a fifth from population over 15 years, more are represented women. Specificity of the Czech Republic in this context can be seen rather in a large proportion of people with qualification reaching maximally elementary education.

From analysis carried out by Lukes and Jakl (2012, p. 28) followed a link between level of reached education and rate of new business activity. While it involves only 3.4% of people with primary education, people with engineering or master's degree account for 9.7% and those with a doctorate degree account even for 17%. Generally, it is possible to observe a clearly lower percentage of established entrepreneurial activity in comparison with new entrepreneurial activity of people with basic and secondary education. This may indicate that these two groups in particular have difficulties with survival of enterprises founded by them. (Lukes, Jakl, 2012, p. 30).

ad b) Lack of funds for financing the start of a business, entrepreneurial activities risk aversion associated with low business self-confidence of disadvantaged people

Brief description of the problem:

Sufficient financial resources for starting-up the business, as well as their ensuring when running the business, is in the Czech Republic very difficult and risky. Automatically, these aspects trigger by disadvantaged persons in the labour market their social and psychological problems, which may play an important role when starting the business (lack of self-

confidence, fears, lack of support in the family, etc.). From these reasons results not only risk aversion to business activities, but also low business self-confidence of disadvantaged people. Population in the Czech Republic has, in general, compared with other countries, low self-confidence with regard to the belief that it has skills, knowledge and experience required to start a new business.

Securing financing for starting the business (investment into the technology, buildings, in knowledge – human resources) is very problematic and risky. Equally, **problem of financing during the business run** (working capital, extending invoices maturity). According to performed survey by policy makers and by advisers to the InE topic (COPIE) the availability of funding for disadvantaged entrepreneurs is really problematic (in scale from 1 – 5 it reached level of ca 1,5 of the problem importance). In perception of this issue, however, there are some inter-regional differences, where, for example in South Bohemian Region, the possibility of obtaining loans for start-up entrepreneurs from disadvantaged groups is perceived more positively (4,3b) compared with Usti region (1.6b). This result probably reflects the context of structural problem in Usti region, where start-up entrepreneur may have a great business plan, but regional socio-economic conditions are a significant barrier for successful entrepreneurship. This aspect was evaluated equally from disadvantaged entrepreneurs site, according to which the problem is not with establishing business account or in access to subsidies (3b), but loans obtaining was rated as very problematic (1,5). Furthermore, in terms of gender, it was more difficult for women (1.4) than for men (1.8).

In questionnaire survey of final InE beneficiaries in OPHRE, in addition to the lack of access to finance, were evaluated negatively also support services (co-working centres, consultancy, marketing, accounting, communications, but also babysitting, etc.). Some respondents focused on business support from state in general and on perception of entrepreneurs by society (often negative, influenced by various affairs), but also social and psychological aspects, which may play an important role in starting a business (lack of self-confidence, fears, lack of support in the family etc.). **From these reasons results not only risk aversion to business activities, but also low business self-confidence of disadvantaged persons.**

Availability of public resources, therefore, represents a fundamental basis for initiating business activity especially for disadvantaged people. At this current negative issue in starting a business has already responded *Concept of support for SMEs for the period 2014 – 2020* (see MIT, 2012, p. 84), in which part of support will be focused on start-up entrepreneurs. Especially in economically weak regions (such as in regions defined for years 2010 – 2013 by Government Resolution no. 141/2010 as regions with concentrated state support) it is necessary to support such a group of entrepreneurs which can recruit from ranks of the long-term unemployed and persons at risk or affected by social exclusion. **Key support for start-up entrepreneurs will be through advantaged loans, guarantees and capital inputs (venture capital) and also consultancy.**

In this context, the experience from implementation of programs with Czech-Moravian Guarantee and Development Bank and Seed fund pilot project under Operational Programme Enterprise and Innovation for period 2007 to 2013 will be used. These tools can help to implement innovative projects in difficult early stage of the business. **According to foreign experience** follows (PwC 2012, p. 4) that microfinance support is not limited only to starting entrepreneurs. In terms of conditions of providing support, an effort is to set the parameters of products maximally consistent with market environment where, for example, an interest rate is in some cases higher than standard market rate. It is for this reason that it is necessary to take into account higher risk of these products and high operating costs and costs for portfolio management. An important aspect is also the fact that financial support is always associated with personal approach to beneficiaries / entrepreneurs. In all schemes is always placed emphasis on further entrepreneurs training, consultancy, coaching and mentoring in order to increase business skills and thus the stability of beneficiaries / entrepreneurs.

According to **still not well utilized proven solutions from abroad**, the issue of support of start-up and not only disadvantaged persons in their business activity should include following areas (PwC 2012, p. 35):

- Improving financial literacy,
- business plan preparation, marketing strategies including market potential identification,
- negotiation skills and abilities training for the purpose to negotiate with support providers, eventually with potential investors,
- assistance with sales.

In accordance to GEM incentive (Lukes, Jakl, 2012, p. 12) classifies entrepreneurs according to whether they are motivated by opportunity or necessity. The difference between these two areas of motivation is in that, that some people start to do a business because they recognized market opportunity and others because they cannot get a good job. This division is of course better suited for study of entrepreneurs in earlier stages of business process. **InE representatives are motivated mostly by necessity.** Lukes and Jakl (2012, p. 5) analyzed this issue in terms of self-confidence of disadvantaged people. Our population has, in comparison with other countries, low self-confidence when concerned belief that it has skills, knowledge and experience required to start new business. This can limit business activity in the early bud. This self-confidence is significantly higher among men, university students, people from Prague, Central Bohemian region and high-income households. Only 39.2% of the Czech Republic population believes (see Lukes and Jakl, 2012, p. 35) that they have skills, knowledge and experience required to start new business. The Czech Republic was placed in 41st place out of 54 countries by this. This situation remains very similar as in year 2006. This belief is very important to start own business, because people who do not believe themselves, does not start with the business, even if they objectively have necessary skills and knowledge. Big difference in self- confidence is between men and women in our country. While 48.4% of men are convinced about their assumptions for the business, the same thing believe only 29.9% of women. Result is similar as it was in year 2006. This difference in self-confidence may largely explain apparent difference between entrepreneurial activity of men and women.

In terms of concerns of disadvantaged groups to start a business is, by JETMAR et al. (2012), neglected relationship with OPRDE in existing sources. It is relationship between entrepreneurship, its requirements to strengthen entrepreneurial spirit, on profiling professional focus of graduates according to current expected demand in labour markets (business needs). Links to educational activities implemented by OPRDE are omitted in basic education area (entrepreneurial spirit), secondary and tertiary education – support of branches, after graduates of which there is a big demand of current labour market, and continuation of this situation can be expected in coming years (apprenticeship, crafts, technical and natural university studies) + development of entrepreneurial skills (secondary and high schools), support of technical and natural university studies. Sphere of further education and lifelong learning is not sufficiently taken into account.

ad c) Macroeconomic development associated with economic crisis, entrepreneurship environment
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Brief description:

In period of economic crisis after year 2008 appeared in the Czech Republic significant changes not only in economy but also in labour market functioning. Problems of economy occurred particularly in unstable economic situation, unfavourable business environment, frequent cases of companies' insolvency, and related personal problems associated with ability to cope with stress, income instability affecting the family, reduction or loss of motivation for entrepreneurship among disadvantaged people. As a result of economic crisis development,

logically, was lower success rate of retraining programs, which also include programs to the topic of entrepreneurship.

In recent years, there were significant changes in Czech economy because of economic crisis, which is still not at its end, and probably can even more often (periodically) return, in the context of unsolved fiscal crisis of some countries in the EU. Horáková and Hora (2010, p. 51) found that due to changes in the labour market and progressive intensity to skilled jobs, it happens that people with low skills participate less in labour market and if they do, it is primarily on unpopular and uncertain secondary labour markets. Contrarily, this group of people is significantly more often involved in unemployment, often long-term or repeated. Many of them (especially older generation) are trying to deal with their situation through escape to economic inactivity (early retirement pensions, maternity leave).

These concerns were confirmed in questionnaire survey at InE final beneficiaries' level within OPHRE, where respondents on the basis of their own experience tried to define causes of problems related with sustainability of business activities. **These causes resulting from questionnaire survey can be divided into three groups:**

- problems of economy: stability of economic situation, entrepreneurial environment, (setting of legislation) and financial support of entrepreneurship as whole;
- problems of own entrepreneurship: market requirements, product quality (competition), marketing and propagation, sales (stability of clientele), bad setting of a business plan, with this all related financial situation of the company, resp. bad financial situation of partners/clients and its impacts on the company, insolvency;
- personal problems: inability to deal with stress, which can lead to health problems, instability of incomes with impact on family (support/or not support in the family), slow entrepreneurship development or its stagnation leading to decrease or loss of motivation to entrepreneurship.

In performed survey by policy makers, consultants and disadvantaged entrepreneurs themselves (COPIE) engaged that the question of formalities and administrative procedures related to business initiation is not perceived as a major problem in the Czech Republic, and vice versa this process is evaluated as manageable and time unexacting. Slight differences in evaluation are reflected by men (2,6p.) and women (3,5p.), who evaluate this process rather as less problematic.

Result of economic crisis development (situation comparison in years 2007 and 2009) was lower success rate of retraining programs, which also include programs to the topic of entrepreneurship. Hora and Sirovátka (2012, p. 44) consider weaker results of retraining programs when compared to year 2007 as understandable. Lower effects of retraining may be affected by targeting of these programs just on people with major problems. It can therefore be inferred that in case of significant economic problems are short-term and medium-term effects of retraining effects lower and their potential benefit may become apparent only in long term. Within GEM survey, Lukes and Jakl (2012, p. 79) highlighted, that **in the Czech Republic it is possible to observe warning changes in InE area, which are:**

- reducing proportion of new entrepreneurship activity of women and also qualified persons;
- there was also decline in perceived opportunities for starting a business in eyes of population, although experts feel that good opportunities are sufficient;
- also persists low business self-confidence of Czech population and very poor social status of entrepreneurs. Czech Republic is as well as in year 2006 in the second worst place in terms of how society perceives entrepreneurs.

Evaluation of existing supply for support services of inclusive entrepreneurship

Offer of support services for inclusive entrepreneurship – general context of the issue

Already within the desk-research of this project engaged that quality support services in the Czech Republic are not sufficiently available (esp. information, education, consultancy, coaching, mentoring, networking, evaluation) for starting, maintenance and development of social entrepreneurship (see MLSA, 2012). As follows from sub-analysis of availability of these services in the context of COPIE R.M.T. methodology, on one hand, there is a wide range of organizations that provide for example consultancy or general information about business, but in relation to specifics of disadvantaged groups of inhabitants, the degree of their relevance is often minimal. Concerning support services for starting the business of disadvantaged, provided by labour offices of the Czech Republic and by ESF, there is no system to ensure the quality of these services, and therefore there is an increased risk of situation worsening of disadvantaged entrepreneurs in case of failure. Quality and relevant support services directly for disadvantaged entrepreneurs (not entrepreneurship in general) in stages after starting the business, are not available at all. On this fundamental issue has responded MIT in its Conception of SMEs support for the next period (MIT, 2012), in which it is stated that innovative start-up companies, in the Czech Republic in general, need for their development and bridging initial difficulties in the business, among other things, entrepreneurial know-how, which typical carriers of technical solutions do not have. This can give them appropriately targeted consultancy services that will help new entrepreneurs to build quality business plan and through coach will ensure first steps in its implementation.

Evaluation of organizations and of support services offered by them – survey according to *COPIE Resources Map* methodology

Summary evaluation of services offer for each phase

In motivation phase, phase before starting own inclusive entrepreneurship, but also in phase of inclusive entrepreneurship functioning, there are, in the Czech Republic, relatively well covered support services related to educational activities on one hand, on the other hand, their relevance level, in accordance to motivation of disadvantaged groups of population, is in a number of them at minimum level. Before starting own business and also in phase of functioning activities of inclusive entrepreneurship is also very well covered offer of support services in area of providing general information and consultancy. Almost all evaluated supporting organizations provide this type of services and it cannot be concluded that, in the Czech Republic, this issue is completely uncovered.

Completely or significantly lack of support services of inclusive entrepreneurship in the Czech Republic:

- **phase of motivation** – wide range of services provided in this phase has very little relevance to motivation of disadvantaged groups of people in the Czech Republic;
- **phase of creation** – for disadvantaged entrepreneurs in this phase there are no special support organizations that provide incubation facilities and services;
- **phase for starting disadvantaged entrepreneurs** – except GLE, Cyrrus Advisory and labour offices, other support services have very little relevance in the field of legal consultancy for specific features of inclusive entrepreneurship in the Czech Republic. Availability of quality consultancy and assistance to new or functioning entrepreneurs is very problematic, especially in initial phase of their business;
- **phase of disadvantaged entrepreneurs operating** – for this phase there is lack of the same support services as in phase of creation. But generally, quality and relevant support services directly for disadvantaged entrepreneurs (not entrepreneurship in general) in phases after starting the business are not available almost at all;
- **support services in funding area for InE** – in the Czech Republic, these services are covered very slightly, and if they are, their degree of relevance to InE is very low. Also there are no

significant experiences in providing participatory loans and micro-loans in the Czech Republic;

- **phase of growth and consolidation** – there is insufficient condition in case of schooling and training activities, specific programs and mentoring in phase of growth and consolidation. Inadequate are also existing support services related to incubation character of phase of growth and consolidation for disadvantaged groups of people.

Organizations providing support services for inclusive entrepreneurship are, in this evaluation, compiled and evaluated in the same way as by social entrepreneurship by *COPIE Resources Map* classification, and are reflected with regard to their role and importance when providing these services according to the phase of entrepreneurship. These support organizations are further divided according to phases: motivation, creation, services for starting entrepreneurs, already established social enterprises, services in area of financing for social enterprises and services in growth and consolidation phase for social enterprises. Complete analysis of support services in the Czech Republic, divided in accordance to various phases of inclusive entrepreneurship is listed in technical report (see chapter 2.5 of technical report).

Offer of support services in motivational phase, i.e. motivation is the purpose to support initiation of inclusive entrepreneurship, in the Czech Republic it is relatively well covered by a wide range of organizations engaged in educational activities on one hand, on the other hand, the relevance degree of motivation for disadvantaged groups of people is for many of them at minimum level. It is possible to identify very good coverage of some localities not only in educational activities, but also of motivation activities (especially Prague, Moravian-Silesian region and South Bohemian region). When concerned motivation of disadvantaged groups of people to entrepreneurship, in the Czech Republic, were identified two rather marginal possibilities, in case of support for women in Prague through Odyssey Performance Enhancement Network company, which also offers to these women specific discounted pricing packages. Rewards for starting entrepreneurs can be defined for students within *Social Impact Award* competition, organized by Impact HUB Praha for young people who have an idea how to solve social and environmental problems through entrepreneurship. Social Impact Award is the largest European program for training students in socially beneficial entrepreneurship.

Phase of creation is very important phase for potential disadvantaged entrepreneurs, in which supportive organizations should provide specific services very carefully, within which benefits and risks of entrepreneurship should be understood by potential disadvantaged entrepreneurs very good. In the Czech Republic, state of support services before starting own business is very well covered in provision of general information and consultancy. Almost all evaluated supportive organizations provide this type of services and it cannot be concluded that in the Czech Republic, this issue is completely uncovered. For disadvantaged entrepreneurs, there are no special support organizations that would provide incubation facilities and services. Supportive organizations listed in this category (e.g. Czech Technical University in Prague or Technical University of Ostrava) focuses rather generally on incubation support of entrepreneurship, especially young people (university graduates). Training activities and trainings are offered in particular by EDUKOL and Odyssey Company covering the whole Czech Republic (partly also the Association of SMEs of the Czech Republic). In this part of support, there is also a certain reserve that should be addressed through support from OPE 2014 +.

Phase for starting disadvantaged entrepreneurs will culminate by entrepreneurship launching. At this phase of entrepreneurship it is important to provide proper legal consultancy related to legal business form solution, as well as specific support for initiation and overall implementation of entrepreneurship. The Czech Republic has relatively good facilities and nationwide coverage, especially GLE, Cyrrus Advisory and labour offices. Other organizations in this part have lower relevance degree to disadvantaged groups.

Phase of disadvantaged entrepreneur functioning, i.e. supportive organizations for already established inclusive entrepreneurs, is very similar to phase of creation in the Czech Republic. In the Czech Republic, the state of support services before starting own business is very well covered in the area of general information and consultancy provision. Almost all evaluated supportive organizations provide this type of services, however, it is necessary to emphasize that their quality to the specific conditions of inclusive entrepreneurship is very diverse and in general rather less relevant. For disadvantaged entrepreneurs in the Czech Republic, there is only one special support organization that provides incubation space and services (Retraining and Information Centre Ltd., Most, Usti Region). In the area of training activities and schooling, the situation is not sufficiently covered by offer in the Czech Republic. On the contrary, mentoring and coaching offers rather wide range of organizations with more or less nationwide coverage.

Support services in area of funding for disadvantaged entrepreneurs are in the Czech Republic covered very slightly, and if there are identified certain organizations in selected topics of financing (e.g. initiation or growth of entrepreneurship), their relevance degree to inclusive entrepreneurship is very low. The same applies to support services in the area of grants (not only consultancy, but also their provision), where, except labour offices, Cyrrus Advisory and partly Ministry of Education, there was not possible to identify important stakeholders. The issue of providing guarantees is in MIT responsibility, however, specific advantage for inclusive entrepreneurs is not provided. In the Czech Republic there is no experience with provision of participatory loans and micro-loans and in case of micro-loans, except approach of the European Commission (Progress program), the situation is totally inadequate.

Support services in growth and consolidation phase for inclusive entrepreneurs are an important part of entrepreneurship maintaining. Start of entrepreneurship activity is basically big challenge, but even more important is the ability to maintain started business activities. Various supportive organizations are focusing on consultancy in growth and consolidation phase of enterprises. On the other hand, except by GLE, Odyssey and MUMRAJ co-working centre, all identified organizations have rather lower or minimum rate of relevance to the topic of inclusive entrepreneurship. In case of schooling and training activities, specific programs and mentoring in phase of growth and consolidation, the situation in terms of spectrum of relevant organizations, is very low. Existing support organizations of incubation character are providing, in phase of growth and consolidation, for disadvantaged population groups totally inadequate services with exception of Retraining and Information Centre in Most (Usti region). Other organizations providing incubation services tend to focus rather on entrepreneurship support in general and only very marginally on certain groups of disadvantaged entrepreneurs.

Evaluation of existing supply of support services, according to the phase of inclusive entrepreneurship – survey according to the COPIE D.T. methodology

Evaluation of supply of support services in terms of relevance, quality and availability of support services is carried out according to evaluation of questionnaire survey through COPIE D.T. methodology. Third scope of this COPIE questionnaire was focused on **business support**, the most important of which were parts related to support before starting a business, support after starting the business and evaluation of services in infrastructure. At this questionnaire part has answered policy makers, consultants and also entrepreneurs.

In the topic of **support before starting a business**, policy makers assesses positively availability and range of services. Over value of 3 points comes, in evaluation of policy makers, the question of advice and help with solution of formal / administrative requirements for starting a business and information from employment agencies and labour offices about possibility of employment or

starting own business. When supporting inclusive entrepreneurship, according to policy makers, the situation is for marginalized groups much worse. It concerns, on one hand, the availability of adequate support in dealing with formal / administrative requirements for starting a business (2.5 p.), and on the other hand, also taking into account their needs in access of consultancy institutions (2.67 p.) and also in training and seminars (2 p.). Low ratings, 2.25 p., received from policy makers' statement *"Marginalized groups have essentially the same chances in access to support offers."* Consultants largely agree with assessment of policy makers. More significant difference is in evaluation of co-ordinated procedures of various institutions and agencies when supporting new entrepreneurs. Policy makers didn't evaluate this question, according to consultants it is rather weakness of the whole process of entrepreneurs support (1.9 b.). This result is consistent with conclusions of support services analysis according to COPIE R.M.T. methodology for inclusive entrepreneurship.

When concerns area of **support after starting a business**, according to policy makers, the offer of quality consultancy, coaching, training of disadvantaged entrepreneurs, including thematic workshops taking into account needs of marginalized groups (rating 1 b.), these are one of the biggest weaknesses. According to policy makers, problematic is also availability of quality consultancy and assistance to new and functioning entrepreneurs, especially in initial phase of their business. Consultants evaluate this area, in general, better than policy makers; they agree with them on low rating of possibility of obtaining support based on crisis management (1.9 p.). According to consultants for inclusive entrepreneurship, public institutions and providers of support services inform insufficiently starting entrepreneurs about offer of qualification and consultancy services during the initial phase of their business. Likewise, in their opinion, the availability of quality and relevant trainings and workshops "tailored" on needs of starting disadvantaged entrepreneurs in initial phase of their business, is even worse. These findings are also consistent with the results of support services analysis according to COPIE R.M.T. for inclusive entrepreneurship.

Disadvantaged entrepreneurs themselves assess the ability of offered consultancy services and coaching after starting the business overall at very low level (2.8 p.). Both are affected by assessment of women – entrepreneurs. Men assigned the highest rating to the offer of consultancy (3.4 p.) and to exchange of experience (3.5 p.), while the lowest access was to organizations important for disadvantaged entrepreneurs (2.6 p.) and to ease of meeting with other entrepreneurs in the region (2.7 p.). Within individual regions disadvantaged entrepreneurs also agreed on that, that information about various offers of relevant consultancy and qualification courses after starting the business is rather low (2.3 p.).

In the area of space adequate **infrastructure**, in **questionnaire survey for inclusive entrepreneurship**, has been stated, that this is moderately serious problem. According to policy makers, adequate infrastructure needed for starting entrepreneurs is rather available with a range of specific limitations (3 p.). Consultants evaluated this issue in worse light, i.e. 2.7 p., for example consultants from South Bohemian region show even lower rating of 2.4 p., and least accessible necessary infrastructure is obviously in Usti region 2 b. Disadvantages entrepreneurs rated this topic similarly, according to them, the availability of suitable work or office space constitutes also moderate problem (3 p.), slightly better (approximately 0.1 p.) evaluated this issue women than men. On average, in all regions, disadvantage entrepreneurs evaluated issue of availability of labour and office spaces as problematic (2.7 p.).

In following table is showed a list of organizations providing support services for inclusive entrepreneurship, which is part of solution according to COPIE R.M.T. methodology. Complete description of each organization is an individual part of technical report in form of an Excel database.

In following table is showed a list of organizations providing support services for inclusive entrepreneurship in the Czech Republic, divided according to the phase of business support and specific activities:

1. Motivation 1 a) General 1 b) Education system 1 c) Reward system	5. Finance 5 a) Financial support for business initiation 5 b) Financial support for growth (development) and establishment 5 c) Grants providing 5 d) Guarantees providing 5 e) Risk capital providing 5 f) Participative capital (loans) providing 5 g) Micro-loans providing 5 h) Private investors
2. Support of phase before starting the business 2 a) General information 2 b) Consultancy 2 c) Spaces for incubation 2 d) Training 2 e) Mentoring/couching	6. Growth and establishment 6 a) Consultancy 6 b) Training 6 c) Specific programs 6 d) Mentoring 6 e) Spaces for entrepreneurial incubators
3. Support of phase of starting a business Initiation	
4. Support of phase after starting a business 4 a) General information 4 b) Consultancy 4 c) Entrepreneurial incubators 4 d) Training 4 e) Mentoring/couching	

Table 9: List of organizations providing support services for disadvantaged entrepreneurs in the Czech Republic

PODPŮRNÉ ORGANIZACE PRO INKLUZIVNÍ PODNIKÁNÍ	Stupeň relevance podpory InP	1 Motivace	2 Kreace	3 Začínající	4 Fungující	5 Finance	6 Růst
Obchodní komory							
Asociace malých a středních podniků a živnostníků ČR	2	b	a, d		a, b	c	a, c
Regionální hospodářská komora Brno	3		a, b	x	a, b		a
Krajská hospodářská komora Pardubického kraje	1		a, b		a, b	a, b	a, c
Řídící orgány							
MŠMT	4	b	a, b		a, c	c	e
MPSV	5	b	a	x	a, b, e	a, b, c	a, c, d
MŽP	1	b	a		a	c	
SFŽP	0	b			a, b	c	c
SZIF	0				a	c	c
Regionální/místní rozvojové agentury							
Personální a poradenské sociální družstvo	2	a, b	a, b	x		a, b	a
Regionální rozvojová agentura Ústeckého kraje	1	b	a, b	x	a, b		a
NNO/nadace							
GLE o.p.s.	5	b	a, b	x	a, b		a, b
Svazy							
Sdružení podnikatelů a živnostníků	0	b		x			
ICT centra							
Univerzity							
ostatní							
"městské úřady"	0		a	x	a, b	c	a
"úřady práce"	5	b	a, b	x		c	
BIC Plzeň	1		a, b		a, b, c		a, c, e
Podnikatelský inkubátor - Centrum podpory informací	4	b	a, b, c, e		a, b, c	b	a, e
EDUKOL vzdělávací a poradenské sdružení s.r.o.	5	a, b	a, b, d		b		a
Inovacentrum, ČVUT	0	b	b, c, e		b - e		a, b, e
JVM-RPIC, spol.s.r.o.	1	a, b	a, b	x	b		a
Technologické centrum Hradec Králové	2	a, b	a, b, e	x	a, b, c, e		a, d, e
Robert Vlach (na volné noze)	1		a, b, e		a, b, e		a, c, d
Centrum služeb pro podnikání, s.r.o.	3	b	a, b		a, b		a, c
Rekvalifikační a informační centrum s.r.o.	5	a, b	a, b		b, c, e		a, e
Dle uvedení respondentů InP podnikatelů - výběr							
Veselý Čertík, o.s.	3		b		b		a
Odyssey Performance Enhancement Network, spol. s r.o.	5	a, b, c	b, d, e		b, d, e		a, b, c
IMPAKT Společnost pro aktivizaci periferií	3	b	b, e		b, e		a, d
Krajský úřad Jihočeského kraje	1		a		a	c	
Jihočeská univerzita v Českých Budějovicích	1		a, b		a, b		a
Centrum pro komunitní práci (pobočka pro Moravskoslezský kraj, kancelář v Šumperku)	3	a, b	a, b			a	
Cyrrus Advisory, s.r.o. / Social Advisory, s.r.o.	5	b	b	x	b		a, c
MUMRAJ coworkingové centrum	5		a, b, d	x	a, b, d		a, b, c
Moudré podnikání žen	5	a, b	a, b, e		a, b, e		

Note: Degree of relevance of InE support is in range 0 – 5, where 0 is the minimum (InE is only marginal topic), 1 small relevance, 5 most relevant

Assessment of demand for support services according to entrepreneurship phase

Summary evaluation of demand for services according to business phase

Demand evaluation for support services is, just as it was in previous section by supply evaluation, performed according to evaluation of questionnaire survey through COPIE D.T. methodology and partly also according to results of questionnaire survey at commercial enterprises level.

Complete or significant lack of support services for inclusive entrepreneurship in the Czech Republic:

- **motivation phase** – wide range of provided services at this phase has very little relevance to the motivation of disadvantaged groups of people in the Czech Republic;
- **phase of creation** – highest demand of disadvantaged entrepreneurs is for availability of qualified consultancy as a basis for self-employment success, as well as the ease to find appropriate courses for own business. Entrepreneurs considered as problematic work of employment agencies and labour offices, which should adequately inform about possibilities of employment;
- **phase for starting disadvantaged entrepreneurs** – demand is especially for high quality and relevant trainings and workshops "tailored" to needs of starting disadvantaged entrepreneurs in initial phase of their business. Disadvantaged entrepreneurs evaluate very slightly the availability of offered consultancy and coaching services for business start;
- **phase of disadvantaged entrepreneurs functioning** – demand is also for suitable work or office spaces, offer of which is evaluated as problematic by inclusive entrepreneurs;
- **support services in area of InE financing** – also there is no significant experience in providing participatory loans and micro-loans in the Czech Republic;
- **phase of growth and consolidation** – in this phase, very important is an access to financial resources, not only according to policy makers or consultants, but especially from disadvantaged entrepreneurs' point of view. For business development, however, marginalized groups of people evaluate the ease of getting a loan very negatively. In terms of gender, it was more difficult for women than for men.

Evaluation of existing demand for support services according to business phase – survey according to COPIE D.T. methodology

Evaluation of demand for support services is performed just as it was in previous section by offer evaluation, according to evaluation of questionnaire survey through COPIE D.T. methodology and partly according to results of questionnaire survey at commercial enterprises level. Third range of this questionnaire COPIE was focused on **entrepreneurship support**; the most important were parts related to support before starting a business, support after starting the business and services evaluation within infrastructure. This part of questionnaire survey answered policy makers, consultants and also entrepreneurs.

In the topic of **support before starting a business** policy makers agree with that, that qualified consultancy is in general important for entrepreneurship success (average assessment 4 points) and they evaluate essentially positively the availability and supply of services. Consultants largely agree with assessment of policy makers. Disadvantaged entrepreneurs evaluated at maximum rate the need of availability of qualified consultancy as a basis for self-employment success, as well as the ease to find appropriate courses for their business (3.4 p.). In their opinion, consultants from various institutions do not progress in coordinated manner (2.4 p.) and they were not informed adequately about possibilities of employment or of starting a business by employment agencies or labour offices (2.5 p.).

Entrepreneurs evaluated at maximum level in terms of their need / demand for qualified consultancy as a basis for self-employment success and need for ease to find appropriate courses to start own business (3.4 p.). Entrepreneurs considered as problematic the work of employment agencies and labour offices, which should adequately inform both about possibilities of employment and about possibilities of starting a business, which is related to information about various possibilities of qualification courses that concern starting new entrepreneurship (both 1, 9 p.).

If concerned area of **support after starting a business**, according to policy makers, one of the biggest weaknesses is offer of quality consultancy, coaching, training for disadvantaged entrepreneurs, including thematic workshops taking into account needs of marginalized groups of people (rating 1p.). Consultants assess this area better than policy makers in general. Disadvantaged entrepreneurs themselves assess importance of support after starting their own business as crucial – in scoring range from 2.8 to 4.2p. Among most demanded support services belongs exchange of experiences between entrepreneurs, as in the Czech Republic is not a common practice to meet with entrepreneurs (2.5p.) within the region.

Evaluator also extended these findings about **evaluation of regional differentiation of demand for services and financial instruments according to results of questionnaire survey of final beneficiaries in the topic of inclusive entrepreneurship**. Within evaluation of a qualitative survey among beneficiaries, there were selected questions focused on evaluation of different measures and tools to support entrepreneurship of specific disadvantaged groups. Selection of options to which respondents could express their opinion, was determined on the basis of desk research of inclusive entrepreneurship analysis within the first Interim report of the project. Beneficiaries could express their opinion on scale 1 – 5, where 1 = important tool, 5 = tool with little importance. The result is categorization of different measures and instruments that clearly indicate which measures are more or less demanded. The question was evaluated regionally again in order to see regional differentiation of attitudes and experiences.

Overall, the demand for financial instruments to support entrepreneurship can be evaluated as very important (across different types of disadvantaged people). This emerged also from OECD, EC (2012a) document, which ranks among barriers that prevent older people in doing the business, access to financial resources, but also the fact that the level of social welfare benefits and retirement may discourage older people from doing the business, because entrepreneurship doesn't have to offer them higher income than these benefits. Therefore, it is necessary to create targeted support for this age group. Potter (2012) defines also barriers of entrepreneurship for young people, among which, in financial area, are small savings and difficulties of access to finance.

People with low qualification have the highest demand for various retraining programs. In general, there is relationship between level of education and level of new entrepreneurial activity. Relatively positively are also accepted and evaluated motivational activities, because it is this group of people which has problem with work motivation. However, experience from other evaluation projects (e.g. ROV 2012 – part of the case study) show that diagnostics and motivation phase are the key factor for project success.

In final section, attention was focused on a women group. Women in lower fertile age are considered as a risk group for admission to employment, when employers are afraid of an early departure on maternity and parental leave. Discrimination in the labour market from gender point of view is proved by number of research studies, both by recruitment and by employees reward system (e.g. Research Institute for labour and social affairs, 2002). The main consequence is low employment rate of women in the Czech Republic, especially women caring about small children or women in older age, who express combination of factors of reduced geographic mobility, flexibility, outdated skills, inflexibility and concerns of employers. From results of questionnaire survey engaged that there is a

high demand for mentioned measures and instruments. In particular, it is a set of specific support for women not only at the beginning, but also during the business run, as for example "starter" loans or grants / contributions to the care of dependent persons (children, old people, etc.) as well as are by employed women reliefs in taxes payments / contributions to social insurance.

Evaluator also extended these **findings by evaluation of regional differentiation of demand for services that emerged from questionnaire survey of final beneficiaries** in the topic of inclusive entrepreneurship (detailed analysis and table is provided in the technical report (chapter 2.5.3 TR.) In their comments, respondents highlighted the lack of financial resources, but also support services (co-working centres, consultancy, marketing, accounting, communication, but also babysitting, etc.). Some of them focused, in general, on business support by state and on perception of entrepreneurs by society (often negative, influenced by various affairs), but also social and psychological aspects, that may play relatively important role when starting the business.

Quantification – demand estimate for funding sources for all entrepreneurship phases

Partial objective of evaluation question 1.2 is **to determinate qualitatively and quantitatively absorption capacity** of social and inclusive entrepreneurship issue for next programming period 2014 – 2020. This part of evaluation is specifically focused on quantification of existing demand for funding for all phases of inclusive entrepreneurship.

In case of inclusive entrepreneurship, this theme can be grasped from methodological point of view in different ways, and it is therefore appropriate to include at least basic methodological notes of evaluation. Basic premise was the availability of relevant data, which is certain problem and limitation of this analysis, as in implemented surveys in the context of this evaluation, investigation has not been conducted to verify how many people supported under OPHRE actually started run a business. Thus, research team had to do this analysis with a combination of data according to PWC, MLSA data, (APZ and MONIT7 +) analysis, and partly were also used results and findings of questionnaire survey among beneficiaries (and unsuccessful applicants).

Basic foundations for demand quantification for financial sources – inclusive entrepreneurship

1. Micro-loans are defined as loans up to 25 000 EUR, which are provided to new and existing small entrepreneurs (up to 9 employees) and for individuals who want to become self-employed, but have difficulties with access to gain conventional bank loans.
According to PWC (2012, p. 7) analysis, the **average amount** in new EU member states (including Czech Republic) reached level of **3800 EUR, i.e. around 95 000 - 100 000 CZK**.
2. According to PWC (2012, p. 20) analysis engaged an **estimate of micro-loans market absorption capacity in the Czech Republic in amount from 150 to 200 mil. CZK per year**, where these are following rough parameters of estimate:
 - applies to all small entrepreneurs in the Czech Republic, i.e. not only disadvantaged persons,
 - not only for beginning recipients, but also for existing entrepreneurs (operational activity)
 - estimated amount includes also costs associated with „operation“ and portfolio management.
3. **According to MLSA data about Active employment policy implementation**, there can be summarized following facts, which can be included into the estimate of demand for financial sources of inclusive entrepreneurship development:
 - Contribution to SUJ established by employment applicant for the purpose of self-

employment performance (§ 113 law – no. 435/2004 Sb.) it is necessary to apply before starting self-employment,

- Contribution provided may be used for costs associated with working place equipment, i.e. for acquisition of machinery, equipment, PCs and other equipment, it cannot be used for operating expenses, goods purchase, materials, construction works, etc.,
- Contribution to SUJ – self-employment can be provided up to 100% of real costs, max. up to amount of 30 000 KCZK,
- In year 2012 were according to MLSA data to AEP supported in this way 1 875 self-employed in total (to the date of 31. 12. 2012), in year 2013 there were supported 2 178 self-employed (to the date of 30. 11. 2013),
- **SUJ – self-employed costs** were approximately **56 mil. CZK in year 2012** and **65 mil. CZK in year 2013**.

4. According to results of existing support of inclusive entrepreneurship under OPHRE there were supported 6 181 persons, and 673 self-employed.

Table 10: Obtained values of monitoring indicators in support area 2a.1, 3.3, 3.4 a 5a.1 (supported projects focused ONLY on inclusive entrepreneurship)

Monitoring indicator (obtained value)	Support area 2a.1	Support area 3.3	Support area 3.4	Support area 5a.1	Total
074100 Number of supported persons – in total	696	266	5 067	152	6 181
074105 Number of supported persons – self-employed	9	23	611	30	673

Source: Monit7+, composition to the date 18. 11. 2013

Note: Presented values MI do not tell anything about how many supported persons actually started their own business, as a monitoring indicator 074100 Number of supported persons includes supported persons, who within the project received ANY support, i.e. also support without connection to start own business.

According to results of questionnaire survey (no. 32, projects focused on InE) engaged that during the project, the number of supported persons, who started their own business, ranged from 2% to 8%. In such case **can be concluded**, from total number of 5 508 (i.e. 6 181 – 673) supported persons **approximately 110 – 440 successful people who started self-employment within existing OPHRE support + 673 existing self-employed, i.e. in total 783 to 1 113 persons**. In addition, there can be highlighted findings from provided questionnaire surveys that there is a demand for this segment of microfinance, since final project beneficiaries for InE in all regions assessed as a major problem **the lack of funds for starting a business**. The most important obstacle in target group support to start own business are too high initial costs (rent, equipment premises, etc.), respectively expensive business plan, which was mentioned by 44% of respondents. With quite considerable distance, in aggregate 21%, followed by lack of interest or inability of target group actually start a business (e.g. after completing courses of basic business skills).

In this part, there are, according to above mentioned assumptions, made 3 variants of demand estimate for InE social micro-loans for whole period 2014 - 2020:

IV. Minimal estimate – approximately 78 mil. CZK

- average amount of social micro-loan 100 000 CZK,
- number of applicants self-employed – 780 (according to minimal OPHRE implementation level)

V. Conservative estimate – approximately 110 mil. CZK

- average amount of social micro-loan 100 000 CZK,
- number of applicants self-employed – 1 100 (according to maximal OPHRE implementation level)

VI. Maximal estimate – approximately 210 – 280 mil. CZK

- average amount of social micro-loan 100 000 CZK,
- number of applicants self-employed – 2 100-2 800 people (estimate according to development of self-employed support within AEP in which there are supported approximately 2 000 self-employed per year, i.e. approximately 14000 self-employed in 7 years, from which approximately 15-20%, i.e. 2 100-2 800 persons would apply for social micro-loan *(Note: In questionnaire survey estimated in total 54 % FB supporting IE as important tool of „starting“ loan or grant. Social micro-loans would use exactly 15 – 20 % of potential applicants – according to preferences estimate of micro-loans vs. grants).*

Offers overview of funding for disadvantaged people including contributions / subsidies from public budgets

This base is based on TESSEA 2011 NBFSE 2012 PS financing outputs and PwC analysis for microloans and is further supplemented by results of IREAS own questionnaire surveys in year 2013. The purpose of this document is to provide an overview of offer of financing for social entrepreneurship.

Beyond ESF framework, there are provided contributions to **creation of socially purposeful job by jobseeker for the purpose of self-employment, or bridging allowance** (except support area 3.4 OPHRE) by labour offices. Overview of current number and extent of provided contributions can be obtained in cooperation with contracting authority from ISUP.

European Commission through

- **Erasmus – support of young entrepreneurs** (<http://www.erasmus-entrepreneurs.eu/index.php?lan=cs>)
- **Progress** (in cooperation with EIB and EIF) – in the Czech Republic in MLSA framework – availability of financial capital for disadvantaged persons, support of micro-entrepreneurs (from 5 to 10 employees) providing employment to disadvantaged groups.
- **Specific financial products** – loans for seniors (5-7 years), subordinated loans, loans with risk sharing, capital participations (<http://ec.europa.eu/social/main.jsp?catId=988&langId=cs>)

Social Impact Award – projects may focus on various social areas, such as fight against poverty, area of health care, education support, protection of the environment, energy problems, usage of new technologies, human rights, equal opportunities, care for disadvantaged persons, etc. This can be for example also mobile soup kitchen for homeless, an innovative educational project, an internet portal strengthening neighborly activities, new way of fundraising or something that has not yet been here. It is important that the project should solve some social problem, whether in the Czech Republic or elsewhere in the world.

Projects already running can be submitted if their implementation does not take more than 2 years.

Selected are four winning projects awarded with main prize of € 4.000, summer membership in Hub Praha, professional guidance, which you can use during the project and other prizes.

Who can apply with his project in the Czech Republic? Because Social Impact Award competition is designed especially for students, precondition for participation is a valid certificate of study on high school or college for academic year 2012/2013. In case of competing teams this condition has to be fulfilled at least by 50 percent of team members. There is no age limit of participants.

Submitted projects may be part of activities of organized civil society actors (e.g. nongovernmental, non-profit organizations, civic associations and initiatives), as well as private business activities focusing on social benefits. Already implemented projects may be submitted if their realization does not take more than 2 years. <http://socialimpactaward.net/prihlas-svuj-napad/>

3.2.3 EQ 1.3: What are specific problems and needs of particular InE groups? EQ: 1.4 What are differences in problems and needs among particular regions in the Czech Republic?

Basic typology of disadvantaged persons – InE

OPHRE program document (MLSA, 2013a) states that most vulnerable are groups of people who are experiencing an accumulation of various disadvantages, such as for example adolescents with low qualification level or persons with disabilities. COPIE D.T. methodology uses in its questionnaires for differentiation of disadvantaged groups this criteria – age, sex, health handicap, level of education, situation on the labour market before starting a business, while very similar approach to this European Commission and OECD. Very similar basic structure of disadvantaged persons was also used in OPHRE strategic evaluation (see DHV, NVF, p. 39 – 41), in which were identified most vulnerable groups in the labour market based on the definition of risk factors in the document, i.e. disabled persons, women – mothers, taking care of minor children, low-qualified candidates, persons older than 50 years, socially excluded Roma, graduates without praxis and long-term unemployed.

Programs focused on self-employment (i.e. outside OPHRE framework) show relatively high effect at the beginning of observed period from support provision to stated persons and further also in longer perspective by supported persons (see also Kulhavy and Sirovátka, 2008, p. 45). Decrease in the risk of unemployment is up to 80% compared with nonparticipants in self-employment programs, during reporting period, effects of non-supported participants become equal, but at the end of the period, 6 months after the end of support, effects of supported persons significantly increase. Hora and Sirovátka (2012, p. 17), however found that **existing support of self-employment programs provided under programs outside OPHRE framework, didn't essentially apply to disadvantaged persons**. Support programs for self-employment are more focused on people with higher level of education (also on universities), on middle-aged persons and on persons without health problems, but also on those who are feeling lesser level of health problems. To that effect, there is need for solving problems of disadvantaged people in the labour market through specific support not only by starting their business, but in particular to maintain their business.

In the context of the Czech Republic research team worked with the definition of disadvantaged groups of people according Horáková and Hora (2010, p. 10), who defined various groups similarly as they are defined in professional studies mentioned above, according to four basic factors that determine success / failure of some people on the labour market. These are:

- A. **Age**, which is often associated with stereotypical notions about abilities of people of higher (but sometimes also too low) age. In terms of effects of existing retraining programs Kulhavy and Sirovatka (2008, p. 51) found that the greatest effects are achieved by participants in middle age, while the smallest effects are by participants over 50 years. Kulhavy and Sirovatka (2008, p. 52) in regression analyses also found that effects of retraining programs are changing in time. There is a significant increase in affection according to participants' age. In particular, it shows that the situation of unemployed young people deteriorates relatively significantly during reported period – compared to older unemployed. According to OECD, EC (2012b), approximately 40% of young people is interested in self-employment (self-employed), but a significant problem may be lack of experience and lack of funds. Within this document, there are further defined four sub-groups: young people from ethnic minorities, young people, who live in deprived areas, young people from low-income families and young people with low level of education. The biggest obstacles are facing those who are not employed nor participate in education or training (NEET – *not in employment, education or training*).

- B. **Health handicap**, which creates objective barriers for starting individual entrepreneurship. People with disabilities are, according to Horakova and Hora (2010, p. 47), very heterogeneous group of people in the labour market, whose level of ability to work and also range of work that they can perform, varies considerably. These problems are according to DHV, NVF (2012, p. 76) further compounded by lower level of education and skills, low self-confidence, poor ability to focus on the labour market and low social skills limiting possibility of business activities development. Certain physical immobility and low availability and quality of social services affect social exclusion of people with disabilities.
- C. **Education**, which significantly determines the nature and extent of possible actions to be undertaken. In analysis carried out by Lukes and Jakl (2012, p. 28) revealed link between the level of educational attainment and the rate of new business activity. While it involves only 3.4% of people with primary education, people with engineering or master's degree represent 9.7% and by those with a doctorate degree it is even 17%. Generally, it is then possible to observe a clearly lower percentage of established entrepreneurial activity in comparison with new entrepreneurial activity by people with basic and secondary education. This may indicate that especially these two groups have difficulties with companies survival established by them. (Lukes, Jakl, 2012, p. 30). The structure of education has consequences associated with high rates of unemployment of low-skilled people in the Czech Republic and the threat of long-term unemployment (see next point). According to DHV, NVF (2012, p., 33, 34) the wrong structure of education correlates with low adaptability of these people and thereby it is reduced potential for possible launch of new individual entrepreneurship. Their high proportion is given also historically because in older age groups 40-45 years, the proportion of apprentices in total population was 60%.
- D. **Unemployment duration**, which may result in total loss of motivation to participate in the labour market. Problems of long-term unemployed in the labour market are affected by a combination of several factors (DHV, NVF, 2012, p. 40). Risk factors for this group are mostly – low or outdated skills, small geographic mobility, health problems or disabilities, often low rate of willingness to work, loss of work habits, work and social deprivation. Long-term unemployed are included in group of disadvantaged people, because it is assumed in the *Conception of SMEs support for the period 2014 – 2020* (see MTI, 2012, p. 84), in which part of support will be focused on start-up entrepreneurs in economically weak regions, where will be supported this group of entrepreneurs, who can recruit from ranks of the long-term unemployed and those at risk or affected by social exclusion.
- E. **Gender – women** – The main consequence of discrimination by gender in the labour market is low employment rate of women in the Czech Republic, especially women caring about small children or women in older age, who reflect combination of factors of reduced geographic mobility, flexibility, outdated skills, inflexibility and employers' concerns. Small flexibility of women – mothers is enhanced by insufficient (in terms of number of work places and geographic coverage) and expensive childcare service. In Czech labour market, women are disadvantaged, in addition, by labour market segregation according to sectors, industries and positions, sex discrimination, difficult reintegration into the labour market after maternity leave and impossibility to harmonize family life with work, which is due to lack of childcare facilities. From possibilities to start individual entrepreneurship point of view, according to Potter (2012), women face specific barriers in financial support area. Experience from other countries show the need for targeted financial support for this disadvantaged group. Low women participation in the business is also, according to Lukes and Jakl (2012, p. 26), due to the lack of social services that would support women in combining work and personal life.

According to provided questionnaire survey by final OPHRE beneficiaries with projects on inclusive entrepreneurship revealed that **currently there cannot be clearly identified group that has the worst position to start a business / application in the labour market**. Differences between particular groups were not essential, however, the most vulnerable group of this survey were persons in age of 55-64 years and those with low skills. In their comments, aimed at specification / explanation of their ratings, respondents mostly mention question of business focus and also personal characteristics of individuals. Another mentioned and definitely major problem is accumulation / combination of handicaps such as poor education, older age, lack of experience, health problems.

Needs of different groups, according to respondents meaning, didn't differ significantly. They put in the first place always available funds (more than 50% of respondents evaluated this tool for all age groups as the best).

For young by age disadvantaged persons (15-24 years) respondents indicated, next to financial support in the form of grants or micro-loans, as second of predefined tools support of early phase of entrepreneurship for the purpose of stabilization, and as third tool additional training, coaching, mentoring and consultancy. However, it should be noted that differences in evaluation of individual predefined instruments were not significant. Several respondents used opportunity to propose other instruments, in financial instruments area these were **tax reliefs, exemption from social and health insurance (at least one year after entrepreneurship start-up), as well as educational activities focused on management skills, support of cooperation and networks, but also discounted rental space for entrepreneurship or support services**.

For older age-disadvantaged persons (55-64 years) is an important tool, in addition to above mentioned tools, also retraining. Respondents took the opportunity to suggest additional tools that should be supported and, in their opinion, are not involved in instruments predefined for this disadvantaged group, such as are tools to support development of management skills, courses of work with PC, examples of good practice, activities to support personal development (increase of self-confidence, reduce fear of entrepreneurship and risks related with this, etc.).

By people with low qualifications figure, in addition to financial instruments and retraining, also motivational activities, balance work and diagnostics, which should help these persons to find employment in accordance with their skills, educational and work potential and the possibility of their real application in entrepreneurship. Tools proposed directly by respondents of questionnaire survey were very similar to those tools for the group of people aged 55-64 years, i.e. development of management skills, financial and legal responsibilities, work courses with PC, examples of good practice, activities to support personal development (increase of self-confidence, reduce fear of entrepreneurship and risks related with this, etc.), possibility of personal consultations on specific problems.

For women, as disadvantaged group, was, in addition to the availability of funds and further training, coaching, mentoring and consultancy, significantly supported setting of contributions to the care of dependent persons (children, old people, etc.), as well as it is by employed women. As an important tool were also marked reductions in tax payments / deductions for social insurance. Several respondents used the opportunity to propose other instruments to support women's entrepreneurship, which were similar to those tools aimed at older age groups with an emphasis on support services for the care of dependent persons.

Differences in InE problems and needs within particular regions of the Czech Republic

Lukeš and Jakl (2012, p. 28) focused in their study on distinction of business activities issue according to NUTS 2 regions. This shows that the rate of new entrepreneurial activity is, as well as in year 2006,

highest in Prague, namely 12.7%. In comparison with year 2006 there was an increase approximately of one percent point. In second place is, again as well as in year 2006, Southeast region with 9%. Conversely, the lowest rate of new entrepreneurial activity is in Central Moravia (5.5%) and in Moravian-Silesian region (4.8%). Inter-regional differences in employment rate in the Czech Republic were interpreted by DHV and NVF (2012, p. 17) by that, that it is influenced mainly by number of work opportunities, as well as by tradition (Moravian regions have lower employment rates in general). In period 2006 – 2010 the region with highest rate of employment was Prague – more than 71%, regions with lower employment rate were Usti region (about 60.5%) and Moravian-Silesian region (approximately 61.5%). Regions with lowest employment rate are those with highest unemployment rate. Very important criteria affecting entrepreneurial activities in the Czech Republic is also education level of disadvantaged people, which is, according to various regions of the Czech Republic, very different. Highest education level is in Prague and the lowest one is in Karlovy Vary region and Usti region (see DHV, NVF, 2012, p. 19), which, to a certain extent, explains the level of entrepreneurial activities according to individual regions (see beginning of this section).

Characteristics of the extent of structural problems of individual regions clearly affect appropriate level of regional business activities. According to results of provided research and analysis by Hora and Sirovatka (2012, pp. 37, 38) engaged that the chance of leaving labour office evidence among individual regions is very different and it corresponds with above mentioned resolution in general, i.e. most leavings from labour office evidence occurs in Prague and in Central Bohemian region, contrarily, least leavings are in the Usti, Moravian-Silesian, Olomouc, Zlin and South Moravian region. While in Prague was after about 6 months in the evidence 22.4% of unemployed, in Usti region it was 52% of unemployed. From this can be suggested that in regions with less chance of leaving evidence (by control group) will also be lower success in business activities of disadvantaged people in the labour market, respectively regions with an expected lower level of structural problems in the labour market are generally "successful" and vice versa.

From realized questionnaire survey result relatively large differences in terms of understanding the seriousness of inclusive entrepreneurship implementation problem. Totally, 65% of respondents in all regions assessed as a major problem (evaluation between 4 and 5 points) **lack of funds for starting a business**, which, in particular, is evaluated as barrier by respondents from South Moravian, Usti (and Zlin³⁹) region. As a moderate problem it is seen by respondents in Moravian-Silesian region, South Bohemian region and Plzen region. Evaluation in other regions ranks between 4-4.5 points.

In order second most serious problem according to overall assessment is **legislative setting** (taxes, insurance, etc.). Also here are obvious regional differences in perception of seriousness of this problem, but they are not so significant. As serious problem / barrier it was identified by respondents from Liberec and Moravian-Silesian region, in other regions, the evaluation rating is between 3 and 4 points.

Lack of information about possibilities of starting a business is considered as a barrier of starting a business in Pardubice region, South Bohemian region and Prague, while among problems of less severity (average rating less than 3 points) it ranks in Pilsen, Olomouc (and Zlin) region.

Unstable economic situation (in the overall evaluation 4. most serious problem) is considered as a barrier to start a business by respondents from South Bohemian, Karlovy Vary and Liberec region, relatively low importance compared to other regions follows from respondents evaluation from South Moravian region (2.4 points).

³⁹ Zlin region is in brackets because the questionnaire survey was attended by only one respondent from this region.

Rating of **lack of support services** is relatively balanced in regions – moderate and more serious problem (average ratings between 3 and 4 points) except Pilsen region, respondents of which identified this issue as less important. Respondents from different regions differ also in opinion of importance of **administrative demands** for starting a business. In 8 regions it is considered as moderate serious problem, but in Hradec Kralove and Liberec region it is seen as major problem and in Pardubice region it is seen as a barrier to start a business.

Remaining 4 predefined problems can be described as moderate problems, but also among them can be found significant regional differences.

Evaluation of **low willingness to start a business** problem as a barrier is characterized by Hradec Kralove region, while respondents from South Bohemian, South Moravian and Central Bohemian region attribute this problem much less importance. Problem of **lack of skills and lack of education** of disadvantaged people is most acutely seen in Karlovy Vary (and Zlin) region. As less important it is assessed by respondents from Pilsen region. Problem of a **lack of suitable space** consider as a barrier respondents from Hradec Kralove region, as little significant it is seen by respondents from Karlovy Vary and Pilsen region. **Lack of retraining (other educational programs) programs on entrepreneurship issue** was, in general, rated as the least serious problem, among regions there are not such significant differences – this problem was evaluated worst in South Bohemian region, Central Bohemian region and Prague, lowest severity to this problem was given by respondents from Pilsen region.

If we look at individual regions, it can be stated that:

- In South Bohemian region, according to respondents' opinion, the biggest problems are unstable situation in times of economic crisis and lack of information about possibilities to start a business. Low willingness to start a business is, by contrast, the least serious problem.
- In South Moravian region respondents attributed most seriousness to the problem of lack of funds, with a distance followed by lack of information about the business. As least serious problem was assessed unstable situation in times of economic crisis.
- Respondents from Karlovy Vary region attributed greatest importance to unstable situation in times of economic crisis, on the contrary, as less serious problems are evaluated lack of retraining (other educational programs) programs on the entrepreneurship issue and lack of suitable space for starting a business.
- Respondents from the Hradec Kralove region consider as most serious problem lack of adequate space and lack of funds for starting a business. But all other problems are also assessed as moderate or more serious.
- Respondents from Liberec region identified as most problematic lack of financial resources and legislative settings. All other predefined problems are evaluated, as well as by respondents from Hradec Kralove region, as moderate or more serious problems.
- According to respondents from Moravian-Silesian region, the most important problem is legislative setting, on the contrary, as less serious problem is considered lack of suitable space for starting a business and lack of retraining programs to the topic of education.
- In Olomouc Region as the most serious problem is assessed lack of funds together with unstable situation in times of economic crisis. As less serious problems are considered lack of suitable spaces for starting a business, lack of retraining programs to the topic of education and lack of information about starting a business.
- Respondents from the Pardubice region refer as a barrier administrative demands and lack of information regarding starting a business. Lack of skills and low education level is considered as least serious problem within above mentioned problems.

- Respondents from Prague rated as the most serious problem of lack of information about possibilities to start a business. In comparison with other mentioned problems lack of skills and low educational attainment appears to them as the least significant problem.
- In Central Bohemian region, as well as in South Moravian region, the biggest problem is considered lack of funds. Low willingness to start a business seems to be as least serious problem to respondents from this region.
- To respondents from Usti region the most important problem is lack of funds, on the contrary, compared with above mentioned problems, they seem as less significant problem of lack of retraining (other educational programs) programs on entrepreneurship topic.

Respondents from questionnaire survey also evaluated the **position of disadvantaged groups according to conditions for starting a business / application on the labour market**.

When comparing results of respondents' evaluation by regions, it can be stated that according to opinion of respondents from South Bohemian region, the worst conditions for starting a business / application on the labour market has a group of disabled people. Similar views have emerged from results of respondents from Karlovy Vary region.

Young people aged 15-24 years consider as most problematic group of respondents from Olomouc region, Pilsen region, Usti region and Prague, where they put on the same level also group of people aged 55-64.

Respondents from Hradec Kralove, Liberec and Central Bohemian region assessed as the worst position of women after maternity leave. Long-term unemployed state respondents from the South Moravian, Moravian-Silesian and Pardubice region.

Respondents also evaluated **benefit of support measures / tools** for various disadvantaged groups of people.

Young people in age 15-24 years

- Opinion on financial support to new entrepreneurs in the form of grants or micro-loans shows regional differences, while in the South Bohemian (and Zlin) region this tool is considered as the most important, in Hradec Kralove region it is determined as medium or less significant (3.5 points).
- Additional education, coaching, mentoring and consultancy is evaluated as an important tool in all regions, however, respondents in Karlovy Vary region consider it as the most important tool.
- Support of early business phase for the purpose of its stabilization is assessed as the most important tool in Karlovy Vary, Hradec Kralove and Pardubice region. However, also in other regions is this tool seen as significant.
- It can be concluded that regional differences in importance of measures / tools to support people aged 15-24 years (with exception of financial support in Karlovy Vary region) haven't got fundamental character.

Persons in age 55-64 years

- Differences between assessments of individual tools by respondents from different regions are not dramatically different; mostly all of these instruments are rated as relatively important.
- Financial support of beginning entrepreneurs in the form of grants or micro-loans was attributed with highest importance by respondents from Karlovy Vary (and Zlin) region. Additional education, coaching, mentoring and consultancy were mostly rated, in

comparison with other regions, in South Moravian region, on the contrary, the worst rating of these tools was in Hradec Kralove (and Zlin) region. Support of early business phase for the purpose of its stabilization is considered as an important tool in Hradec Kralove and Pardubice region, it has less importance in Pilsen region. Retraining haven't received even in one region average assessment 1, it is assessed as the best by respondents from the Karlovy Vary region, but in Pilsen, Pardubice and Hradec Kralove (and Zlin) region, they are considered only as instruments of secondary importance, which is, in connection with mentioned age group, somewhat surprising.

Low qualified persons

- Evaluation of balance and work diagnosis is fairly balanced among regions; lowest importance of this tool, compared to others, was attributed to it by respondents in Pilsen region. From above mentioned summary engaged that from the four predefined tools, balance and work diagnosis is assessed as the most important tool in the region.
- Evaluation of retraining for this age group shows regional differences. While respondents in Moravian-Silesian, (Zlin) and Olomouc regions consider this tool as very significant (probably based on their own experience), in Liberec and Pardubice region are retraining evaluated as an instrument of secondary importance (2.8 points).
- Motivational activities are also evaluated differently in regions. Great importance was attributed to this tool by respondents from Karlovy Vary region, on the contrary, as a tool with rather secondary importance it is seen in Pardubice and South Moravian region.
- Significant regional differences can be seen in case of "starter" loans or grants. This tool received the best ratings in Olomouc and Karlovy Vary region, the worst in Liberec and Pardubice region.

From above mentioned summary engaged that from the four predefined tools in various regions:

- In South Bohemian region balance and work diagnostics is rated as the most important tool.
- In the South Moravian region in addition to balance and work diagnostics these are also retraining.
- In Karlovy Vary and Pilsen region motivational activities are considered as the most important tool.
- Also in Hradec Kralove and Liberec region balance and work diagnostics is evaluated as the most important tool; in Hradec Kralove region "starter" loans and grants are evaluated on the same level, in Liberec region these are motivational activities. Respondents in Liberec region have somewhat "skeptical" approach to the meaning of individual tools (rating from 2.5 to 3.3 points).
- In Moravian-Silesian, Pardubice, Central Bohemian and Usti region retraining are considered as the most important tool. Similarly it is in Olomouc region, where "starter" loans or grants are evaluated at the same level.
- Respondents from Prague report as the most important tool "starter" loans or grants.

Women

- Regional differences between the assessment of individual measures / tools to support women are not significant.
- "Starter" loans or grants are considered as the most important tool, of the four mentioned, in South Moravian, Olomouc, Pilsen, Prague and Central Bohemian region. In Hradec Kralove region 3 tools are evaluated at the same level: "starter" loans or grants, further education, coaching, mentoring and consultancy and contributions to the care of dependent persons (children, old people, etc.) as well as by employed women.
- Contributions to the care of dependent persons (children, old people, etc.) as well as by employed women prefer also respondents in Karlovy Vary, Liberec and Pardubice region; in

Pardubice region relief in payments of taxes / levies on social insurance are evaluated at the same level. These are considered as the most important of mentioned tools in the South Bohemian, Moravian-Silesian and Usti region.

From evaluation of significance of **barriers that prevent starting a business**, there can be concluded some regional difference, although, on the other hand, respondents from all regions consider the barrier of too high initial costs as very significant.

Based on survey results can be stated that:

- Respondents from South Bohemian region report too high initial costs and mention also lack of target group interest.
- Similarly, in South Moravian region, most often mentioned reason are too high initial costs, further respondents report inability of supported person to maintain started business together with disinterest or inability of target group actually start a business, another problem are finances – contribution from labour office is usually not enough to start a business.
- In Karlovy Vary region respondents mention the inability of supported person (due to e.g. the fact that the person cannot manage money, is unable to deal with customers etc.) to maintain started business.
- In Liberec region these are in particular too high initial costs, as well as lack of interest or inability of target group actually start a business and inability to maintain the business. The same barriers are also mentioned by respondents from Olomouc region.
- Respondents from Moravian-Silesian region emphasize in particular lack of interest or inability of target group actually start a business, as well as competition preventing to implement specific business plan of supported person, lack of suitable candidates and too high initial costs. In their comments, respondents also mention administrative demands not completely clear "limits" of grant provider.
- In Pardubice and Pilsen region, respondents report too high initial costs and lack of interest or inability of target group actually start a business; in Pilsen region additionally lack of suitable candidates.
- The range of barriers according to the opinion of respondents from Prague is wider: the lack of suitable candidates, too high initial costs, competition and inability of supported person to maintain the business.
- For respondents from Central Bohemian region, major barrier are too high initial costs. They further mention lack of interest or inability of target group actually start a business.
- In Usti region, as well as in Central Bohemian (and Zlin) region, the major barrier to start a business are too high initial costs, further respondents report lack of interest of target group about starting a business and the lack of suitable candidates.

3.2.4 EQ 1.5: What are appropriate ESF (ERDF) interventions, which solve defined problems, resp. eliminate negative causes of problems, eventually support effect of positive factors?

Except the context and findings of this evaluation, which forms key basis for formulation of recommendations to the topic of inclusive entrepreneurship, starting premise of this chapter may also be conclusion of *ESF Strategic evaluation with emphasis on OPHRE* (DHV and NVF, 2012, p. 249), in which it was stated that in the next programming period 2014+ there should be supported establishment and development of new enterprises and self-employments, self-employed entrepreneurship activities, further there should be also deepened instruments related to development of consultancy services providers for starting entrepreneurs.

The following text is structured according to identified causes of inclusive entrepreneurship problems in the Czech Republic

a) Insufficient qualification in relation to labour market demands and low education level of disadvantaged persons on the labour market including entrepreneurship

The aim is to improve qualifying conditions of disadvantaged people in the labour market in such way, that there should be extended possible range of activities to start a business, increased their abilities to start a business and thus offered them another option than dependent activity, which for some of them may be, with regard to possibilities of adapting their working hours, very interesting (e.g. for women returning from maternity leave). This objective should be achieved by setting up support programs for disadvantaged people for their return to the labour market and in particular their support in starting the business (including use of mentoring and coaching, especially for low-skilled persons).

Proposals of solutions:

- 1) Comprehensive support system setting for disadvantaged people, which will include a wide range of consultancy and training services.
- 2) Financial support system setting with use of foreign experience (e.g. from Great Britain – *New Deal 50+*, *Prince's Initiative for Mature Enterprise* (PRIME) or Poland *Mature businessman* project). Financial support is usually associated with non-financial support (i.e. education, consultancy, coaching, mentoring)⁴⁰. Emphasis is put on repayable forms of financial support for starting a business (esp. micro-loans).
- 3) Balance work and diagnostics – support of accordance between skills, educational and professional potential of people and possibilities of their real application in the labour market; working diagnostics as a subsystem of balance diagnostics is directly focused on the possibility of a specific job employment which is relevant to skills and interests of the client;
- 4) Retraining – support for acquisition of new skills, while improving, expanding or deepening existing qualifications, including its maintenance and restoration. For retraining is regarded also qualification acquisition for employment of such person, who didn't receive previous qualifications. When implementing retraining courses it should be based on the labour market needs at the micro-region level (district or county) / (region).

The way of solution:

It can be addressed by public policy instruments, including business support, employment support,

⁴⁰ Importance of non-financial support is confirmed both by individual experts and also discussions on the expert panel, further it follows also from GEM 213 and from PwC study (2013). Definition of appropriate types of interventions which is supportable by repayable form of support.

also within European Funds (ESF) programs. Emphasis is needed to place on projects quality and complexity (entrepreneurs' support, both before and after starting their entrepreneurship). For consultants activity knowledge of business environment is necessary, as well as specifics understanding of disadvantaged groups and work with them (woman after maternity leave vs. low-skilled older man). In terms of competencies there is again a question of entrepreneurship issue as an alternative to employment inclusion into the school educational programs. These issues should be discussed with Ministry of Education. A comprehensive approach will be addressed within OPE 2014+, specifically in following investment priorities:

- Investment priority 1.1 - requalification, balance diagnostics, support of beginners in self-employment;
- Investment priority 1.2 - further professional education for women and persons taking care about other dependent persons focused on improvement of their access to the labour market, including self-employment performance
- Investment priority 1.5 - Investment priority 5 permanent inclusion of young people into the labour market, where support of starting a business should be provided;
- Investment priority 2.1 – activities related with education of socially excluded people and persons at risk of social exclusion on the labour market with aim to support establishment of new entrepreneurial activities focused on social entrepreneurship.

b) Lack of financial resources for financing start of the business, aversion to the risk of entrepreneurial activities related to low entrepreneurial self-confidence of disadvantaged people

The aim is to improve access to finance for start-up entrepreneurs from group of disadvantaged people, which are considered very risky. For beginning disadvantaged entrepreneurs, support through concessional loans, guarantees and capital inputs (venture capital) and also consultancy will be crucial. Supported should be not only business start, but also its early growth phase by combination of financial products and custom-designed support in such way that the company would develop to such phase where it has more access to various sources of finance. This will increase the willingness of disadvantaged groups for business activities, and also it will increase their business self-confidence.

From results of questionnaire survey within this project follows needs identification of different target groups. As essential it turns out financial support in form of subsidies or micro-loans, which enable people disadvantaged in the labour market to start their own business. It can be stated that in this, opinions of respondents don't differ significantly regionally. Financial support should be conditioned by relevant educational courses (generally about entrepreneurship, management training, financial and legal literacy, professional skills, work with PC – for entrepreneur needs, etc.).

On the other hand, these persons initiating business should be supported by relevant services, even at phase of business "maintaining". This is a wide range of services related to which disadvantaged group it is (young mother x low-skilled older man).

One of proposed options of financial support that could help enable to activate people disadvantaged in the labour market to their own business is recommendation, that emerged from the panel of experts and also from workshop, not to interfere social benefits of disadvantaged people starting the business in initial phase of the business (e.g. for 1 year). The point is that start-up entrepreneur should acquire a sense of security in the early beginning of his business as to ensure his life existence (or the existence of his family). Similar conclusion emerged from COPIE survey. It is mainly a question of Czech legislation, but on the other hand, there could be considered such type of

support in form of one-time, non-refundable grant for disadvantaged people in OPE. But there should be needed to accept measures to prevent the abuse of such subsidies.⁴¹

Proposals of solutions:

Setting of specific support to disadvantaged people not only at the beginning, but also during the business (EC, 2010):

- 1) Financial support for beginning entrepreneurs in form of subsidies, „starting „loans or micro-loans⁴². This support should be related or conditioned by education, coaching and mentoring, which should lead to restriction of financial risks and increase of viability a reality of the project. Emphasis should be placed on repayable forms of financial support;
- 2) Motivational activities⁴³ – activities focused on orientation increase in labour market demands, demands of job vacancies on the labour market, further preparation for inclusion into the requalification, resp. other instruments of active employment policy, including working habits resumption⁴⁴;
- 3) Greater utilization of proved solutions from abroad related to the support of beginning disadvantaged persons in their entrepreneurial activity (PwC, 2012, p. 35), i.e. increase of financial literacy, preparation of business plan, marketing strategies including market potential identification, negotiation skills training and skills for the purposes of negotiation with support providers, or else with potential investors, help with sales⁴⁵.
- 4) Contributions for ensuring taking care about dependent persons (child, old people etc.) as well by employed women, reliefs in taxes payment / levies on social insurance.

The way of solution:

It can be addressed by public policy instruments, including entrepreneurship support, employment support, also within European Funds (ESF, ERDF) programs. Regarded to contributions and benefits, legislative change is necessary. In OPZ 2014+ will focus on these activities:

- Investment priority 1.1 - motivational activities focused on orientation increase in labour market demands, demands of job vacancies on the labour market, further preparation for inclusion into the requalification, resp. other instruments of active employment policy, including working habits resumption;
- Investment priority 1.2 – men and women equality.

⁴¹ Respondents of questionnaire survey recommended very strongly reliefs in taxes payments / levies on social insurance or health insurance.

⁴² According to PwC (2013), for this area there are suitable instruments of repayable assistance by micro-loans, loans and capital input (seed or venture capital). PwC also mentions supplementation of financial support by soft tools that allow usage of provided finance successfully – it is notably training, coaching / mentoring, etc. (page 9).

⁴³ Importance of motivational activities for entrepreneurship of disadvantaged people as an alternative to employment follows also from GEM 2013 where it is stated (p. 47): "Entrepreneurial activity of unemployed people significantly decreased in recent years. ... Low remains entrepreneurial activity of women. There was also decline in perceived opportunities for starting a business from people's point of view. "Within the context of motivational activities there can be included examples of good practice.

⁴⁴ Motivational activities can play an important role in terms of a sense of uncertainty that is associated with entrepreneurship, so most of unemployed people prefer "certainty" of employment. It is necessary to find a suitable form of how to motivate disadvantaged persons who have appropriate skills (interconnection with balance work and diagnostics) to make up so uncertain business for them.

⁴⁵ From panel of experts resulted emphasis on motivation of individuals, feasibility of their business plan (the ability to compete in the market) and also crisis plan, important for solving problems that beginning entrepreneurs meet.

Interventions in financial area would be available within OPEIC 2014+ (Operational Programme Enterprise and Innovation for competitiveness, managed by Ministry of Industry and Trade and IROP 2014+, i.e. Integrated regional operational program, managed by Ministry for regional development.

c) Macroeconomic development connected with economic crisis

The aim is to mitigate negative effects of economic crisis through targeted supports of disadvantaged persons, especially in regions affected mostly by unemployment rate, where low-skilled people participate still less in the labour market and significantly more often participate on long-term or repeated unemployment. Many of them (especially older generations) are trying to deal with their situation by escaping into economic inactivity (early retirement pensions, maternity leave). The problem also is a sense of uncertainty that is associated with entrepreneurship, so most of unemployed might prefer "security" of employment.

Proposals of solutions:

- 1) Entrepreneurship support in the Czech Republic regions⁴⁶, especially in those with high unemployment rate, i.e. support of establishment and development of new enterprises and self-employment, support of self-employed business activities development (specific support of long-term unemployed with an emphasis on differences between educational groups, age and gender differentiation within different groups and increase of their motivation to business activities and return to the labour market);
- 2) Development of providers of guidance services for young entrepreneurs, while in connection with consequences of economic crisis the emphasis should be placed on those groups that notice long-term decline in business activities (i.e. declining share of new entrepreneurial activities of women and also apprentices);
- 3) Awareness and consultancy in area of starting own entrepreneurial activity in form of systematic training in key areas for entrepreneurship (including e.g. so called job clubs⁴⁷).⁴⁸

The way of solution:

It can be addressed by public policy instruments, including business support, employment support, also within programs financed from EU funds (ERDF, ESF). Comprehensive approach will be addressed within OPE 2014+, especially in Investment priority 1.3 Workers support, enterprises and entrepreneurs support to adapt to changes, in which, among other things, will be supported continuing professional education of self-employed. Also Priority axis 3 Social innovations and international cooperation will be very significant – e.g. activities related to support of workers, enterprises and entrepreneurs adaptation to changes in the labour market, human resources development in companies, workplace innovation, development of further education and lifelong learning strategies for employees, or support of production created esp. by persons disadvantaged in the labour market.

⁴⁶ This proposal is based, among other things, also on GEM study (2013), which states that in the Czech Republic, in general, "In the area of financing remains problem of availability of embryonic financing and financial expansion of growing company" (page 48).

⁴⁷ Job Club is consultancy program, whose main objective is to motivate and mobilize its participants to application in the labour market, through acquisition of orientation on the labour market and job skills training and job search techniques. (<http://portal.mpsv.cz/sz/obcane/jobclub>)

⁴⁸ From COPIE survey results emphasis on consultancy, education and training activities not only at entrepreneurship beginning, but also in its duration – not only consultancy services, but also possibility of new knowledge and skills and experience exchange, similar to GEM (2013, p. 48) – with an emphasis on the quality of consultancy services.

4. TASK 2 – PERFORM AN EVALUATION OF SOCIAL ENTREPRENEURSHIP SUPPORT PROVIDED UNDER OPHRE AND IOP

4.1 Task 2.1 – Perform an evaluation of calls 1 and 8 IOP and 30 OPHRE for social entrepreneurship support

Descriptive analysis of the issue

The purpose of evaluation task 2.1 is to perform an evaluation of calls no. 30 OPHRE and 1 and 8 IOP, aimed at social entrepreneurship support and development, based on evaluation of projects funded under these calls. Progress and achieved calls results and each project results were assessed in relation to:

1. Calls goals
2. Target groups
3. Other possibilities of support

Social entrepreneurship

Social entrepreneurship is specific type of business in which the economic activity is equated with social benefits (public beneficial interests satisfying) and development at local level with regard to the environment. Importance of social entrepreneurship is growing with current economic downturn, which is reflected in current EU priorities (see the Europe 2020 Strategy, Social Business Initiative, legislation draft for EU cohesion policy etc.), where job creation (employment) for disadvantaged persons in the labour market is getting in the forefront, further than combating poverty (social inclusion), development of local communities and lagging regions. Main problem (challenge) of the Czech Republic in the field of social entrepreneurship is underdeveloped sector of social economy (low number of social enterprises and insufficient range of services and products and socially beneficial activities of social enterprises) with result of continuation or worsening of poor employment situation of socially disadvantaged people, poor situation of socially excluded people, bad situation in local communities development area and in the environment.⁴⁹

Social enterprise means "a subject of social entrepreneurship", i.e. legal entity established under private law or any part of it or natural person, each of which fulfils principles of social enterprise. Social enterprise meets public benefit objective, which is formulated in founding documents. It is created and developed on the base of the concept of so-called triple benefit (English triple bottom line) – economic, social and environmental.⁵⁰

Calls announcement

Support of social entrepreneurship development was ensured, inter alia, by three calls announcement for social enterprises activities establishment or expansion. Calls were announced within two programs, i.e. Integrated Operational Programme (call no. 1 and 8) and Operational Programme Human Resources and Employment (call no. 30). They were all aimed either on new entity support or on support of new activity establishment, which was built on the principles of social entrepreneurship. Calls supported both creation or expansion of social enterprises capacity and also new business activities of self-employed workers who are also persons referred in target groups and their entrepreneurship has social, environmental and economic benefits on local community.

⁴⁹ Citation of contract tender documentation.

⁵⁰ Study of social economy infrastructure in the Czech Republic, full version, TESSEA, 2011, p. 15

Calls 1 and 8 IOP and 30 OPHRE were aimed at support of new entrepreneurial activities, which at the same time fulfilled so-called principle of social entrepreneurship. These were 4 principles, which applicants should have to meet, resp. should log to them.

Principles of social entrepreneurship

These principles were originally formulated in calls as follows:

1. Social enterprise contributes to unemployment reduction and to social inclusion support (30% of employees from total number of social enterprise employees have to come from target groups – persons are counted, not employments).
2. Relations of social enterprise are aimed at maximum possible participation of employees in decision-making and social cohesion strengthening.
3. Any profit from participation in the market is used for social enterprise development and / or for its public beneficial purposes fulfillment, not for redistribution to founders / shareholders / partners / stockholders, while at least 51% of the profit the beneficiary is obliged to reinvest in social enterprise (exact % applicant will define himself in his documents on legal subjectivity).
4. Social enterprise is oriented locally, i.e. it satisfies local needs and uses local resources, enters local initiatives and partnerships and contributes to local development.

From the date of 15th of September 2011, there were modified formulations of three of these four principles. Changes concerned following areas:

In principle 1 there was increased required boundary for target groups' employment from 30 to 40%. In addition, methodology was changed, newly, there weren't counted people, but time jobs, and minimal time job for target groups was stated to 0.4. Formulation of this principle further clearly specified that the contract with employees from target group has to be made in writing and permitted are only contracts or agreements for work.

In principle 3 there was specified the way of any profit reinvesting. Formulation was recently completed as follows: Profit can be reinvested continuously according to enterprise needs; profit reinvestment into the increase of employees' qualifications, into new technologies purchase related to introduction of new products and services of the company, into the performance of public beneficial aim of organization, into the background creation for new employees.

Principle 4 has been expanded to include environmental aspect, where newly was formulated that the company has to take into account environmental aspects.

Since the fourth revision there were completed criteria of social entrepreneurship that the applicant– social enterprise should meet. These concerns following criteria:

- Basic purpose of social enterprise is to carry on such kind of activities that would thrive society and / or local community by performing systematic economic activity = providing public beneficial services.
- Company fosters a sense of social responsibility at local level (i.e. for example by providing co-financing resources). Abides by ethical principles, including the principle of equal opportunities.
- Project is innovative. Innovation is understood as:
 - Introduction of new services or products or products of new qualities;
 - Introduction of new working methods;
 - New market opening;
 - Provision of new raw materials resources;
 - Reorganization of activities area.

- Social enterprise enters local initiatives and partnerships, contributes to local development of disadvantaged areas.
- Social enterprise takes economic risks.
- It is independent on public or private institutions.
- Uses combination of market, non-market and non-financial resources (e.g. voluntariness).

Target groups

In terms of calls definition, there were by legitimate target groups exhaustively defined these groups of disadvantaged persons in the labour market:

1. Persons with disabilities
2. Youth and young adults – youth at risk by social pathology effects, young adults leaving institutional facilities
3. Homeless persons
4. Persons leaving facilities of institutional or protective care and persons leaving punishment of imprisonment
5. Victims of any crime, victims of domestic violence, victims of human trafficking, persons commercially abused
6. Persons taking care about close person
7. Persons with experience with drug addiction
8. Persons that are long-term unemployed
9. Other unspecified social excluded persons or persons at risk by social exclusion that were or are users of registered social service according to law no. 108/2006 Sb. about social services.

Overall, there were supported 685 persons from target groups in all three calls, of which under projects of call 30 OPHRE were supported 636 persons and under call No. 1 and 8 IOP 188.63 persons.⁵¹ These persons were supported primarily through creation of new jobs and employment. This is current status of supported persons to the date of 7th February 2014, it is expected that this value will be higher, because some projects are to this date still in early phase of their implementation. Commitment of recipients in approved projects corresponds to 679 persons supported under OPHRE projects and 283.5 under IOP projects.

Analysis of number of projects according to target groups, on which they were focused, was performed in call no. 30 OPHRE based on data from Monit7 +, where this information could be traced. Additional survey on selected projects supported under IOP showed that the percentage of individual target groups is practically identical. Following table is working with beneficiaries obligations, as they have undertook them in project applications, not with current and actually achieved values.

Table 11: Social enterprises supported under OPHRE according to target groups

Target group	Number of projects	In %	Number of target groups	In %
Persons with disabilities	65	63 %	355	52 %
Long term unemployed	33	32 %	121	18 %
Other unspecified persons	9	9 %	52	8 %
Children, youth, young adults	15	13 %	44	6 %
Ethnic minorities	13	13 %	40	6 %
Persons dependent on drugs	4	4 %	18	3 %

⁵¹ The sum of indicator for both programs is 824.63 persons supported, however 139.63 persons were supported from both programs and therefore are deducted from the total sum, not to be reported in duplicate.

Persons leaving punishment of imprisonment	2	2 %	12	2 %
Persons leaving facilities of institutional or protective care	3	3 %	11	2 %
Persons taking care about close person	5	5 %	10	1 %
Homeless persons	3	3 %	7	1 %
Victims of crime	1	1 %	6	1 %
Asylum seekers and migrants	1	1 %	3	0 %
In total	104⁵²	XXX	679	100 %

Source: Monit7+, data to the date of 7th of February 2014

Eligible recipients

Various types of eligible beneficiaries were again exhaustively defined in calls. Specifically, these were self-employed, business entities (joint stock companies, limited liability companies, public companies, limited partnership, cooperatives, or business entities doing the business under an authorization according to special regulations) and nongovernmental non-profitable organizations – NGOs (public benefit corporation and registered ecclesiastical legal persons).

Presentation of different legal forms among support beneficiaries is clearly elaborated in following table.

Table 12: Social enterprises supported under OPHRE and IOP according to legal form

Legal form	Number of enterprises	Percentage
Plc.	1	0,8 %
Ltd.	75	61,8 %
Cooperative	8	7,3 %
Public benefit Corporation	19	15,5 %
Self-employed	16	13,0 %
Public company	1	0,8 %
Church	1	0,8 %
Total	1	100,0 %

Source: Monit7+, data to the date of 7th February 2014

Types of supported social enterprises according to entrepreneurial area and target groups

Type I

Limited liability Company, or public benefit corporation are working with target group of people with disabilities in boarding area. This is typically cafes or restaurants operation. Company employs 3-8 people from target groups. Support is directed primarily at facilities of establishment, personnel training and initial operating costs, including direct support to target groups.

Type II

Limited liability Company or public benefit corporation which are working with target group of disabled people in services that do not require higher qualifications. Typically, this includes the laundry and dry cleaning. The company employs typically 2-6 persons from target groups. Support is directed primarily to the technology acquisition, short staff learning, or to direct support of target groups (wages).

Type III

Limited liability Company or public benefit corporation which are working with target group of disabled people in skill-demanding fields such as digitalization, websites management, etc. The

⁵² Under call 30 OPHRE was supported a total number of 104 projects, however, approximately one third of them were focused on more target groups simultaneously, so the sum for each category of target group does not agree with total number of projects.

company employs typically 2-6 persons from target groups. Support is directed primarily to personnel training, to direct support, or for work equipment purchase.

Type IV

Limited liability Company or possibly a natural person employing target group from ethnic minorities (Roma minority), or long-term unemployed. The company typically works in construction, landscaping or technical and municipal services. Typically, it employs between 5-10 employees. Support is directed primarily to equipment purchase and direct support to target groups (wages).

Type V

Limited liability Company, or public benefit corporation, or cooperative which are pursuing manufacturing activity. Typically, this is production and processing of plastics, woodworking or possibly food production. Target group is diverse in this case. The company employs between 4-10 employees of targeted groups. Support is directed primarily to technology purchase, to a lesser extent than on target groups training.

Characteristics of individual calls

Calls were issued within two programs – IOP and OPHRE, where applicants could submit applications to one or both programs.

Overall, OPHRE and IOP supported 121 social enterprises, of which the OPHRE supported 78 companies and IOP supported 19 companies. 24 social enterprises achieved support from both operational programs (an investment subsidy from IOP and non-investment grant from OPHRE). The numbers of companies supported under evaluated calls are mentioned including distribution on various programs and regions are shown in Table 3 (see Sec. 3.1.1).

OPHRE

Support for selected projects under OPHRE was provided from ESF, up to 100% of eligible expenses. In case of OPHRE projects, there wasn't required to take any co-financing. Supported were following activities:

- Creation and implementation of social entrepreneurship principles of an applicant
- Jobs creation and maintenance for target groups
- Jobs creation and maintenance for head employees and employees providing specific support to employed from target groups
- Training of employees from target groups and training of other employees of social enterprise
- marketing of social enterprise

Call No. 30

Call was opened from 2nd of March 2009 till 31st of October 2013.

Specific goal: Social inclusion of socially excluded persons and persons at risk of social exclusion, including barriers elimination in their approach to employment.

Allocation:	390 921 306 CZK
Exhausted allocation:	351 721 305.4 CZK
Number of submitted applications:	822
Number of supported projects:	104
Average amount of support:	3 381 935.94 CZK
Number of finished projects: ⁵³	32
Number of supported persons:	636

⁵³ To the date of 7th February 2014

IOP

In IOP framework were announced 2 calls (No. 1 and 8) to support social entrepreneurship within intervention area 3.1 Services in the field of social integration, Activity c) investment support for social service providers, employers and other stakeholders when promoting and implementing social economy tools "Investment support of social economy." Calls were focused on investment support of social economy development, while support was provided by ERDF.

Support was focused primarily on of tangible and intangible assets acquisition and related retail services needed to start a new business. Further, limited support could be provided to project manager wage and to promotion measures.

According to projects supported under IOP, in call no. 1 there was required co-financing at minimum level of 10%, in call no. 8 it was at least 20% of co-financing, i.e. from public funds could be paid in call no. 1 a maximum of 90% of eligible project costs, in call no. 8 it was 80%.

Call No. 1

Call was opened from 10th of April 2009 till 1st of April 2011, when the call was closed.

Specific goal 3.1c): Ensuring sustainable employment for disadvantaged groups in current business environment, including their individual development and support of social services provision.

Allocation:	383 936 850 CZK
Exhausted allocation:	80 951 471 CZK
Number of submitted applications:	139
Number of supported projects:	23
Average amount of support:	3 519 629.17 CZK
Number of finished projects: ⁵⁴	21
Number of supported persons:	119

Call No. 8

Call was opened from 29th of July 2011 till 6th of May 2013.

Specific goal 3.1c): Ensuring sustainable employment for disadvantaged groups in current business environment, including their individual development and support of social services provision.

Allocation:	73 444 160 CZK
Exhausted allocation:	59 664 088 CZK
Number of submitted applications:	201
Number of supported projects:	20
Average amount of support:	2 983 204.40 CZK
Number of finished projects: ⁵⁵	8
Number of supported persons:	69.63

Impact on the segment of social enterprises in the Czech Republic

P3 – People, Planet, Profit company is engaged in long-term monitoring of social entrepreneurship segment in the Czech Republic, which has a database of social enterprises in the Czech Republic. At time of this evaluation preparation, there was recorded a total number of 142 social enterprises (see Table 2) in P3 database. Comparing this database with social enterprises supported under calls 1 and 8 IOP and 30 OPHRE there was found that a total number of 85 out of 142 recorded enterprises received financial support for their projects. This means that 60% from currently existing social enterprises were created or started a new business activity thanks to support from Structural Funds.

⁵⁴ To the date of 7th February 2014

⁵⁵ To the date of 7th February 2014

4.1.1 EQ 2.1.1: To what extent appropriately are in calls defined principles and criteria of social entrepreneurship and to what extent they are really implemented / fulfilled in projects?

Question entering from tender documentation

The task of an evaluator is to assess to what extent principles and criteria of social entrepreneurship defined in calls allow calls promoter to differ and support quality social-entrepreneurial projects. Evaluator will assess definition of social entrepreneurship in calls, principles (criteria) formulation of social enterprise and their communication (esp. in terms of clarity for applicants, beneficiaries and evaluators to what extent they are consistent with call objectives). Evaluator will assess the real implementation of principles of social entrepreneurship in individual projects. Evaluator will also evaluate which of mentioned principles are implemented in projects to greater / lesser extent and why. To evaluate fulfilment rate of principles of social entrepreneurship there will be used a set of indicators of social enterprise elaborated within TESSEA project.

Introduction

Principles of social entrepreneurship, which were used for project applications identification for social entrepreneurship development within calls 1 and 8 IOP and 30 OPHRE are reported in introduction descriptive part to the task 2.1. Claiming to these principles should help to distinguish social enterprises from ordinary businesses for call's needs.

Main findings

Principles are formulated in such way, to include all areas of social enterprise activity, i.e.

- Social area
- Local (regional) area
- Environmental area
- Economic advantage.

While first two areas, i.e. social and local, were formulated in calls since their first publication, environmental dimension has been added later.

In principle 1 and 3, there is clearly defined the way of recognition of this principle fulfilment (there is defined exact number of employees from target groups and the way of their calculation, respectively there is defined minimum percentage of profit that must be reinvested in specifically designated area). In case of other two principles, i.e. the maximum participation of workers in decision-making (i.e. empowerment) and local and environmental orientation, the principles definition is on a very general level.

Substantive principles implementation

Principles of social entrepreneurship are defined closer by using TESSEA network indicators, whose social entrepreneurship definition is generally accepted. These indicators are, in parallel with evaluation, specified and their purpose is to define recognitive features of individual principle, to quantify the degree of fulfilment and to define the way of provement (source). Within qualitative research there were elaborated 8 case studies of supported projects where it was evaluated in what way these enterprises meet individual indicators. On stated sample, it was found by expert review that most of indicators defined by TESSEA network for social entrepreneurship, which were further, developed within MLSA project, these social enterprises meet. In some cases, however, these indicators are not fulfilled in completely appropriate way. Most often anomalies occur in following indicators:

1 b) participation of employees and members on strategic company heading

Compliance of this indicator is seen by representatives of social enterprises particularly in fact that employees are regularly informed about situation and plans of the company. Employees then usually have an opportunity to express their views, or to present their proposals. But decision-making remains in owners or managers hands. It is quite logical, since owners bear the ultimate responsibility. On the other hand, in this range of employees' information and ideas collection works most of common entrepreneurial entities.

2 c) independence (autonomy) in managerial decision making and management in hands of external founders and establishers

In all eight surveyed social enterprises these were private entities, when founders and establishers were owners, who were also top managers deciding about company's heading. For this reason it wasn't possible in either case to separate manager and founder person. This indicator couldn't be met in its nature.

3 a) Preferred meeting of needs of local communities and preferably local demand satisfying

Compliance of this indicator was strongly dependent on type of activity that social enterprise carried out. Some companies were already inherently focused on local needs meeting (cafes, restaurants); others were focused on local customers especially because they had an established network of contacts and were more competitive because of transport costs. Some types of activities (painting, PET bottles factory) didn't meet this criterion, because their customers range is limited and only local demand satisfying is basically not possible. In case of local community interest about services of these businesses, of course, met this demand.

Other indicators defined by TESSEA and MLSA were fulfilled by social enterprises without problems.

Within questionnaire survey it was surveyed among final beneficiaries, how difficult it is for them to meet individual SE principles. The question was answered by 68 respondents; again, not all of them have evaluated all principles / criteria. Resultant ratings are shown in following table.

Table 13: Evaluation of difficulties by SE basic criteria fulfilment

Principle (criteria)	Number of respondents	Average rating
Social enterprise contributes to unemployment reduction and to social inclusion support: min. 40% of time work of employees from target groups of total number of social enterprise employees have to come from target groups	67	1,6
Relations of social enterprise are aimed at maximum possible employees participation in decision-making and at social cohesion strengthening	67	2,2
Any profit from participation in the market is used for social enterprise development and / or for fulfilment of its generally beneficial objectives, while min. 51% of the profit recipient is obliged to reinvest in social enterprise	65	1,4
Social enterprise is oriented locally / regionally and environmentally, i.e. it satisfies local needs and uses local resources, enters local initiatives and partnerships, contributes to local development and takes into account environmental aspects	68	2,2

Source: questionnaire survey IREAS (09-12/2013), Questionnaire 1 (FB SE OPHRE and IOP), n=71 (number of addressed 135)

From evaluation results as an easiest principle of profit usage for SE development (it was rated by point 1 by 79% of respondents), with a relatively small distance followed by unemployment reduction and social inclusion. Remaining two principles received the same average result of 2.2 points and as easy, in terms of feasibility, it is considered only by 35% of respondents.

From provided survey follows that at least (worst) are fulfilled two indicators of social entrepreneurship in praxis, these are:

- Relations of social enterprise are aimed at maximum possible employees participation in decision-making and at social cohesion strengthening and
- Social enterprise is oriented locally / regionally and environmentally, i.e. it satisfies local needs and uses local resources, enters local initiatives and partnerships, contributes to local development and takes into account environmental aspects.

The reason for lack of workers participation in decision-making is fact that most of social enterprises are private companies, mostly Ltd., which operate on open market. Company owner is almost always also its manager and bears business risk. It is logical that the decision-making power is concentrated primarily in his hands.

The reason for inadequate implementation of local and environmental principle is in its insufficient understanding, as show survey results when concerned clarity of each principle.

Principles comprehensibility

From expert assessment point of view, on the basis of individual calls evaluation, individual principles of social entrepreneurship are defined factually and clearly in view of the goal that should be achieved by these principles compliance.

Perception of principles of social entrepreneurship was examined through questionnaire survey among project implementers. Results show that principles of social entrepreneurship, as they are defined in calls, are mostly understandable to implementers. Certainly understandable they are for 61% out of 62 respondents and more clearly they are for 39% of respondents. When concerned unsuccessful applicants, the situation is more or less similar. Certainly understandable they are for 52% out of 29 respondents, more comprehensible they are for 38% of respondents. Principles of social entrepreneurship were determined as rather incomprehensible by 7% of respondents and only 3% of respondents determined them as completely incomprehensible.

More detailed look at clarity of individual principles doesn't bring so clear information about principles comprehensibility. Respondents within questionnaire survey were asked to evaluate each principle in the scale from 1 to 5, where 1 is completely understandable and 5 totally incomprehensible. Results are shown in table below.

Table 14: Evaluation of comprehensibility of social entrepreneurship principles in calls

Principle /Evaluation (number of answers)	1	2	3	4	5
Social enterprise contributes to unemployment reduction and to social inclusion support: min. 40% of time work of employees from target groups of total number of social enterprise employees have to come from target groups	58	4	0	0	1
Relations of social enterprise are aimed at maximum possible employees participation in decision-making and at social cohesion strengthening	37	11	11	2	2

Any profit from participation in the market is used for social enterprise development and / or for fulfilment of its generally beneficial objectives, while min. 51% of the profit recipient is obliged to reinvest in social enterprise	43	5	2	0	1
Social enterprise is oriented locally / regionally and environmentally, i.e. it satisfies local needs and uses local resources, enters local initiatives and partnerships, contributes to local development and takes into account environmental aspects	36	17	5	3	2

Source: questionnaire survey IREAS (09-12/2013), Questionnaire 1 (FB SE OPHRE and IOP), n=71 (number of addressed 135)

From above mentioned table follows that respondents consider as more clear those principles of social entrepreneurship, which are defined by some quantified indicator. On the contrary, where the definition is more verbal, without numerical value, the comprehensibility is evaluated worse.

This conclusion is confirmed also by results of questionnaire survey among project managers in concerned calls.⁵⁶ According to their point of view and experiences better understandable are those principles of social entrepreneurship that are quantifiable. On the other hand, in review of SE principles clarity for implementers and applicants, opinions of project managers vary a lot, when understandability of certain principles is evaluated by one PM as completely understandable, while second one considers it as completely unintelligible for applicants.

In structured interviews with grant recipients was, with regard to the clarity of principles of social entrepreneurship definition, found that applicants perceived principles in such way, that there must be fulfilled all four of them. In that way perceived text of calls also evaluator. This led to elimination of projects that were other than on integration social enterprises.

Interesting point of view brought survey among project managers of individual calls that have been in contact with applicants / final beneficiaries and thus could, based on questions, assess how individual principles are comprehensible to applicants. Following table shows understandability of individual principles according to project manager calls. Shown is mark on scale from 1 to 5, where 1 meant totally understandable. It was rated by 4 project managers.

Table 15: Evaluation of comprehensibility of social entrepreneurship principles in calls

Principle /Evaluation	Average	Dispersion
Social enterprise contributes to unemployment reduction and to social inclusion support: min. 40% of time work of employees from target groups of total number of social enterprise employees have to come from target groups	2	2
Relations of social enterprise are aimed at maximum possible employees participation in decision-making and at social cohesion strengthening	3	0,92
Any profit from participation in the market is used for social enterprise development and / or for fulfilment of its generally beneficial objectives, while min. 51% of the profit recipient is obliged to reinvest in social enterprise	2	0,92

⁵⁶ These are employees of MLSA (grant providers).

Social enterprise is oriented locally / regionally and environmentally, i.e. it satisfies local needs and uses local resources, enters local initiatives and partnerships, contributes to local development and takes into account environmental aspects	3	4,25
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Source: questionnaire survey IREAS (01-02/2014), n=4 (project managers)

Results show that, in accordance to project managers, individual principles are not fully understandable for applicants. Again, it appears that comprehensibility helps significantly principle quantification. Largest differences in evaluation were by last principle. Within comments, project managers report that the biggest problems for applicants were environmental principle, which was often confused for environmental behavior, and local principle, by which they often didn't know what to imagine.

Conclusions

Substantive implementation of principles

Individual principles are respected and fulfilled in supported projects, but there are never fulfilled all TESSEA network indicators that have been defined to assess the fulfillment of SE principles. In projects, the most problematic fulfilment has these principles:

- Relations of social enterprise are aimed at maximum possible employees participation in decision-making and at social cohesion strengthening and
- Social enterprise is oriented locally / regionally and environmentally, i.e. it satisfies local needs and uses local resources, enters local initiatives and partnerships, contributes to local development and takes into account environmental aspects.

Principles clarity

It can be concluded that majority of applicants and beneficiaries consider principles and criteria of social entrepreneurship defined in calls for clear and understandable. In evaluation it became apparent that much more understandable for social entrepreneurs are those principles that are quantified in some way (e.g. 40% of time jobs or 51% of reinvested profits). According to principles that are formulated rather verbally (local and environmental orientation) respondents mentioned lower clarity.

Principles suitability

Principles used in calls are suitable only for integration social enterprises. Other types of social enterprises should have had defined other principles that would be more suitable to their nature and focus.

Investigation also showed that similar type of support, based on respect of the 4 mentioned principles, half of which is not too clear to applicants and second half of which is relatively benevolent (employing 40% persons from target groups and 51% reinvestment of any profit), is not very suitable. Significantly directing is also condition of respecting of all 4 principles at the same time, which led to support only of integration social enterprises.

Recommendations

- Unify definition of social enterprise and anchor it in legislation and on its basis, for other potential calls, to define criteria and principles of social entrepreneurship using quantification of these indicators.
- For various types of social enterprises (integration, transition, environmental, local, etc.) to provide alternative options so that support is not directed a priori to one type of social enterprises – see conclusion of evaluation task 2.1.

4.1.2 EQ 2.1.2: To what extent do supported activities lead to call's goals achievement and to problems and their cause's solution which were find out within task 1. ?

Question assignment from tender documentation

Within evaluation question solution, there will be assessed effectiveness of supported types of activities and activities defined under calls, incl. specific activities such as support of employees when commuting to work (i.e. direct support to target groups). In direct financial support of target groups, there will be evaluated, whether this type of support is to sufficient extent, and vice versa, whether its usage is appropriate. Evaluator identifies missing applicable (useful) activities (e.g. use of social franchising, transforms of ordinary business, or NGO social enterprise). Furthermore, evaluator will assess whether supported activities have led to different models of social enterprises establishment, what models / types of social enterprises were created and what is the difference between these models. Evaluator will also assess whether and to what extent lead supported and implemented activities to problems and their cause's solution which were identified under task 1.

Introduction

The main objective of evaluated calls was to support establishment of sustainable social enterprises and social integration of target groups. Already in previous evaluation question was stated that calls setting led exclusively to integration social enterprises establishment, which are further evaluated. Other types of social enterprises, e.g. transitive, environmental or local, are not assessed, since they were not supported in calls. In some cases, local dimension of supported enterprise was significant, which was mainly due to the nature of the activity. Primarily, however, it was always emergence of integrative enterprise which could have, according to the nature of provided activity, more or less local dimension.

Individual activities are therefore evaluated with regard to their contribution to partial objectives identified below.

In calls 1 and 8 IOP and 30 OPHRE support objective is shown in rather general terms, as follows: "Social inclusion of socially excluded persons and persons at risk of social exclusion, including removal of barriers in their access to employment."

Based on the analysis of program documents and text of calls, there were specified three partial goals at all, to fulfilment of which implemented projects within these calls should contribute. These are following three objectives:

1. Integration of disadvantaged persons into the labour market – the aim is to support employment of disadvantaged persons in such way, so they are less dependent on welfare benefits and state support.
2. Establishment and development of social enterprises – this aim is derived from need of establishment and development of a sufficient number of social enterprises that should (through employment of disadvantaged people) create conditions for goals achieving formulated in previous point 1.
3. Finding a suitable model of social enterprise for the Czech Republic – this call's aim is added and does not directly follow from call's formulation. Projects implemented under evaluated calls should allow establishment and development of a sufficient number of social enterprises, with help of which useful and functional model could be found and further development of its support should be made.

Main findings

In terms of TESSEA definitions, almost all social enterprises are supported under calls 30 OPHRE and 1 and 8 IOP, so-called integration social enterprises. This means that their public beneficial aim is

employment and social inclusion of people who are in some way disadvantaged in the labour market. This is mainly due to the calls conditions that are primarily focused on new jobs creation for disadvantaged groups of people. Activities in implemented projects logically lead to conditions creation for these jobs. In investment part of support, it is primarily construction of new facilities, technology, machinery and equipment purchase, or jobs modification so that at these jobs could work persons with disabilities. In projects funded by OPHRE are, in addition to project team funding and to direct support of target groups, most often implemented activities aimed at education and training of target groups (especially in professionally demanding activities) and at needed equipment purchase for business (saws, shovels, etc.).

Goals achievement

When achieving these three identified goals, evaluator primarily worked with information from the monitoring system Monit7 +, where he evaluated both, quantitative information from supported projects and simultaneously qualitative information from texts of applications for support and from monitoring reports.

Goal 1 – Integration of disadvantaged persons into the labour market

This goal was not quantified at calls level according to number of supported persons. In call 30, there were supported 636 persons with disabilities in total. Within calls 1 and 8 IOP, there were supported 188.63 persons in total. This is the number of individuals who have found work in implemented projects, i.e. they have been integrated into the labour market. Target value for selected projects is set at 687 supported persons under OPHRE and 283.5 persons under IOP.

Goal 2 – Social enterprises establishment and development

Within calls was supported establishment and development of 121 social enterprises in total. Although they were established due to IOP and OPHRE support, problematic appears to be especially their sustainability. It can be concluded that the call's objective – to support establishment of social enterprises – was met only partially, because although social enterprises were established, significant part of these enterprises is not sustainable in long term without further subsidies from public funds. Closer to sustainability, see evaluation question 2.1.7.

Goal 3 – Finding of appropriate social enterprise model for the Czech Republic

Based on results of analysis of supported projects it can be stated that practically all supported social enterprises have character of an integration social enterprise, i.e. they are primarily focused on target groups' employment. This is primarily due to principles setting of social entrepreneurship in calls. However, calls have created conditions at least for finding a suitable model of integration social enterprises.

Another source of information for assessing objectives fulfilment was a questionnaire survey among project managers. From this survey (answered 2 OPHRE project managers and 2 IOP project managers) followed that the aim of number and capacity increase of sustainable SE in the Czech Republic is fulfilled on medium level (all have rated with mark 3 on the scale from 1 to 5). This means that support contributes to some SE development, but this result can't be considered better than expected.

Much worse was evaluated fulfilment of objective of creation and testing types / models of SE for the Czech Republic. Here, one of project managers, assessed it by mark 5, i.e. that the aim is not met at all. The reason is already mentioned projects stereotype, where, with regard to calls conditions formulation and understanding, were realized only integral types of social enterprises aimed at permanent employment of target groups.

Fulfilment of goal of social inclusion of socially excluded persons and persons at risk of social

exclusion, including barriers removal in their access to employment, has brought significant differences between programs. While IOP project managers rated it consistently with mark 4, namely that this objective is not being met in essence, OPHRE project managers rated it with marks 1 and 3, i.e. that the objective is being met quite well. Here it seems to be reflected support character and nature of activities in various programs, when IOP was focused primarily on infrastructure and various activities were related to target groups' integration only indirectly, while OPHRE activities worked directly with target groups.

Analysis of supported activities

In terms of type of supported activities, on the basis of desk research and questionnaire survey, there can be stated that in addition to mandatory activity focused on principles of social entrepreneurship creation and implementation, were implemented in projects all other activities, i.e.:

- jobs for target groups creation and maintenance – this activity was implemented almost in all supported projects, as all social enterprises, with regard to conditions of calls, have had an integration character
- creation and maintenance of jobs for managers (project and social enterprise management and employees management of target groups) and staff providing specific support to employed from target groups (assistant, psychologist....) – in most projects has been used the opportunity to fund jobs for managers. With regard to size of enterprises, most of social enterprise executives were at the same time also project managers. Specific support and direct support to target groups (excluding labour costs) were used only in rare cases
- employees from target groups training and other social enterprise employees' education financed from the project – some form of social enterprise staff education or training has been used in majority of projects. In terms of activity extent (time and money) it was almost always only a fraction of total project costs
- marketing of social enterprise (campaigns to support sales, advertising....) – this activity was used by social enterprises in about half of the projects.

Presentation of individual activities within projects was investigated also in questionnaire survey among applicants. The result is shown in the following table.

Table 16: Presentation of supported activities in projects

Activity	% of respondents, who have realized this activity
Principles of social entrepreneurship creation and implementation	52 %
Jobs creation and a maintenance for target groups	81 %
Jobs creation and a maintenance for managers and employees providing specific support to employed from target groups	44 %
Employees from target groups training and education of other employees of social enterprise	59 %
Marketing of social enterprise	59 %

Source: questionnaire survey IREAS (09-10/2013), sample of 27 respondents

The table shows clearly that most of enterprises were focused on creating and maintaining jobs for target groups. Other activities were always represented roughly in half of applications (from 44 to 59%).

Effectiveness of supported activities with regard to achieving call's goals

Supported activities were assessed according to whether they achieved objective, i.e. if they led to creation of social enterprises that are in their social dimension significantly different than other

businesses in the Czech economy.

Most of activities implemented in projects were focused on creation of social enterprise base (technology purchase, equipment or facilities) and on employees' wages, both for target groups and for other employees (project positions, mentors and ordinary employees).

From questionnaire survey among project managers also implies that individual activities specified in calls 1 and 8 IOP and 30 OPHRE are targeted appropriately in terms of employment of socially disadvantaged people. Other types of social enterprises, i.e. for example regionally beneficial, that are not primarily focused on employing disadvantaged, virtually don't exist. This is a consequence of a fact that calls adjustment aims applicants to that, that condition of being recognized as social enterprise, is employment of a certain number of disadvantaged people. Quantification of these criteria then disproportionately increases its importance compared to other non-quantified criteria (environmental and local dimension).

By assessment of activities of individual social enterprises on the base of applications, structured interviews and desk research information from public available sources was found that most supported businesses does not differ significantly by their activity from conventional enterprises in economy, with exception of a higher proportion of employees from disadvantaged groups. Based on this finding, it can be stated that supported activities led to creation of enterprises, which subscribed to principles of social entrepreneurship, practically; however, they differ only minimally from ordinary businesses, which largely employ disadvantaged in the labour market.

Suggestions for additional activities

Possible extension of supported activities was investigated by questionnaire survey among applicants, final beneficiaries and project managers. The issue of possible supplementation was also solved in structured interviews.

Three-quarters of respondents in all groups agree that, with regard to achievement of support goal, are currently supported activities designed appropriately. Among proposals that have been presented, it is worth to mention **support, good practice dissemination and inclusion of social services provision**.

With regard to recommendation to extend any support to other than non-business integration enterprises it is necessary to add the support of other activities aimed at **strengthening of local and environmental dimension of social entrepreneurship**.

Conclusions

From provided investigation can concluded that supported activities in projects are helping to fulfil two of the three above-formulated goals.

Objective of disadvantaged persons from target groups' employment is, due to formulation of compulsory principle of 40% persons from target groups' employment, fulfilled in all supported projects. This objective could be achieved more effectively by introducing a system support of target groups' employment, such as e.g. in contributions to people with disabilities employment.

Objective of social enterprises emergence is also relatively well-fulfilled by supported activities, since the focus of support was set in such way, that there should be primarily supported new enterprises or business activities establishment. Not always, however, the support led to establishment of sustainable and independent companies, as shown by further findings by evaluation questions 2.1.7.

Third objective is to find a suitable model of social enterprise for the Czech Republic, it is, in

accordance to projects uniform nature resulting from calls adjustment, fulfilled weakly and calls can be considered as beneficial especially in terms of finding suitable conditions for integration social enterprises that will focus on employment of target groups, but, for example, locally or environmentally oriented enterprises are totally missing.

Recommendations

- To determine conditions of any other calls in such way that they would allow emergence of other than purely integration enterprises. It would be appropriate to define supported activities in call exhaustively, as possible alternatives, or their combination. See conclusion of the task 2.1
- With regard to findings that supported social enterprises differ very little in their effects from ordinary companies, any additional support should be directed to those areas in which social enterprises differ and there should be increased the pressure on activities sustainability by introduction of motivational co-financing:
 - Payment of salary costs for target groups up to 80% of their total volume in integration type of SE.
 - Payment of 80 % of investment costs and costs for purchase of equipment and facilities, that will demonstrably serve to public benefit objectives achievement.
 - Payment of training for employees (100% of costs)
 - Direct support to target groups (especially travel costs) up to 100 % of real expenses
 - Marketing of social enterprise (condition is to accent social principle) 100 % of costs, but maximal up to 10 % of total public costs of project.

4.1.3 EQ 2.1.3: To what extent are relevant supported target groups and types of calls legitimate beneficiaries?

Question assignment from tender documentation

Evaluator will map support for individual categories of target groups of people in projects (i.e. he will create projects overview compiled with a number of supported persons in division according to different target groups, he will process overall overview of target groups supported under calls) and will evaluate to what extent is effective the support of different target groups in terms of their necessity / relevance and in terms of suitability of this project type for target groups (in relation to other types of projects / programs). Evaluator will also evaluate whether there are in calls appropriately selected types of eligible beneficiaries, with regard to fulfilment of calls objectives, since it is primarily exclusion of certain types of NGOs (e.g. civic associations).

Introduction

Evaluation question was addressed in two parts; the first part was designed to evaluate the relevance of target groups and the second part on the relevance of recipients. When processing the question, evaluator worked with information from Monit7 + system (statistical analysis) and further with information from surveys among applicants, final beneficiaries and project managers. Additional information for solution was obtained through structured interviews with beneficiaries and qualitative research. Utilized was also expert assessment of issues.

Main findings

Target groups – statistic part

Analysis of supported projects showed target groups distribution in individual projects. Analysis showed that most social enterprises focus on work with disabled people. In total, on this target group specializes 63% of all supported social enterprises. With considerable distance ranks second place in order target group of long-term unemployed, with which works approximately one-third of social enterprises. A little less social enterprises (about 13%), are specialized in work with ethnic minorities (Roma) and children, youth and young adults. Other target groups in the viewfinder of social enterprises occur only rarely. Nearly a third of social enterprises is not specialized in one disadvantaged target groups, but focuses on several target groups simultaneously.

In terms of number of target groups supported under projects, again it dominates group of persons with disabilities. Those were supported by 355 projects, which is more than half (52%). Follow long-term unemployed, where it was supported 121 persons in projects, which correspond to 18%. Approximately 50 persons were supported from target groups of children, youth and young adults, ethnic minorities and other unspecified disadvantaged persons. Other categories are, as seen from the table, rather in units of supported persons.

Target groups – relevance

In realized questionnaire survey among final beneficiaries, the question on possible extension of target groups was answered by 30 respondents in total, but half of them indicated no or do not know. Nevertheless, there emerged some suggestions to include other relevant target groups. These were most commonly **unemployed persons over 50 years**, where implementers, based on practice, recommend annual unemployment shortening ideally for 3-6 months. It was also proposed to include as a target group **mothers on maternity leave and with small children**, who, due to care for a child, need to work part-time. The proposal to extend target groups of mothers or parents with small children resulted from an investigation among project managers in question calls. Both surveys showed that, with exception of above mentioned proposals, of which would be appropriate to extend any further calls, target groups are chosen appropriately. At that fact, moreover, agreed three-quarters of respondents who stated that the definition of target groups is sufficient.

From perspective of possible adjustment of support form, according to individual target groups, target groups can be divided into two main groups.

1. Target groups with permanent or temporarily reduced work performance and specific working needs. This category includes in particular persons with disabilities, people caring about close persons, or proposed category of parents with young children. Their disadvantage follows from lower working efficiency compared to other workers (e.g. worsened mobility, need of shorter working hours, frequent work interruptions because of care, etc.). For these target groups it is appropriate to introduce or otherwise use system tools of support (not grants), such as already existing labour office contributions to persons with disabilities employment. From perspective of social enterprises, suitable are integration enterprises with permanent employment of these persons.
2. Target groups with other than performance handicap. These are in principle all other target groups, which prevents in application temporary barrier, such as lack of work habits or distrust of employers, lack of personal background, etc. For these target groups, it can be assumed that after some initial support, this handicap disappears and they will be equal participants in the labour market. For these target groups would be appropriate to use transitive integration social enterprises that would help to eliminate main cause of their disadvantage.

Draft of new Operational Programme Employment (version dated from October 2013), in investment priority 2.1 mentions target groups list that more or less correspond with actual enumeration of target groups of disadvantaged persons that were supported by assessed calls 1 and 8 IOP and 30 OPHRE. Moreover, there are mentioned also other types of target groups of disadvantaged people, which include respondents proposals plus add even more. In respondents and experts views, in relation to target groups of long-term unemployed, mothers taking care about children and youth and young adults (graduates), occurred requirement for more concrete conditions, when person is classifiable into this target group (e.g. after 6 months of unemployment). This detailed specification doesn't occur in the OPE proposal.

In terms of assessing the relevance of target groups in new OPE it can be, on the basis of desk research of available sources, stated that their extent is sufficient and covers all potential target groups, but it is necessary to clarify the specification of these target groups.

From questionnaire survey among project managers and from subsequent expert discussion in evaluation team concluded that support of target groups hasn't systemic nature (with exception of salary contributions to employment within OPE). It seems appropriate to use support from Structural Funds to find system support of target groups and anchor it in legislative and separate it from support of social enterprises.

Types of support beneficiaries –statistical part

Presentation of different types of beneficiaries among supported social enterprises shows the table in section 4.1 (table name: Social enterprises supported by OPHRE and IOP in accordance to legal form) in initial descriptive part to the task 1.2.

After performed analysis of social enterprises legal forms, which have been supported under call 30 OPHRE and call 1 and 8 IOP, it can be stated that almost two thirds of social enterprises have form of a capital company, i.e. Ltd. or PLC. Practically with equal rate there are presented generally beneficial companies and self-employed individuals among social enterprises. Significantly less often occurs cooperative form, which presents only 7.3% of social enterprises. Other legal forms are insignificant.

To this conclusion should however be noted that analysis was performed based on supported social enterprises under call 30 OPHRE and 1 and 8 IOP. Individual legal forms are therefore limited by calls

text, which for example didn't allow support for civic associations, among which can often be observed aspects of social entrepreneurship. This assertion can be based on the fact that was observed during desk research of individual projects. In several projects civic association was official partner of the project, in other projects it was referred to cooperation, although the project was officially implemented without a partner. In some cases, civic association was even Ltd. or NGO's founder, which eventually submitted project application.

Interesting is also view of activity area, in which supported social enterprises operate. An overview is given in the table again.

Table 17: Social enterprises supported under OPHRE and IOP according to activity type

Activity	Percentage
Forestry and horticulture	6,5 %
Construction activity	8,4 %
Technical and communal services	9,4 %
Food production	8,4 %
Catering services	19,6 %
Production	16,8 %
Other services	13,1 %
Accommodation services	1,9 %
Information Technology	6,5 %
Transport	0,9 %
Healthcare	1,9 %
Business	5,7 %
Mining raw materials	0,9 %
Total	100,0 %

Source: Monit7+, data to the date of 5th February 2014

Taking into account investment and non-investment support of social enterprises, there is some minor alignment in the structure of activities and disciplines to which social enterprises are focused. With nearly 20% remains largest the group of social enterprises that focus on activities in hospitality and catering, followed closely by manufacturing enterprises with nearly 17% share of all supported social enterprises. Approximately 13% of social enterprises deal with various services, of which the most typical are laundry and dry cleaning. Solid represented group are also nature related fields of forestry and horticulture, construction, municipal services and raw materials mining, in which mainly ethnic minorities find their application (almost exclusively Roma) and long-term unemployed. Together these three sectors account for over 25% of all supported social enterprises. With a relatively diverse target groups we can meet in food production, which is represented by over 8% of enterprises. Services in the field of information and communication technologies (e.g. call centre operation, digitizing services, operation of Internet information portal, etc.), are typical by focus on persons with disabilities and represent over 6% of social enterprises.

Types of support beneficiaries – relevance

Relevance of eligible applicants has also been investigated through a questionnaire survey among project managers in question calls. Their answers showed that the definition of beneficiaries is sufficient. In one case, one respondent proposed expansion of eligible recipients of municipality (survey among project managers).

The issue of recipients' eligibility – social enterprises – is closely related to the lack of definition of social enterprise in the Czech Republic legislation. In terms of work there is still used TESSEA (2011) definition. In case that the view of social enterprises as business entities that provide economic activity for the purpose of gaining the profit unifies, then eligible applicants should be only those entities whose main focus is business. Such applicants are especially business capital companies,

cooperatives or non-profit companies or individuals. On the other hand, also other entities may have character of social enterprise, which don't primarily provide economic activity for the purpose of gaining the profit, as e.g. local authorities, church legal persons, associations, etc.

From discussions with MLSA employees also engaged that the restriction of applicants was probably due to the fact that e.g. civic associations are not obliged to keep double-entry accounting, which would conclusively document financial flows. Although businesses entities are among applicants / recipients primarily, it appears that the range of applicants is very diverse and their type hasn't major impact on quality and sustainability of the project. In event that similar form of grant support would be considered in the future, it would be better not to limit types of beneficiaries, but rather to establish conditions that must be fulfilled by applicant, e.g. keep double-entry accounting.

Conclusions

Target groups

Analysis showed that social enterprises are mostly focused on working with target group of disabled people, as well as long-term unemployed, ethnic minorities (this is only Roma) and at-risk youth and young adults. Other target groups are supported in projects rarely. Nearly a third of social enterprises combine more target groups.

Realized investigation showed that target groups are relevant, but it would be appropriate to expand them especially for mothers with children, or to lower limit for assessing long-term unemployment, particularly in relation to inclusion of unemployed people older than 50 years. The list of target groups in new OPE draft covers all relevant target groups of disadvantaged people.

Types of beneficiaries

From recipients perspective these are mostly business entities or non-profit organizations. The investigation showed that types of eligible recipients are relevant. As the investigation showed choice of applicant / implementer legal form (type) is not significant to achieve the goal and for projects' sustainability. For this reason, it would be appropriate not to restrict legal form of applicant in any other calls, but rather to establish the conditions under which applicant may submit application as for example respecting principles of social entrepreneurship, double-entry accounting, etc.

Recommendation

- To separate support of target groups from support of social enterprises and social entrepreneurship. Support for target groups should be systemic and possibly also without demands, support of projects of social enterprises may stay grant. Often, support of grants in projects is used to support (wage) target groups. In two-thirds of projects in which the target group were people with disabilities, there occurred support drawing from the project, although support could be drawn in the form of salary contribution to employment of people with disabilities provided by labour office.
- In accordance to the type of disadvantaged target group, to choose the form of integrative support – permanent vs. transitive integration enterprises.
- To extend target groups for mothers (parents) with children.
- By persons aged over 50 years, to think about boundaries shifting for assessment of long-term unemployment for six months.
- Not to restrict legal form of the applicant in any other calls, but rather establish conditions under which the applicant may submit application, such as respecting principles of social entrepreneurship, double-entry accounting, etc.

4.1.4 EQ 2.1.4: To what extent are other adjusted calls parameters appropriate?

Question assignment from tender documentation

In context of addressing this issue, evaluator will evaluate specified minimum and maximum amount of subsidy and mode setting of public support. Evaluator will further assess to what extent is appropriate the form, content and extent of required business plan and financial plan, particularly in terms of clarity and rationality, i.e., if it provides sufficient guarantees and guidance for successful implementation of socio-business project.

Introduction

In accordance with contracting documentation, the issue of additional calls parameters setting focused on three areas, which was above mentioned financial subsidy, public support setting and mandatory business plan. In terms of resources for this evaluation question assessment, evaluation team based its evaluation on a questionnaire survey among calls' project managers, applicants and final beneficiaries, from structured interviews and from information contained in IS Monit7 +.

Main findings

Subsidy amount

Minimum grant amount was set by the call to 100 000 CZK. This minimum grant appears to be low enough. The question is whether to limit project applications by such low amount, because even the lowest financial support applications exceeded this minimum amount several times. Limitation of this amount, therefore, after submitted support applications evaluation, appears to be pointless, with recommendation not to limit minimal grant amount in other potential calls.

Maximum support amount was set by limit of public support de minimis, i.e. by amount of 200 000 EUR. Most respondents in questionnaire survey among final beneficiaries expressed that the amount of subsidy given by call is appropriate (68%). Other applicants either didn't know how to assess or they rather commented reduction of requested subsidy or proposed to increase the maximum amount that would allow better implementation of SE activities. Similarly, project implementers expressed their opinion during structured interviews.

Survey among project managers in question calls didn't emerge definite conclusion, since half of the respondents consider social entrepreneurship support as sufficient; the second half on the contrary believes that social entrepreneurship should be supported stronger.

From desk research of project applications followed that projects financed in particular under IOP, in its scope exceeded the maximum amount of the subsidy. Both, from this desk research and from questionnaire survey it is clear that absorption capacity is much higher, both in terms of subsidy amount, as well as in terms of absolute volume of distributed financial resources.

In projects financed from IOP minimum co-financing was required up to 20% of total eligible project costs. In case of projects financed from OPHRE the possibility of funding from public sources was up to 100% of eligible costs, which applicants used up almost always.

In accordance to the nature of OPHRE expenditures, there were often funded wages of workers' outside the target group, purchase of equipment and business premises facilities, etc. from the grant. It is appropriate to consider introduction of certain types of expenses co-financing in this case, as the support leads rather to the support of business itself than to support of target groups. From the expert point of view, co-financing of 20% seems to be appropriate, as in the case of IOP.

Within individual expenditures, it would be appropriate to introduce limits of co-financing for individual types of expenditures so that they would really support social entrepreneurship and not

costs of entrepreneur's reduction, as it has often been in evaluated calls (e.g. wages of ordinary workers' paid from the project exceeded several times the wages of target groups, etc.). Proposal of individual activities co-financing amount (expenditures) is mentioned in synthesizing conclusion to the task 2.1 and in recommendations to the evaluation question 2.1.2.

Amount of public support

Support provided under evaluated calls had nature of public support, which is generally prohibited. By support providing, there was an exemption, which allowed provision of public support to small extent, so-called De minimis support. This is bounded by EUR 200 000, which borders the maximum amount of subsidy.

Any higher support amount, as it has been evaluated in previous section, would have to be provided on the grounds of so-called block exemption.

Even in terms of public support issue, it seems to be as more appropriate and systemic introduction of systematic social entrepreneurship support, such as are for example tax reliefs, reduction in statutory payments for employees from target groups, or introduction of wage contributions as in case of persons with disabilities. In such case, provided support or incentives for social enterprises wouldn't face the issue of public support.

In the event that even after that funding opportunities will be maintained to support businesses that have subscribed to social entrepreneurship, the above mentioned boarder for support de minimis seems to be sufficient.

Business plan

Extent and content of compulsory business and financial plan was, within questionnaire survey, evaluated by applicants and final beneficiaries. In principle it can be stated that applicants and final beneficiaries consider mandatory business and financial plan as appropriate way of explanation and illustration of their business plan.

Required content (structure) of a business plan is considered as adequate by 81% of respondents among final beneficiaries. Unsuccessful applicants commented on this practically identically, where a business plan is considered as appropriate for 82% of respondents. Only 19% of respondents (resp. 14%) expressed that required structure and content of a business plan are too detailed.

Similar results were also in assessing extent of the business plan. As appropriate it is considered by 87% (resp. 79%) of respondents. For unnecessarily detailed it is considered by 12% (resp. 18%) of respondents. Conversely, 4% of respondents consider business plan extent as insufficient to quality assessment of viability and sustainability of submitted projects.

In case of financial plan, evaluation by applicants themselves is slightly more critical. In total, 66% of respondents said that required financial plan is understandable and they didn't have problems to fill it up. 17% of respondents considered financial plan as too detailed and had difficulties to fill it up.

On the other hand, all 17% of respondents consider required extent and content of financial plan as insufficient to quality business plan assessment.

In the context of questionnaire survey, it was also pointed out on the fact that business plans are evaluated by evaluators rather in terms of social benefits than in terms of business plan quality. This information wasn't verified within evaluation, however, the evaluator in this context considers as necessary to highlight the importance of this note. If social enterprise should be beneficial in long term for society, than by assessment it is necessary to accent especially business plan quality and

sustainability of activities above social benefits. When there is a poor business plan, then social enterprise is threatened with bankruptcy or there is the need for further public support, which will probably lead to more adverse social benefits. This may explain the fact that about a third of supported projects turned out to be unsustainable.

Conclusions

Support amount

The minimum support amount for one project, on the basis of provided investigation, seems to be useless, since mentioned amount is exceeded several times by all project proposals. The maximum amount of support which was, in case of evaluated calls, given by externally EU legislation in the field of public support, also appears to be appropriately chosen, although in some cases absorption capacity of applicants would be higher. In case of grant support maintenance, we recommend to maintain specified maximum support amount, i.e. to reduce it by amount of small extent support.

With regard to the fact, that this is support of entrepreneurship, it is appropriate to consider co-financing also by OPHRE projects.

Business plan

Business and financial plan are in their content and extent sufficient to assess the business plan, as it emerged from surveys among applicants and final beneficiaries. In case of further calls, the extent of statutory business plan should be maintained. When evaluating a business plan by evaluators, it is desirable to accent business site of the project over social site, in order to ensure project sustainability.

Recommendation

- To introduce compulsory co-financing in amount of 20% also for support of projects under OPHRE.
- Not to state the minimum amount of support and to maintain maximum amount of support at de minimis level.
- To maintain extent and content of required business plan, by its evaluation accent business criteria which indicate project sustainability.

4.1.5 EQ 2.1.5: What apparent impacts there are on participants of finished projects, especially on target groups?

Question assignment from tender documentation

Impact evaluation will be done in two ways:

- Based on **qualitative research** among project participants (social entrepreneurs, supported target groups, local governments, service clients and other persons affected by the project, esp. members of local community to which the project has brought some benefit). Research will determine contribution of social enterprises in their place of work, in terms of project participants. To set specific methodology (indicators identifying and the way how to determine their value), there will be used methodologies for measuring social added value processed within TESSEA and NBFSE projects. In project's initial phase, evaluator will processes set of questions and indicators and the way of determination for implementation of this qualitative research.
- On the basis of **quantitative analysis** in terms of the proportion of supported persons who are employed, after the project completion. Share of supported persons, who are employed, is calculated on the basis of data collected from 1, 6 and 12 months after the project completion.

Introduction

Qualitative research was carried out in a total of eight selected projects, on which were processed case studies within the framework of following task 2.1.6 B). Qualitative research was carried out in 2 projects supported under IOP, 2 projects supported under OPHRE and 4 projects supported under both programs. Surveys were carried out through structured interviews, telephone conversations and skype meetings. Information was drawn from questionnaire survey implemented among final beneficiaries. Additional sources of information were desk research of available, particularly internet resources.

Main findings

Part A) Qualitative research

On the basis of provided research and interviews with project actors, individual participants can be divided into three groups, these are: target groups own, social enterprise itself and other project participants, which project affects rather indirectly.

Dopady na cílové skupiny

Here the evaluation is relatively simple and clear. With regard to the fact that all investigated projects (and substantially all supported projects) have an integrative character; their primary mission is to employ target groups. Impact on target groups is clearly positive, primarily through the work place that was created for these target groups. This main contribution for target groups follows from both questionnaire survey (see below) and interviews with organizers and other interested parties.

Besides this main benefit, i.e. job ensuring, there were identified successive additional impacts in qualitative interviews. These include:

- Target groups motivation to work. Qualitative research has shown that thanks to the ability to engage in active economic activities, has increased the motivation of target group for further development. Based on interviews and case studies appear to be as the highest motivation of group of people with disabilities.
- Satisfaction of target groups that have received the opportunity to free themselves from being on welfare or unemployment benefits. This is reflected in increase of their self-confidence and sense of social desirability.

- Target groups integration into the society. This impact is evident particularly in activities where target group comes into contact with other people, such as restaurants, cafes or shops. Here, the impact is reflected by awareness of sense of belonging of majority population with target group and their mutual approach.
- Prevention of debt. Because the target groups were given a job with a steady income, often in combination with consultancy, these people received basic financial and informational support, which acts as a precaution against the debt trap.

Results and conclusions of this investigation are supported also by case studies among social enterprises processed by P3 - Planet - People - Profit Company and are available on the web www.p-p-p.cz.

Impacts on social enterprise

Impacts on social enterprise itself emerged both from structured interviews and from questionnaire survey among final beneficiaries. In questionnaire survey, implementers were asked, *what major impacts / results have you achieved (or do you expect) from your project?*

The question about achievements, respectively expected impacts / results of project implementation was answered by 68 respondents in total. They usually mention:

- Establishment and development of social enterprise,
- Its financial stability,
- Its long-term sustainability (even after project finish) connected with maintenance and other jobs creation,
- Meaning of social enterprise for employment of people disadvantaged in the labour market (target groups of individual respondents differ),
- Services improvement.

As this survey shows, main expected impacts face inward enterprise itself, e.g. to improvement of its viability and competitive position, or to target groups.

Stabilization and strengthening of competitive position on the market were mentioned as significant impact of provided support also in interviews when processing case studies.

Impacts on other participants

Last type of impact of social enterprises is the impact on its surroundings, i.e. other participants and stakeholders. Identified were mainly those other participants:

- **Municipality** in which enterprises operate, most of these municipalities work together with enterprises in form of contracts (if it corresponds to the nature of social enterprise activities). Furthermore, municipalities appreciate especially the fact that on municipality's area was established business entity that offers work to local residents. In some cases social enterprises receive also financial support for their activities, but in general, the impact on municipality is neutral and doesn't differ from impact of conventional enterprises.
- **Civic organizations** that operate in municipality. Most of surveyed companies are also trying to support local organizations (volunteer firefighters, sport units, etc.), namely in form of donations for raffle by balls organization, or by providing techniques for minor works (e.g. material removal by truck). Even in this there is no difference between conventional and social enterprises.
- **Public administration institutions.** Certain difference between conventional and social enterprises can be observed when working together with employment agencies, where social firms use services of labour offices more often, especially when selecting employees and ensuring contributions to employment of persons with disabilities.

- **Customers and suppliers.** In terms of local impact of social enterprises, there was monitored subcontracting of these enterprises. Most companies are quite logically trying to maximize the use of local resources, including employees. In this case the impact is positive, because social enterprises create local demand. On the other hand, this again doesn't escape from impacts of conventional enterprises. On demand side, the situation is different and strongly relates to the nature of services or products that social enterprise produces. In some cases (e.g. Pontes Pisek or Mini-technic services Kamil Kubicek), customers are almost exclusively from given region. This means that activity has maximal local impact. Another group of enterprises is created by such activities or products, where customers come from a substantial part from given region, but significant part of customers is also outside the region. These are for example companies as VS Rychleby or Ing. David Štych – biofuel production. Last group of enterprises are those, whose production character determines customers rather outside the region. In surveyed sample, this includes companies INLOBO or Active Colour. It can't be stated clearly, that social enterprises have only local impact with respect to meeting local needs.
- **Associations and unions.** In surveyed social enterprises, only some of them cooperated with various associations and organizations working with target groups. If cooperation took place, it was mostly cooperation by selection of employees for social enterprise. There have also occurred cases where social enterprise has cooperated with these organizations when educating and promoting the employment of target groups.

Supported enterprises, of course, have impacts on their surroundings. However, the analysis showed that these impacts don't differ significantly from impacts of conventional enterprises. Impacts to surroundings are primarily dependent on community activity of enterprise, on nature of its activities and overall on relations with municipality in which it operates.

Part B) Quantitative analysis in terms of the proportion of supported persons who are employed even after the project completion

This section presents the main results of quantitative analysis in terms of the proportion of supported persons who are employed after the project completion. Due to the evaluation, there were collected data about supported and unsupported persons (comparative group). The result was observed by the proportion of supported persons who are employed (social entrepreneurship) after the project completion after 1, 6 and 12 months. Partial details of the method (including all calculations) are given in the technical annex II of the final report. Totally, there were obtained 307 complete data for supported persons for the issue of the social entrepreneurship. In this area, there were equally represented both men and women. In terms of the regional differentiation, there were already greater differences.

Overall, our study shows better results in terms of lower unemployment rates of supported persons. Unfortunately, it is not possible to generalize these results because of the different economic situation and the inability to verify the focus of programs. On the other hand, it is possible that over the time the programs of support were implemented effectively.

The answer to the evaluation question for Task 2.1 Evaluation of the social entrepreneurship support - **What are the observable effects on participants of completed projects, esp. on the target groups?**

In terms of the proportion of supported persons who are employed, after the project completion, the quantitative analysis shows that this percentage is higher than at the beginning of the aid, but after the project completion this rate falls (although it remains at a higher level than before the aid). Overall, the change is positive. The mentioned share was measured as the proportion of people registered with the social security for payment of social insurance as an employed against an entire group of people supported by social entrepreneurship projects, to which was possible to obtain the data sample (system of the CSSA identified them and then, there were generated data for them for a period of 12 months after the ESF support).

The results of our study show that people supported by projects of the social entrepreneurship, the share of their labor-market integration achieved the level of 62.5% a month after the project's completion, 64.5% after six months and 63.5% after one year from the supported project completion.

Shares of persons with (or without) job or self-employed

	A month before aid		At the time of the project completion		Month after the project completion		Half a year after the project completion		A year after the project completion		Total
	without	with	without	with	without	with	without	with	without	with	
Shares in %	63,50	36,50	28,30	71,70	37,50	62,50	35,50	64,50	36,50	63,50	100,00
Number of persons	195	112	87	220	115	192	109	198	112	195	307

Decline in the share of employment after project's completion was particularly apparent among supported women. The decline is also evident among people older than 50 years (born 1965 and earlier).

From a regional perspective, there is a stable level in maintaining jobs in the western part of the Czech Republic (Prague, northern, southern and western Bohemia) over the eastern part (central Bohemia, Moravia, East Bohemia), where decreased the proportion of people employed within one year after the project completion. However, it should be noted that it is not a change that can be more broadly generalize, because there is a small representation of people in the sub-groups.

According to the study of Hora and Sirovatka (2012, p. 41)⁵⁷, age is the characteristic which positively correlates with the presence of persons in the register of the unemployed (older people are more likely to be unemployed). In this respect, our comparison is based on similar results, although it was not a statistical test but the basic descriptive statistics.

Similarly, according to Hora and Sirovátka (2012, p. 41), this study is based on similar results in our comparison with that the Moravian regions are with the higher probability that this person will be unemployed.

⁵⁷ Hora, O., Sirovátka, T. (2012) *Comparison of the effects of active employment policy in the Czech Republic in the period of growth (2007) and during the first phase of the crisis (2009)*, RILSA Prague, (cit. 10.24.2015), available at: http://praha.vupsv.cz/fulltext/vz_346.pdf

On the other hand, it should be noted that Hora and Sirovátka (2012) pointed out that it was difficult to distinguish the type of support in the ESF's programmes; therefore we use only the generalized conclusions of their study.

The study of IREAS (2014, p. 21) shows the rate of the fulfilment of the monitoring indicator 074616 "Share of supported persons in employment or further education 6 months after the termination of support (clients of services) (%)." more or less identical to that which was found by the evaluation team in this study for the issue of social entrepreneurship.

According to a study of Hora and Sirovátka (2012, pp. 32-34), in 2009, the share of employed or self-employed among supported persons was after the one month after the project completion 33.9%, after six months 36.8% and after one year 30.4%. The results of our study show relatively similar dynamics in case of social entrepreneurship, albeit at a different level when these shares are 62.5%, 64.5% and 63.5%. These results show a much better situation. Unfortunately, it is not possible to generalize them because of the different economic situation and the inability to verify the focus of programs. On the other hand, it is possible that over the time the support programs were implemented effectively. Moreover, there has not been verified an exact structure of characteristics of participants, albeit, with regard to the type of instrument, there should be a similar TG.

Conclusions

Qualitative analysis showed that the main impact of social enterprises is on target groups of disadvantaged persons, to which they are providing employment. By target groups, the impact can be seen in particular in:

- ensuring stable employment and income
- motivation increase of target groups
- satisfaction increase of target groups
- integration of target groups into the society.

Impacts on other participants do not go beyond the framework of conventional enterprises impact and consist mainly in employment of local people, providing services in the region, small support of local civic and interest organizations, satisfying local demand and support of local suppliers. Impacts to the surrounding area do exist, but they aren't related to the fact, whether it is a social enterprise.

Rather in rare cases can be identified also other impacts associated more with the character of social enterprises, and this is integration and convergence of target groups with majority society or as an example of good practice for cooperation with target group.

Quantitative analysis revealed the results of the social entrepreneurship support in the form of a the reduced unemployment rate of supported persons. Unfortunately, it is not possible to generalize it because of the different economic situation and the inability to verify the focus of programs. On the other hand, it is possible that over the time the support programs were implemented effectively.

Recommendation

- To support establishment and development of other types of social enterprises than integrative within OPE, to strengthen local or environmental impact.

4.1.6 EQ 2.1.6: What are factors of observable results achieving in supported projects?

Question assignment from tender documentation

The aim of this evaluation question solution is to explain conditions (factors) of projects results achievement, identified in evaluation question 2.1.5, including qualitative explanation, why it was find out stated value. To address evaluation question, contractor expects to use mainly qualitative comparative analysis (QCA).

For more detailed analysis of socially-entrepreneurial projects functioning, evaluator will elaborate case studies for projects with finished implementation. Case studies will be processed for a minimum of 8 supported projects in this structure:

- projects will represent those cases where an applicant for the project has received investment and non-investment subsidy, i.e. simultaneously from IOP and OPHRE
- 2 supported projects only from OPHRE
- 2 supported projects only from IOP

Projects for processing case studies will be selected so that in half of cases (i.e. 2 projects supported by IOP and OPHRE simultaneously, one project supported by OPHRE and one by IOP) will be represented the most successful projects, particularly in terms of impacts (especially evaluation questions 2.1.1 and 2.1.6) and in second half of cases, there will be presented projects successful at least. By selection, there will also be taken into account a model (type) of social enterprise so that the case studies cover identified models of social entrepreneurship.

Main findings

Part A) QCA analysis

The aim of solving this evaluation question is to explain conditions (factors) of project results achievement including qualitative explanation, why this value resulted. To address evaluation question, evaluator applied (according to contractor's requirements) qualitative comparative analysis (QCA).

Context of applied method

Method can be set aside on the boundary of quantitative and qualitative methodological approaches. The purpose is not to look for and quantify causal dependence of selected independent variables on dependent variable (which is typical of many statistical methods), and at the same time, QCA analysis doesn't stay on individual case methods (typical for qualitative processing of case studies). On the contrary, QCA analysis comes from assumption that net effect may be caused by one factor, but also by combination of several conditions. QCA analysis therefore tends to explain different and somewhat unique cases (when there did / didn't occur researched effect) in file of many mutually comparable cases. Therefore, evaluators have always task of identify conditions and their combinations leading to more specifically defined output (and this all on the set of selected cases).

QCA analysis thus allows to evaluate medium-sized files, where can't be convincingly applied statistical procedures (due to low explanatory capability and low data numerosity) and where there is not technically possible to handle larger amounts of structured interviews or other qualitative methods. Unlike purely quantitative methods, it is important to emphasize that in QCA analysis may one condition in combination with selected conditions lead to researched effect, while the same condition in combination with other factors doesn't have to cause this effect at all. On this basis, it is necessary to limit (identify) the number of different situations (models) that lead to researched effect.

Pre-survey phase

Purpose of this section was to decide in the first phase about tested dependent variable (outcome). Based on theoretical background, the aim was to identify conditions, i.e. independent variables. After basic desk research phase of implemented and completed projects, dependent variable was discussed with guarantor of the task no. 2.

Tested dependent variable was proportion of employed (out of total number of supported) persons in SE even after project's completion. As result it is observed rate of success of employed target groups within SE even after project's realization completion. Although this is only one partial aspect of social entrepreneurship, it can be considered as very representative. Main research aim is to find out what factors (causes) help to sustain completed projects, respectively to maintain at least the same number of employed disadvantaged people, as it was during project implementation.

For this referred outcome were identified main conditions (independent variables), where we expect impact on the explanation of major dependent variable. To identify conditions, evaluator has approached in several steps.

- Within 1. Interim report, there was performed in-depth analysis of SE literature. It was this research that was used for initial identification of relevant factors that influence SE success.
- In second step was carried out questionnaire survey at final beneficiaries' level, where individual factors were evaluated and de facto there was determined their significance and perception in final beneficiaries' point of view.
- Third step was an internal discussion within evaluator team and subsequent verification at 1st Dissemination seminar on the project. By this multiple verification process it should be reached that variables might not be re-operationalised and recalibrated. Evaluator is aware of the fact that standard QCA analysis process (as research method) is progressive specification of observed conditions according to interim results and change of any independent variables. In case of evaluation project, which has clear and binding timetable, it is necessary not to underestimate this phase, because evaluator doesn't have many opportunities to carry out new data collection among recipients and so on. This is common in QCA application for the purpose of primary research.

Identification of appropriate variables and their quantification

When selecting individual independent variables, there were taken into account not only conditions directly related to subsidy recipients, but also broader economic and geographical context. Success and sustainability in social entrepreneurship area are conditioned not only by factors and characteristics of final beneficiaries, but also by external environment (e.g. awareness / economic backwardness of region, size of settlement (the city), where social entrepreneurship project was developed, etc.).

List of conditions for which evaluators suppose impact on outcome / dependent variable is always given below, while in following part there are given also concrete assumptions (hypotheses) among these variables.

Tested conditions:

- Experience/recipient practice
- Recipient legal form
- Region's economic performance
- Municipalities' size
- Plan and reality of really supported persons
- Application of social entrepreneurship principles

Experience/recipient practice

Type of set: fuzzy

This condition was determined based on questionnaire survey, where there was explicitly mentioned question of "how many years social enterprise has been on the market ", while there was considered an assumption that recipients who are dealing with social entrepreneurship in longer time, will know better risks and their results in terms of retained jobs of disadvantaged persons, they will be higher than by ad hoc created social enterprises without previous experience.

Condition calibration

<i>Experience less than 1 year</i>	<i>0</i>
<i>Experience 2 – 3 year</i>	<i>0.2</i>
<i>Experience 4 – 5 years</i>	<i>0.4</i>
<i>Experience 6 – 7 years</i>	<i>0.6</i>
<i>Experience 8 – 9 years</i>	<i>0.8</i>
<i>Experience more than 10 years</i>	<i>1</i>

Recipient legal form

This variable indicates legal form of subsidy recipient, which may play an important role in overall maintenance on the market and social enterprise development including maintenance of employment for disadvantaged people. For QCA application was established assumption that entities with legal form of "limited liability Company" will have more options for new jobs maintenance and creation, than other legal forms. This assumption was determined also after primary examination of data file and after performance of basic descriptive statistics.

Condition calibration

<i>Limited s liability Company</i>	<i>1</i>
<i>Cooperative</i>	<i>0.8</i>
<i>Public benefit Company</i>	<i>0.6</i>
<i>Joint-stock company</i>	<i>0.4</i>
<i>Other legal forms</i>	<i>0</i>

Region's economic performance

This external condition is essential for any entrepreneurship and not only for social. It is an attempt to quantify economic development at regional level. With regard to social enterprises that focus on local demand and markets this assumption is significant. Regions can be divided into economically weak, structurally affected, dynamically developing, etc. (See Regional Development Strategy for the period 2007– 2013). However, for the purpose of this analysis was chosen simple division of regions according to the development of net disposable income per capita in the period 2007 – 2012. By this indicator of economic level can be expressed economic situation in the region⁵⁸, which is the purpose of this independent variable. In this context was therefore assumed that social enterprises operating in economically developed regions will have better conditions for development and maintenance of social enterprise, than similar enterprises in economically weak or stagnant regions.

⁵⁸ CSO Definition: Net disposable income is the result of current incomes and expenditures (ordinary transactions), primary and secondary incomes distribution; explicitly excludes capital transfers, real profits and losses from possession and consequences of such events, as are natural disasters. Unlike gross disposable income, it does not include consumption of fixed capital.

Disposable income (gross or net) is a source of coverage of final consumption expenditures and savings ($B.6 = P.3 + B.8$), and this in government institutions sectors (S.13), households (S.14), and non-profit institutions serving households (S.15).

Condition calibration

Data on net disposable income per capita was obtained from CSO regional accounts. Information about place of implementation of social enterprise is from questionnaire survey. By starting point was calculated index of change in net disposable income per capita in period 2007/2012. Subsequently were determined categories (0 – 0.2 – 0.4 – 0.6 – 0.8 – 1.0) depending on state and development of this indicator.

Municipality's size

This variable was found out from database of questionnaire survey and CSO data, when recipient of subsidy and location of project implementation was connected with the population number according to CSO. Also on the basis of case studies can be assumed, that in smaller municipalities conditions for development of social entrepreneurship are worse than in larger settlements. This is because of lower potential demand due to lower population concentration and smaller municipalities have limited possibilities to support (not only financially) emerging social enterprises. Although, partnership with local "town hall" is generally considered as one of important aspects of social enterprise functioning. The aim of calibration was to distinguish smaller size categories, where human and financial resources are limited, while in cities with over 50,000 have already not such differences, because these are important settlement centres.

Condition calibration

<i>Over 50 000 inhabitants</i>	<i>1</i>
<i>20 000 – 50 000 inhabitants</i>	<i>0.8</i>
<i>10 000 – 20 000 inhabitants</i>	<i>0.6</i>
<i>5 000 – 10 000 inhabitants</i>	<i>0.4</i>
<i>2 000 – 5 000 inhabitants</i>	<i>0.2</i>
<i>Up to 2 000 inhabitants</i>	<i>0</i>

Plan and reality of really supported persons

This condition indicates to what extent supported persons were exceeded (not only employed persons). Generally, it can be assumed that firms that have already planned to support higher number of representatives from target group in the early beginning, had already secured demand and their business plan was prepared. On the other hand, social enterprises, which planned to support lower number of representatives from target groups from the beginning, can be more risky in long term. Initial evaluation of questionnaire survey says about that.

Condition calibration

<i>10 and more supported persons</i>	<i>1</i>
<i>9 – 10 supported persons</i>	<i>0.8</i>
<i>7 – 8 supported persons</i>	<i>0.6</i>
<i>5 – 6 supported persons</i>	<i>0.4</i>
<i>3 – 4 supported persons</i>	<i>0.2</i>
<i>1 – 2 supported persons</i>	<i>0</i>

Principles of social entrepreneurship

This condition was intended to distinguish recipients depending on how long they have implemented principles of social entrepreneurship before starting the project under OPHRE / IOP. It can be assumed that firms that have adhered and have had formally enshrined these principles in memorandum before submitting an application to OPHRE / IOP, will have greater potential to maintain jobs than projects that introduced and formalized principles of social entrepreneurship ad hoc, in accordance to submission of application.

Condition calibration

Calibration was performed on the basis of exactly defined question and individual answers in questionnaire survey.

Principles of social entrepreneurship were introduced and formalized in connection with application to OPHRE and / or IOP / - 0.0

Principles of social entrepreneurship have been introduced and adhered previously; however, they were not formalized in writing - 0.5

Principles of social entrepreneurship have been adhered had formally enshrined in memorandum before submitting an application to OPHRE / IOP - 1.0

Data collection

To solve this problem, project team used following data sources:

- data from monitoring system Monit7+;
- data from Czech Statistical Office;
- In the next step was carried out data collection, which was performed through questionnaire survey on final beneficiaries' level. General problem is low number of implemented projects; however QCA analysis can work also with limited sample of respondents. Questionnaire survey was performed from 23. 9. 2013 to 12. 10. 2013, and 135 respondents were addressed. Return was 40 questionnaires (29.6%), of which 17 respondents have completed the project.

QCA analysis results

Based on stated assumptions, there was, within questionnaire survey, observed dependent variable, i.e. success rate of employed target groups within SE even after project's completion. However, from total number of 17 responses, there were identified only 12, which have the same or higher level of employment of disadvantaged persons, as at the end of project implementation. For qualitative comparative analysis this number is on the edge of applicability. QCA is much more important in case of inclusive entrepreneurship (see next part of evaluation), where there were 79 respondents. In case of social entrepreneurship, however, most projects are still under implementation, which was highlighted also in workshop for representatives of Managing Authority. Therefore, truth table has been designed for all 17 cases (i.e. also unsuccessful "social enterprises"), because the question of "what factors have influenced the fact that social enterprises didn't maintain number of employed disadvantaged persons as it was at the end of project", may seem interesting. In accordance to low number of cases, there have been carried out major QCA analysis steps, but results can't be considered as relevant, because of many unfinished projects. It would be appropriate to repeat the QCA analysis application during year 2015.

The first important step is to analyze necessary conditions for evaluated dependent variable. In this context, there were found three potentially necessary conditions of all evaluated and above described variables. In the case of three factors, consistency rate exceeds value of 0.8 (as border value is universally accepted and recommended value of 0.75 – See Ch. C. Ragin, 2008). Specifically, this is "amount of supported persons" (0.92), further condition measuring „regions maturity“(0.82) and "legal form of applicant" (0.83). In other words it can be stated that the result (i.e. maintained rate of employed disadvantaged people in SE) is potentially present when there are present above mentioned conditions. In this context, therefore, it can be presumed, that for successful social enterprises who manage to maintain employment of disadvantaged people even after project completion is typical position in advanced region, legal form of a limited liability company and these projects have also planned larger number of supported persons from the early beginning.

However, it is also necessary to note that the coverage rate does not reach such high values as consistency rate. That's why it is possible to see above mentioned assumption only as highly

probable, but not always valid (there may exist specifics). With regard to very low number of observed and empirically documented cases, other cases are probable. In other words, lower value of coverage rate means that there are cases that led to intended result, but are not covered by combination of three above mentioned conditions. Detailed tables of necessary conditions analysing are given in technical evaluation report.

To complete above mentioned knowledge, there was performed an asymmetrical analysis of necessary conditions, i.e. analysis of conditions that didn't led to desired result. That means explanation of factors that were frequently present in cases, where social enterprise confessed lower rate of employed people than it was at the end of the project. From results of conditions analysis for absent result engaged that potentially necessary conditions can't be stated. Any condition does not reach consistency rate higher than 0.75. This is due to low number of empirical cases.

In the next step the aim was to implement "standard analysis"⁵⁹ according to Ch. C. Ragin (2008) in fsQCA 2.0 software. However, with regard to the number of variables and a very small number of empirically registered completed projects of social enterprises, results of analysis aren't (based on minimization) relevant (resp. test results always showed "mistake" of model). For this reason, initial analysis of necessary conditions can be considered as meaningful, where have been shown different effects of individual conditions. And further, there are processed pivot tables (see Technical Evaluation Report) of selected variable, always with regard to evaluated result. Also, these results de facto indicate different effect of condition on dependent variable. Primarily, relationship between successful social enterprises (that thrive maintain employment rate of disadvantaged people) and indicator of "number of persons supported during the project", is empirically demonstrable. It turns out, that projects, which have planned and subsequently also achieved higher number of supported persons during project implementation (sometimes more than 10 people) show better results in terms of subsequent sustainability, than projects, that supported lower number of persons. It was also confirmed influence of external factors with which social enterprises cannot do anything and have to adapt to these conditions. This is mainly factor of municipality size, where the project is implemented and also relative maturity rate and economic production of the region. Similarly positive influence can be found in social enterprises that had implemented principles of social entrepreneurship before than in connection with the beginning of the project. On the other hand, it is necessary to take these results very carefully, because they are based on a very small number of empirical observations. For this reason-, we recommend performance of fully-fledged fsQCA analysis at the turn of the year 2014 and 2015. Conditions selection, according to research team, is set properly, and initial results show different effects of individual factors, but "strandard fsQCA analysis" itself couldn't be done relevantly.

Partial QCA summary

After QCA analysis performance, there were identified three major anticipated factors of success, combination of which leads to a positive result, namely:

- Legal form of social enterprise, where more successful appeared those enterprises, which were in form of Ltd. (Limited liability Company),
- Position in the region, where as more sustainable appeared those social enterprises, that have operated in economically advanced region, and
- Planned number of supported persons, where, as more lasting and sustainable appeared those social enterprises, which have planned to employ larger number of target groups from the early beginning.

⁵⁹ The essence of the Standard Analysis according to Ragin (2008) are 3 evaluation of possible solutions to these lines to minimize counted on various scales and are subsets of each other. This is a conservative calculation, "maximalist" calculation and so. "Intermediate" calculation, which are counted and values without empirical evidence.

However, it is also necessary to note that the coverage rate (coverage) does not reach such high values as a measure of consistency. That's why above mentioned assumption is possible to see only as highly probable, but not always valid (there may be specifics). Performed QCA analysis also showed that condition that didn't lead to desired result, can't be clearly defined. Nor can be determined potentially necessary conditions for achievement of positive outcome.

Part B) Case studies

In order to address this evaluation question, the task of evaluator was to identify main factors of achievement of observable outcomes in supported projects, through processing 8 case studies of completed projects supported from evaluated calls. Selection of projects was carried out in cooperation with contracting authority and in coordinated way with parallel project carried out by 3P Company, where there are also performed case studies of social enterprises. There have been taken into account also case studies of social enterprises, which have been already implemented and published on ESF forum.

Selected projects were chosen so that four social enterprises should receive support from combination of IOP and OPHRE, two enterprises should receive support only from IOP and two projects only from OPHRE. The list of selected projects is given in table below. In original selection has featured social company SOFIRA Kadan, Ltd., but after having been supported from IOP and OPHRE it went bankrupt and had closed its operation. Contact person for this project could not be contacted, so eventually this social project had to be, for purposes of case studies processing, replaced by another company.

Main objective of this assignment was to identify, through processing of eight case studies of social enterprises, factors that lead to positive results of support and to sustainability of social enterprises. Case studies are given in full text in appendix. At this point are given main findings and synthesizing conclusions.

- Nearly all surveyed social enterprises have integration character with aim of permanent employment for disadvantaged people. This is mainly due to calls nature and their understanding by applicants.
- Most enterprises, especially those that employ persons with disabilities, work together with local labour offices and use contributions for employment of persons with disabilities.
- Social enterprises meet majority of indicators which are designed to identify social enterprises TESSEA networks, but they never meet them all. These are mainly indicator 1 b) participation of employees and members on strategic direction of the business, when this indicator is always fulfilled only by informing employees about company's plans, or by opportunity to express their opinion. But this couldn't be considered as participation in strategic direction of the company. Second indicator, which isn't met periodically, is indicator 2 c) independence in managerial decision making and management on external founders. Management of surveyed enterprises was exclusively composed just of owners / founders of companies, which is, considering the fact that it is a small business, logic. Other indicators are at least partially fulfilled by majority of social enterprises.⁶⁰

From implemented case studies is beyond project Mini-technic service, implementer of which was Kamil Kubicek. This project is unique in that, that this is support of self-employment start-up, which operates on principles of social economy.

Success factors

⁶⁰ Question is whether these SE criteria (indicators) should be involved in set of indicators at all. Social enterprises are entrepreneurial subjects, which are in most cases directed by owners themselves – founders.

Based on processed case studies and desk research of other information on social enterprises were identified factors that lead to desired results and to implementation of principles of social entrepreneurship. Individual factors were divided according to what results they led.

Social area

Here, attention was focused on factors identification, which appeared as important for work with target group. Identified were in particular:

- Long lasting previous experience with target group. It turns out that employers, who have previous experience with work with target group, are able to understand better its specifics and estimate its options, which consequently leads to sustainable work with her.
- The right choice of target group. Even without previous experience with target group, an important factor of success seems to be the right choice of target group with regard to the nature of operation.

Economic area

Into the economic sphere belong factors related to economically independent and sustainable entrepreneurship and social enterprise operation. Factors that significantly affect economic stability and sustainability of projects were identified as follows:

- Good business plan – by this factor is meant a good idea that has a chance to succeed in the market, combined with high quality and realistic elaborated business plan. Realistic business plan at least to the extent, in which it was required for grant application, is crucial for assessing real intent.
- Customers are another factor in success of social enterprise. Studies have shown that there, where social enterprise had well designed and treated relations with customers, occurred mostly further company's development.
- Grant obtaining. To create social enterprise was significant to obtain grant from IOP and / or OPHRE, as is evident from questionnaire survey among applicants and final beneficiaries.

Local dimension

Factors conditioning significant development of local dimension were identified as follows:

- The nature of activities. Cooperation with local organizations and relevant municipalities largely depends on the nature of activity which is carried out by the company, because the most important cooperation was identified through small orders at local level.
- Use of local raw materials and resources for business activity.

Environmental dimension

For environmental dimension failed clearly to identify any factors of success, as this dimension in available materials either wasn't accepted by implementers, or they were unable to assess it and it was confused with environmentally friendly behaviour (interviews).

Conclusions

The aim of the evaluation task was, based on qualitative research through QCA analysis and case studies, to identify major factors for achieving observable outcomes in supported projects.

QCA

After performing QCA analysis in 17 selected social enterprises, of which 12 can be considered as successfully sustainable, there were identified three main anticipated factors of success, the combination of which leads to a positive outcome, namely:

- Legal form of social enterprise, whereas more successful appeared to be those companies that were in the form of a limited liability,

- Position in region, whereas more sustainable appeared those social enterprises that operate in economically more developed region, and
- Planned number of supported persons, whereas more permanent and sustainable appeared those social enterprises that have planned employment of greater number of target groups from the early beginning.

However, it is necessary to note that the coverage rate (coverage) does not reach such high values as consistency measure. That's why it is possible to see above mentioned assumption as highly probable, but not always valid (there may be specifics). With regard to the very low number of observed and empirically documented cases, other cases are probable. In other words, lower value of coverage rate means that there are cases that led to intended result, but are not covered by combination of above mentioned three conditions.

Performed QCA analysis also showed, that there can't be clearly defined condition, that didn't lead to desired result. Nor can be determined potentially necessary conditions for achieving positive outcome.

Qualitative research

For successful operation of social enterprise, even after support from public sources finish, have within qualitative research experienced as major following factors:

- Quality business plan, i.e. especially well calculated and proved idea,
- Ensured customer-supplier relationships, i.e. especially ensured demand for services and products of social enterprise, and
- Long lasting previous experience with target group.

Other factors identified in qualitative analysis may in some way contribute to a better implementation of principles of social entrepreneurship, but they have no significant effect on activities sustainability and on overall success of social enterprise functioning.

In principle, as factors of success can be considered economic or business factors, which is crucial also in common business, and experience with target group.

Recommendations

With regard to less conclusive results of investigation in both A and B, formulation of any recommendations could be misleading.

Table 18: Project selection for case studies and qualitative research

Registration number OPHRE	Registration number IOP	Applicant	Title of the project	Target group	Number of supported persons	Date of completion
CZ.1.04/3.1.06/30.00010	CZ.1.06/3.1.02/01.06080	Active Colour Ltd.	Expansion of social entrepreneurship of Active Colour Ltd. – Wet coating	People with disabilities	3	30. 4. 2012 31. 7. 2010
CZ.1.04/3.1.06/30.00078		MOŽNOSTI TU JSOU public benefit company	Second hand SECOND HELP	People with disabilities	29	30. 6. 2012
CZ.1.04/3.1.06/30.00091		Institute for sightseeing and culture, public benefit company	Internet portal FOR sightseeings.info - interdisciplinary project in area of heritage care with focus on jobs creation for people with disabilities	People with disabilities	3	31. 12. 2011
CZ.1.04/3.1.06/30.00169	CZ.1.06/3.1.02/01.07596	PONTES Písek, Ltd.	Integration café Pontes	People with disabilities	6	30. 4. 2014 31. 7. 2011
CZ.1.04/3.1.06/30.00220	CZ.1.06/3.1.02/08.07973	Kamil Kubíček	Mini-technical services	People with disabilities	1	31. 3. 2014 31. 7. 2012
CZ.1.04/3.1.06/30.00128	CZ.1.06/3.1.02/01.07110	VS Rychleby Ltd.	Fruits and herbs processing in Velka Kraš	People with disabilities	5	31. 5. 2013 31. 8. 2012
	CZ.1.06/3.1.02/01.06083	Ing. Štych David	Company for biofuels production	People with disabilities	4	30. 11. 2010
	CZ.1.06/3.1.02/01.06097	INLOBO Ltd.	Equal opportunities for disadvantaged	People with disabilities	2	31. 10. 2010

Source: Monit7+

4.1.7 EQ 2.1.7: What is the (expected) sustainability of supported projects and their results after the completion of the financing of OPHRE and what are the factors of sustainability? What are the (expected) sources of financing social-business projects after the completion of funding from OPHRE and IOP?

Introduction

When evaluating the sustainability of projects after the end of support, there was used primarily evaluation questionnaire, which was conducted among the beneficiaries, as well as information from qualitative research and desk research of publicly available information, mostly from the internet and portal www.justice.cz.

Main findings

Sustainability

Sustainability of projects is crucial for evaluating the effectiveness of the support of the OPHRE and IOP. Therefore, respondents were asked by 4 questions in the questionnaire survey according to the sustainability of projects:

According to the question, whether the beneficiaries plan to keep their activities to the same extent as during the project, responded positively 43% of the 61 respondents. 30% of respondents even plans to expand the scope of activities. Approximately one quarter (23%) of enterprises supported without further grants but they plan to reduce the range of activities in the range of 15- 90%, mostly they plan a reduction in activities and hence in the employment by about 50 - 60%. Three respondents (5%) even responded that no subsidies will be forced to terminate the activities of the social enterprise.

For already completed projects, they indicated mostly minor reduction in the number of employed target groups. Reducing the number of employed TG usually ranges from 20-50%. On the other hand, respondents also found businesses that maintained the number of employed persons from target groups, on the contrary, even increased their number. 3 reported an increase and sustain well also 3 respondents out of 25 respondents whose projects have already been completed.

The second source of data for assessing the sustainability is the additional research of the actual situation of social enterprises (February 2014) which have completed their projects financed in the Call No. 30 of the OPHRE. Survey was conducted through the desk research particularly by internet websites of companies that have terminated their projects. This survey should be considered rather supportive, yet capable to provide a picture about the sustainability and the current status of the projects. In the investigation, we focused on websites for social enterprises; we investigated whether these website are up to date, more than a year unpatched or non-existent. Investigation was carried out on completed projects OPHRE Call No. 30 due to the fact that has a more supportive nature; because the lack of web sites does not mean that the company does not work.

In total, there are 22 social enterprises in a function of the 32 completed projects; respectively they have functional and actual websites. 5 social enterprises have a website, but usually with a lack of information and a minimum of one year unpatched. In 5 cases of social enterprises, there were not possible to find appropriate websites at all, or they were broken.

As already stated, this supportive investigation cannot be considered as fully conclusive, but it indicates that roughly one third of the projects after their completion have existential problems, or they have ceased their activities. This indicative investigation can be considered as a non-response bias to the amount of the assessed questionnaire survey, where is possible to expect, that the

questionnaire was filled by respondents from only functioning social enterprises. The result, i.e. approx. one third of social enterprises with existential problems was also supported by the staff of the MLSA at the workshop according to the conclusions of the evaluation of the 22nd January 2014.

Then, the survey among project managers in appropriate calls showed essentially the same result when based on the knowledge of individual projects, all project managers who completed the questionnaire said that some of the supported social enterprises will cease to operate after the completion of the project.

Also, similar results are shown by a random sample of 17 social enterprises that were selected for the QCA analysis conducted in the previous question. Of these 17 supported enterprises, 5 of them, roughly thirty percent, has not retained activity to the same extent as during the project.

Factors of sustainability

Sustainability factors of the social enterprises functioning have been addressed in the previous evaluation question, in the following, there are summarized only the results for which success factors can be considered:

- High-quality business plan, i.e. especially well calculated and proven idea,
- Secured supply-demand relations, i.e. in particular to ensure the demand for products and services of social enterprise, and
- Long-term previous experience with the target group.
- Location in more developed region.

Sources of financing

In terms of funding, it was investigated both, whether the project implementers would establish a social enterprise without obtaining grant, and subsequently, also, from what sources suggest implementers of the company to continue with funding of their activity after the project completion.

Only 5% of respondents said they would implement the project in the same range without obtaining grants. Almost three quarters of respondents (73%), without obtaining a grant project were not able to implement it at all, then, 22% could implement it on a smaller scale. The answers to these two questions suggest that support for the establishment and expansion of social enterprises from OPHRE / IOP helps to start a business activity for social enterprises, of which three-quarters would never have been.

According to the question, of how to ensure the financing of activities after the project completion, 69 respondents answered in total, of which the largest portion - 46% - opted for a combination of financing activities, income from business operations and subsidies. Closely followed by a group of 45% of the respondents who intend to finance their activities by business activities of the social enterprise. Only 1% is assumed to obtain further funding, and 7% want to finance other activities. In the comments, then, they specify the additional funding possibilities, these are primarily a combination of business and cooperation with the labour office and business, and the budget of the municipality.

In principle it can be stated that almost more than half of the supported enterprises rely to some extent on providing additional funding to sustain business activities.

In terms of the type of subsidy, beneficiaries then rely mainly on three types of grants:

1. Payroll contributions from labour offices. It is a utilization of system tools support the employment of persons with disabilities when employers are given a regular allowance to employ these people.
2. Obtaining additional funding from EU structural funds. With regard to the amount and

the availability of these funds, some social enterprises rely on their further use, even if it is only a one-off and non-systemic support.

3. Subsidies from public institutions, e.g. from the office of the regional authority or municipality in which social enterprises operate.

Conclusions and recommendations

Sustainability survey results showed that in the same or a greater extent continues in a business about 70% of supported social enterprises. The remaining 30% reduces the number of employed persons from target groups, or completely terminated its activities, after the project completion.

The main factors of success lies in a well thought out and elaborated business plan and ensured supplier-customer relationships. An important factor appears to be the previous experience with the target group.

More than half of supported social enterprises finances their activities after the project completion partly from additional public funds. This is particularly the payroll contributions to employment of persons with disabilities, as well as subsidies from the Structural Funds, to a lesser extent on contributions from other institutions, particularly local and regional authorities. Only less than half of the supported enterprises are able to keep the business in the same range without depending on other public sources.

Recommendation

- In the calls of the OPE, to focus the evaluation mainly on the sustainability and viability of a business than on its social benefits (with an assumption that they meet the criteria of social enterprise).

4.1.8 Synthesizing the findings and recommendations of the Task 2.1

Conclusions

Calls No. 1 and 8 of the IOP and No. 30 of the OPHRE were listed to support the establishment and development of social enterprises. It was a selective grant support of business plans of entities that have subscribed to the principles of social entrepreneurship, as it was demanded by the aforementioned 3 Calls. Based on the evaluation of these three calls and implemented projects within them we can formulate the following synthesizing conclusions.

- For the development of social entrepreneurship in the Czech Republic would be more appropriate to find a legally anchor system solutions and tools to support social entrepreneurship, e.g. a sufficient tax relief, relief for social enterprises participating in public procurement (while achieving the same quality and cost-effectiveness), tax holidays , reducing payments for disadvantaged employees on social insurance, etc. This would lead to a systemic support, which could under certain conditions be an entitlement for all businesses. The support as it was conceived in the evaluated calls was non-systematic, selective and favoring selected business entities over others.
- The analysis of projects showed that the majority of applicants used the subsidy to reduce costs, and not for the improvement of productivity. Support should therefore be conceived precisely to increase the productivity of businesses that have a high added value, which is a key factor in the sustainability and survival. As possible examples include e.g. the support for the purchase of new technology, thanks to which it may be employed the target group of disadvantaged people.
- An analysis of projects also showed that in most cases there are classic business entities that are only known to the fulfillment of certain criteria and principles that if it were not quantified, applicants often imprecisely understood them (e.g. typically confuse the

environmental principles of ecological behavior company). An important conclusion is that it is (or it should be) primarily for businesses that operate in a competitive market. We can also consider the support for social enterprises conjunction with conventional enterprises, only, for example, there will need to be introduced a 5-10 points of an application advantage in the case that the company espouse the principles of social entrepreneurship and will abide by them.

- Supported business plans showed questionable sustainability after the completion of grant funding. Research suggests that the existential problems after the project completion has roughly one-third of social enterprises. The survey and interviews show that project evaluation strongly emphasized the social criteria of business criteria.
- It can be estimated that there were supported socially good looking, but not very viable projects (see the one third of them as problematic). While functioning social enterprise with less social added value is certainly greater benefit to society than a failed venture. In the evaluation, there should therefore emphasized an overriding factor in the business of project quality and increase the emphasis on the autonomy of social enterprises. To eliminate the number of applicants who want to "just money", should help the introduction of co-financing in projects financed by the OPHRE (OPH). At the same time the Department of quality projects also contributed to mandatory sustainability of activities after the project, for a minimum of 2 years, but ideally 3 years.

Recommendations

- To support the implementation of the systemic project, whose aim will be to propose a legislative system tools for the promotion of social entrepreneurship in the Czech Republic and submit them for approval to the Czech legislation so that it can be a social business as soon promoted systematically and could be abolished completely selective and unsystematic grant support type of Calls 1, 8 and 30.
- In the case that under the new Operational Programme of Employment, which includes the promotion of social economy, will continue to be implemented in the form of grants, as with the prompts evaluated in Task 2.1, we constitute the following recommendations:

Cofinancing

- *To introduce a compulsory co-financing for all projects in a minimum of 20%.*

Sustainability

- *To establish mandatory sustainability of the project for a period of 3 years from the completion, and under sanctions.*

Principles and criterions of SE⁶¹

- *To define a recognition of principles and criteria for all types of social enterprises and to allow applicants to choose between different types of social enterprises. In the call, for example, to define:*
 - *The common criterion of social enterprises is a commitment to reinvestment at least 51% of its profit into further development of the company (for sustainability documented financial statements and decisions of managing authorities on the distribution of profit). Furthermore, companies must meet the following criteria:*
 - *Integration social enterprises*
 - *To employ at least 40% of the target groups, measured load (documented list of employees and their employment)*
 - *Environmental SE*
 - *criteria defined similarly to the integration SE*
 - *...*
 - *Locally targeted SE*

⁶¹ In the case of principles and criteria for different types of social enterprises it is not a proposal for specific values, but sample forms, as should be the principles and criteria formulated to be clearer for applicants.

- *criteria defined similarly to the integration SE*
- *...*
- *The applicant must meet all criteria for at least one of the above type of SE.*

Supported activities

- *Establishing new social enterprises and new business ventures*
 - *Reimbursement of salary costs for the target groups of up to 80% of their total volume for the integration of SP.*
 - *Payment of 80% of investment costs and the purchase of equipment and facilities that demonstrably serve to achieve public benefit goals.*
 - *Reimbursement of training for employees (100% of costs).*
 - *Direct support for target groups (especially travel expenses) to 100% of actual expenses.*
 - *Marketing on social enterprise (the condition is accentuating the social principle) 100% of the costs, but up to 10% of the total public expenditure of the project.*
- We recommend to consider the introduction of conditional grants in the form of guarantees for bank loans to SE with subsequent transfer of the subsidy, and according to the following mechanism:
 - Applicant - SE – will submit for the assessment the business plan and a simplified application;
 - The evaluation committee will examine the business plan and in particular the fulfilment of the criteria for inclusion in the category of social enterprises / projects;
 - In the case of the criteria fulfillment the intermediate body will issue a decision on granting guarantees 50% of the bank loan;
 - The applicant will request to some commercial banks on credit with the promise of guarantees;
 - In the case of granting a loan by the bank, then will be signed a guarantee and grant for 50% of the loan;
 - A social enterprise repays the loan granted, and after the payment of 50% of the bank loan and an assessment of the fulfillment of public benefit aims to guarantee changes to the grant which is paid once the remaining half of the loan.

The percentage amount of the subsidy / warranty could be discussed, as well as details of the whole mechanism. We see advantages of this method in several levels:

1. The obligation to repay part of the loan is forcing entrepreneurs to think entrepreneurially and really helps to select good business plans.
2. Assessment of the quality of the business plan and the related assessment of the sustainability and viability of the project is partially transferred to commercial banks, which are able to assess the business part of the project more professionally and more capably than evaluators of ESF projects.
3. Social entrepreneur carries a business risk from the beginning.
4. Simplified monitoring and its associated project administration. Monitoring will consist in documenting regular loan repayment. At the time of "changes" to grant guarantees and additional payment of the loan will be considered only benefits of the social enterprise in the form of control to achieve the proposed major outputs and outcomes (e.g. the number of jobs created for disadvantaged, etc.). There will not be necessary to conduct an ongoing completion and checking of timesheets, descriptions of activities, photocopying documents and other unnecessary administration associated with the creation of monitoring reports and requests for payment.
5. The subsidy will be granted only to successful companies, or will be granted only retrospectively after a certain time.

4.2 Task 2.2 - Perform an evaluation of projects beyond the call 30 OPHRE to promote social entrepreneurship

Introduction to the issue

According to the tender documents, the aim of the evaluation task 2.2 was:

The evaluator identifies all supported projects OPHRE in support areas 2.1, 3.3, 3.4 and 5.1 focused on support services and development activities for the benefit of social entrepreneurship and assess the extent to which the support from the OPHRE cover relevant needs in the field of social entrepreneurship (identified as part of Task 1) even in the context of completed services and activities funded from sources other than the OPHRE and IOP.

Data and information obtained from the evaluation of these projects will (in addition to research on subjects that were not supported by the OPHRE and IOP) be used for the processing of task 1 on mapping services for social enterprises. In addressing this question, among other things, assessed the suitability of this type of support služeb and other activities (networking, sharing experiences, raise awareness and awareness of the SE, the development of new models of social entrepreneurship, evaluation / measurement SE etc.) for the development of the SE.

Individual projects that are focused on the social entrepreneurship, whether they have the character of social entrepreneurship or that focus on the promotion and development of this area, were identified in the initial evaluation of procurement solutions. Given the number of projects implemented under the OPHRE, there was used a contextual search of keywords in titles and annotations projects. These projects were then assessed by experts and, where relevant included in the selection of projects related to social entrepreneurship.

In accordance with the specifications of evaluation, the following analysis will include the identification of individual activities in projects underway and activities that are focused on the support and development of social entrepreneurship. Furthermore, in accordance with the proposal in the entrance report covers the identification of target groups and entities to which these projects focus. For a subsequent aggregation and grouping of data, there was necessary based on a review of various activities, which are centered by the project.

4.2.1 EQ 2.2.1: What projects are performed in OPHRE to promote and develop social entrepreneurship?

Main findings

There were identified 39 projects within the conducted desk research beyond the call of 30 that have some relation to the promotion and development of social entrepreneurship in the Czech Republic. A short description of these projects is set out in the technical report.

Identified projects outside of the OPHRE challenge 30 that are somehow aimed at promoting the social entrepreneurship can be divided into two basic categories.

1. Projects with an integration and implementation character that to some extent duplicate projects prompted 30 OPHRE and are primarily focused on the integration of target groups (education and employment) for the labor market. Projects in this category, a total of 26 of the 39 identified. These projects focus on two main activities, namely:
 - Training and consultancy for target groups. In this case, in particular the projects under the Priority Axis 2 and 3 of the OPHRE.
 - Employment of socially disadvantaged people, both permanent employment and

temporary for the project.

2. Projects focusing on systemic support of social entrepreneurship, transfer of good practice from abroad, developing methodologies and tools targeted to promote, develop and sustain social entrepreneurship in the country. Projects in this category have been identified in the context of the desk research a total of 13, the vast majority of them are implemented in the 5th priority axis OPHRE International Cooperation (total of 10 projects identified). The other three projects aimed at promoting social entrepreneurship system are implemented in areas of support 2.1, 3.1 and 3.2. Group of implementers of system projects from the second group is very diverse. We can find among the implementers of central government (MLSA, Office of the Government, the Labour Office Most), local government units (Statutory City of Karvina), and non-profit organizations (ops, civic associations, the Union of Czech and Moravian Production Cooperatives, cooperative).

Conclusions and recommendations

Based on our analysis, we can say that even beyond the call 30 OPHRE, there are projects that promote social entrepreneurship. Projects to promote a social entrepreneurship in other way than the direct work with target groups (training and employment), 13 were identified, most of which are implemented under the Priority Axis 5 - International Cooperation.

Recommendation

- To coordinate projects of systemic character, so that the activities and outputs will not be implemented in double in terms of material, but rather complementary. The point is to promote projects that will address the main causes of all the great problem of social entrepreneurship in the Czech Republic, as identified in the task first

4.2.2 EQ 2.2.2: What activities are implemented and the extent of the OPHRE's projects for the development of social entrepreneurship?

Introduction

For projects to promote the social entrepreneurship, that were identified during the previous evaluation question, was carried out in-depth content analysis of information from project applications and other information from Monit7+ to determine what specific activities are implemented in projects and who / what they are targeted. Considering that 26 projects from the first category (see previous EQ) more or less follows the integration and educational activities supported in the call 30, they are analysed in term of their content in the second category (13 projects), which focus on promoting social entrepreneurship and social businesses.

In the first phase of solving this evaluation question, there were provided complete project proposals from the information system Monit7+. These proposals were analysed by an in-depth expert assessment, which was intended to identify the core activities of these projects. There were examined on the base of the project proposals for what is the focus of the project. It was not an assessment of the project's activities, but the activities that in some way involve issues of social entrepreneurship, as not all identified projects were aimed exclusively at supporting social entrepreneurship.

Based on this information, there has been conducted an expert evaluation of a particular project in terms of its contribution to the issue of social entrepreneurship. In particular, it was considered what type of activities are given, i.e. that are systemic in their nature, or just educational. It was also assessed whether the project has a local character or a project with a national or even international reach.

Main findings

Result of the content analysis for each project is listed in the technical report. In total, there were identified two main groups of activities to promote social entrepreneurship.

Activities of a systemic nature

To this group belong activities, especially activities aimed at creating an environment for strengthening and development of social entrepreneurship in the Czech Republic. Activities identified in projects focused mainly on analyzing the current state of social entrepreneurship, analyze the conditions for social enterprises. Furthermore, in this group, there are such activities that are geared towards finding and securing definitions and legislative conditions for social entrepreneurship in the country. Some projects have been developed specific strategies and plans for the creation of social enterprises, either across the board or on a regional level.

For special activities that involve this group can be considered as the creation of international, national or regional networks of experts and institutions involved in the further development of the social economy.

Activities of a systemic nature can be regarded as very beneficial for the further development and especially the legislative definition of social entrepreneurship and social companies in the Czech Republic. On the other hand, the analysis of projects implemented to a certain fragmentation and lack of coordination of these activities. In several projects, there were created the methodology of setting up a social enterprise. The question is whether it would be more appropriate and efficient to concentrate similar activities and refrain from creating duplicate the same thing several times.

Activities with a character of information and health education

The second group of comprehensive activities that occur in the identified projects, activities are focused on education in the field of social entrepreneurship and informative and educational activities. The projects are then produced, for example, training courses for potential social entrepreneurs, information pamphlets, workshops and conferences, or network of potential social entrepreneurs in order to bring them closer to the idea of social economy. Particular support of activities is then a setting up a network of regional centers for social entrepreneurship or eventually a network of advisers for social entrepreneurship.

This type of educational activities may be considered as an appropriate support to spread the idea of social entrepreneurship in the country.

Range of activities

Extent of individual activities focused on social entrepreneurship in the identified projects is presented as a percentage of the estimate in the table below. Almost all of the identified projects were directly focused on the social entrepreneurship, therefore, the scope of activities dealing with the SE is usually 100%. Only two projects aimed at solving Roma localities is related to social entrepreneurship only partially. In these projects, a social enterprise designed as one of the options for addressing this issue one sub-target group, and its unemployment rate. One of the projects identified, then uses the development of social entrepreneurship as a tool, but fundamentally solves another question, and that depopulation of rural areas.

Conclusions

Conclusion can be formulated in the sense that projects beyond the call 30 OPHRE (primarily under Priority Axis 5 - International Cooperation) are implemented by two main areas of activities to promote social entrepreneurship in the Czech Republic. These are the following activities:

- Activity of a systemic nature (e.g. an environment for the development of the SE, analyzing the environment, developing strategies for the development of the social economy, creating national and international networks)

- Activities with an informational and educational nature (e.g. education, publications, organization of workshops and conferences, etc.).

Most projects that focus on a social entrepreneurship conducts this issue at the level of one hundred percent. In three projects is the issue of social enterprises and social economy used as one of the partial tools solve other problems.

Recommendations

- To continue with the support of system projects, especially those that lead to the drafting of the legislative environment conducive to the development and introduction of the SE system support SE.
- For educational projects in support of the SE accentuate those that lead to the development of business and economic knowledge and skills. (Given the very poor quality of business plans call for 30, which was supported by only about 12% of the applications submitted, and given the relatively large percentage of social enterprises, which are struggling with existential problems after subsidies).

4.2.3 EQ 2.2.3: To what extent these projects address the needs in the field of social entrepreneurship?

Introduction

In this evaluation question, there was conducted an analysis on projects that were identified as part of the evaluation task 2.2.1. Of these projects, the analysis was further narrowed to projects of a systemic nature, as the second group of projects basically copied the focus of projects prompted 30, a project whose primary goal was employment of people with disabilities.

In total, there were 13 projects; an overview is given in the table below.

There was used information from IS Monit7+ for the solution, information from the contractor and the outputs of the task 1 of this evaluation. Information obtained were then analyzed, sorted and expertly assessed.

Table 19: Projects supporting SE

Č.	Reg. No. of the project	Title of the project	Beneficiary	Budget in CZK ⁶²	Extent ⁶³	Activities according to SE
Systemic project						
1	CZ.1.04/3.1.00 /04.00011	Support of the social entrepreneurship in the Czech Republic	The Ministry of Labour and Social Affairs of the Czech Republic	5 508 050,00 100 %	N	Creating a network of 10 local consultants from the circle of successful social entrepreneurs who will provide information and experience in running a social enterprise. Creating a network of experts / coaches who are social entrepreneurs provide extra services (e.g. the advice on working with TG), they will not be able to offer local consultants. Activity conceptual grasp topic is aimed to discuss and identify conceptual characters, and incentives for social entrepreneurship. The project will allow for internships in social enterprises in order to transmit information on the operation of social enterprises.
2	CZ.1.04/5.1.01 /12.00021	Thematic network for the development of social economy	Nová ekonomika, o.p.s.	9 8997 20,00 100 %	M	Support for the development of social entrepreneurship by creating a model of the social economy in the Czech Republic, information about the issue. Communication with policy makers and their influence towards the introduction of the concept of social economy. The establishment of thematic networks of social economy. Cooperation with foreign partners in the creation of the model in the Czech Republic.
3	CZ.1.04/5.1.01 /77.00210	TESSEA gain international experience	P3 - People, Planet, Profit, o.p.s.	5 026 499,16 100 %	N	A legislative proposal for the integration of social enterprises, transfer and sharing of know-how in the field of social entrepreneurship, education and information about the issue.
4	CZ.1.04/5.1.01 /77.00211	Innovative promotion of social entrepreneurship	P3 - People, Planet, Profit, o.p.s.	7 698 616,08 100 %	M	Information and publishing activities aimed at promoting the social entrepreneurship in the Czech Republic, including examples of good practice from abroad. Creating a network of regional ambassadors (advisers) for setting up social enterprises.
5	CZ.1.04/3.2.00 /47.00001	Promoting social inclusion of Roma in	Government of the Czech	44 850 000,00	N	Processing and analysis in selected towns with excluded Roma communities. The analysis should also assess the possibilities of social

⁶² Besides the overall budget of the project is given an estimate of the percentage of operations (budget) that is focused on social entrepreneurship.

⁶³ Scope of the project is rated as M - International, N - National and R - regional.

		selected areas through the work of the Agency for Social Inclusion in Roma Localities	Republic	5 %		enterprise development.
Networking						
6	CZ.1.04/5.1.01 /77.00042	Work with the Roma community in Karvina	Statutory town Karviná	5 253 721,20 30 %	M	Creating regional thematic networks with foreign interference, which aims to develop and transfer examples of good practice in the integration of Roma into the society and the labor market. The idea is to create a network of consultants to support social entrepreneurship and the creation of social enterprises.
7	CZ.1.04/5.1.01 /12.00130	Optimal system of the support for social enterprises and cooperatives in the most critical stage of their creation and initial development	Union of Czech and Moravian Production Co-operatives	5 014 810,00 100 %	N	The purpose of the project is to test the viability of the newly formed soc. businesses on existing examples, analyze the main problems with the help of experienced foreign partners and experts to identify the main tools of prevention and intervention. Creating partnerships with foreign institutions. 3 workshops and visits to the partner.
Information and support						
8	CZ.1.04/2.1.00 /13.00064	CREDIT - Social Economy in the Most	The Labour Office of the Czech Republic, Most	8 655 507,45 100 %	R	Finding, diagnostics and retraining target groups, their subsequent placement on subsidized and unsubsidized jobs in non-profit organizations that have the future potential to become social enterprises. Implementation of two of workshops on the topic of social economy and the creation of social enterprises that will be completed by the final conference with foreign participation to provide information for the transfer of good practice.
9	CZ.1.04/5.1.01 /12.00031	With experience from De Boei into social businesses	Iskérka - civic association	4 320 035,00 100 %	M	Gaining experience with social company through internships at the Dutch company working with the target group. Preparation for the establishment of an international social business. Creating methodologies for working with TG and preparing the grant application for the establishment of an international social business. The outcome will be a publication with experiences from the cooperation of the Czech Republic and the NL partners in the preparation and implementation of social entrepreneurship. The results will be

						presented at an international conference.
10	CZ.1.04/5.1.01 /51.00010	Incubation and acceleration of activities in the social economy	Innovation Tank	2 804 270,00 100 %	M	The transfer of know-how in the field of social entrepreneurship from the UK to the Czech Republic through the creation and implementation of a training course for representatives of NGOs who are potential founders of social enterprises.
11	CZ.1.04/5.1.01 /51.00037	Social firm - uses the Swedish model in the Moravian-Silesian Region	Renarkon, o. p. s.	4 576 006,96 100 %	M	Cooperation with Swedish partner on the transfer of experiences in the Czech Republic and the creation of the necessary methodology for the establishment of a social enterprise in the country. Information seminars.
12	CZ.1.04/5.1.01 /77.00212	Regional Centre for Social Entrepreneurship	PPSD Personální a poradenské sociální družstvo	3 542 503,96 100 %	R	Awareness about the possibilities of social entrepreneurship at the regional level, the transfer of the methodology and the creation of the first regional center to promote social entrepreneurship in the Czech Republic. Create and pilot test of a motivational training course to start social entrepreneurship.
13	CZ.1.04/5.1.01 /77.00382	Family and employment - Innovations for rural areas	Novohradská občanská společnost o.s.	3 674 933,00 80 %	M	Creation of a working group on social entrepreneurship in the micro-region Rose, visiting Wales to gain experience in the SE, map the current state of the SE in the micro-region and identification of potential social enterprises, education target groups, developing a methodology for the establishment of a social enterprise, creating action plans for the creation of social enterprises.

Source: Monit7+

Main findings

A central problem of social entrepreneurship in the Czech Republic was identified as part of Task 1 the following problem:

- Insufficient development of social enterprise (i.e. low number of social enterprises and insufficient range of services and products and socially beneficial activities of social enterprises) with the following consequences:
 - a continuation or worsening of the employment situation of poor people and socially disadvantaged,
 - bad situation of socially excluded,
 - bad situation in the development of local communities and the environment.

In the framework of the task 1, there were identified reasons for the persistence of this central problem SE. These causes are listed below with expert review that the above projects supported beyond the call 30 OPHRE potentially contribute to the elimination of these causes.

- Lack of knowledge, experience and skills starting SE (Project 1, 4, 6, 8, 9, 10, 11, 12, 13)
- Lack of functional models SE (Project 2, 7, 9, 11)
- Limited access to finance for the SE, both at the start and during operation (Project 2)
- Lack of measurement / evaluation of the contribution of SE (Project 2)
- Lack of a system of tax and other relief for the SE (Project 2)
- Frustration of existing SE and low motivation to take their business further (Project 1)
- Underdevelopment of platforms and networks of SE (Project 1, 2, 4, 6)
- Small scale forms of financial support of SE (Project 2)
- The absence of a clear definition of SE (Project 1, 2, 3)
- Inflexible set of the legislative system limiting the development of SE (3)
- Limited application of socially responsible public procurement (Project 2, 5)
- Underdeveloped space for information, exchange of experience, transfer of good practice (projects 1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 13)
- Lack of interest of banks to increase the availability of loans for underdeveloped sector SE

In addition to the aforementioned projects supported from OPHRE is the theme of social entrepreneurship and social economy dealt with comprehensively and international project NBFSE (Network for Better Future of the Social Economy, which was behind the Czech partner of the OPHRE). This project was a complex character and responded almost to all the above identified causes.

As it is clear from the above summary, the focus of projects supported from OPHRE to address the various causes of the central problems of social entrepreneurship in the Czech Republic is rather uneven. The vast majority of identified projects to promote social entrepreneurship focuses on two main areas, namely - (1) lack of knowledge, experience and skills starting SE and (2) undeveloped space for information exchange and transfer of good practice. According to these causes, these projects respond to it mainly by raising of awareness, inspiration from abroad, possibly by creating of publications, training courses and counseling.

Relatively sufficient number of projects (each 3-4 projects) responds to the following three reasons: (1) lack of functional models of SE, (2) lack of development platforms and networks of SE and (3) the absence of a clear definition of the SE. Causes respond to these projects mostly through networking social entrepreneurs that help to transfer and share information between social enterprises. To find a workable model of social enterprise, there are directed another 4 projects. The aim of the three other projects supported from OPHRE then finding a generally accepted and recognized definition of social entrepreneurship, which complicates the development and support of SE, as it is apparent from other parts of the evaluation.

One project tries to partially increase the motivation of social entrepreneurs to continue with their business (this is not a marginal activity within the project) and one project deals with the rigid legislative system set that is limiting the development of social enterprises and social economy. Relatively complex approach is applied by the project of the New Economy, ops which tries to tackle all causes, in the table above it is marked as 2; and outside the OPHRE, it is the international project NBFSE.

Conclusions

The analysis shows that all the causes of the central problem of social entrepreneurship in the Czech Republic, as identified in the framework of Task 1, are handled almost by one project supported from the OPHRE. Other projects are mostly responsive to the issue of low awareness and education, while funding and appropriate adjustment of legislation, with the exception mentioned project of the New Economy, ops, are covered minimally or not at all. Yet, it is key to support a quality social economy by the design and implementation of system tools to the legislation.

Recommendation

- To encourage other challenges especially systemic projects that will deal with legislative changes enabling the system to support the SE.

4.2.4 EQ 2.2.4: To what extent was formulated and appropriately configured the support of these projects in OPHRE, especially in terms of concentration (interconnection) support and setting the conditions in the calls?

Introduction

The analysis of this evaluation question was based on the desk research of individual calls and the evaluation of their settings with regard to support of projects that are aimed at social entrepreneurship and their support. Analysis of the calls was made in priority axes 1, 2, 3 and 5.

The purpose of this evaluation question was to assess the challenges in setting OPHRE whether, in what concentration and under what conditions might be supported systemic projects focused on issues of social economy and whether that support is sufficient.

To address the issue were used both desk research of texts of announced calls, information from Monit7+ and subsequently was used an expert assessment.

Main findings

Priority axis 1

Under the Priority Axis 1 were all calls (except a few specific individual calls) focused mainly on training of employees in enterprises. There was possible to apply for the support by social enterprises, however rules of calls didn't provide any advantage for these companies. If social enterprises applied their project proposals, they had to compete with conventional businesses.

Some calls (e.g. A5 or B1), or at least activities of these calls, were aimed directly at supporting enterprises that work with the target group of persons with disabilities. Special conditions for social enterprises, however, have not been determined; there was possible to apply by any employer employing persons with disabilities.

In the area of support 1.1, there were announced calls to strengthen social dialogue among social partners. Theoretically, there could be supported by some systemic projects, which focuses on

solving problems of social entrepreneurship. However, the call was rather focused on another area. In the area of support 1.2 was then evaluated one call, which was aimed at promoting employment of employees of restructured enterprises. Support was provided in addition to the obligatory training also on granting salary contribution to the employment of workers made redundant from the restructured enterprises. Theoretically, there could also be a scope for accentuating the involvement of social enterprises.

Based on the analysis of calls of the Priority Axis 1 can be concluded that the conditions for project support for social entrepreneurship, whether it was a direct support to social enterprises or projects of systemic character, it was theoretically possible to submit appropriate projects within the announced calls. None of these calls, however, did not mention special conditions for the submission of such projects.

Priority Axis 2 - Active labor market policy

One of the activities supported under this priority axis was the development of tools and measures, among other things, to eliminate barriers and create conditions for adequate employment of persons who receive enhanced care in job mediation (e.g. Call No. 11). Within this activity could be developed instruments and measures for the development and promotion of social entrepreneurship. In the text of the call, however, the support of the SE was not explicitly mentioned.

In the Call no. 13, then it was even implemented a project that was identified as support for social entrepreneurship in the desk research (CZ.1.04 / 1.2.00 / 13.00064 CREDIT - Social Economy in the Most, Most realized LO), but even in this or other Calls of PA 2 was not explicitly mentioned the possibility of supporting the social entrepreneurship.

Calls no. 74 and 91 then expressly stated that they would not support the creation of social enterprises.

Calls in PA2 were primarily aimed at supporting the social economy and social enterprises, some of the calls excluded these activities. Yet, the breadth of activities enabled the implementation of particular system activities in the support of SE, as it was realized in one of the implemented projects.

Priority Axis 3

Most of all the other priority axes, calls of the Priority Axis 3 were aimed at tackling the social economy.

To promote the social economy and social enterprises were targeted some of the calls in the area of support *3.1 Support to social integration and social services*. Call 04 for individual projects directly cited as one of the activities supporting the social economy. Under this call, there was also supported a systemic project of the MLSA, which was aimed, among other things, to support the social economy. In the call A9, as one of the supported activities, there was a support of innovative tools for integrating the target groups into the labor market at the regional level. This group of activities, then offered the possibility of support and information about the tools of the social economy and education of employers and target groups at the entrance to the business environment. Directly to the support of the social economy was still geared by a call no. 30, which has been extensively evaluated in Task 2.1.

However, most of the calls announced in the area of support 3.1 was concerned only with the support of social services, rather than to promote social entrepreneurship. The content of calls and the focus of their activities almost excluded activities aimed at promoting social entrepreneurship and social economy.

In the area of support 3.2 was implemented an individual system project of the Government aimed at, among other things, analysing the conditions for the development of social entrepreneurship in excluded Roma localities. The call in itself, however, explicitly did not mention the promotion of social entrepreneurship.

Conversely, the call 15 directly cited as one of the supported activities the support and expansion of social economy instruments in the field of social integration.

Most of the calls of the area of support 3.2 were focused primarily on the provision of social services, but the range of supported activities always allowed including marginally some systemic support of the social economy.

Area of support 3.3 Integration of socially excluded groups into the labor market is generally focused on supporting tools and measures to implement new ways of integrating and return disadvantaged people into the labor market. All announced calls were identical in terms of supported activities and target groups. However, activities were limited to working directly with the target groups, and not aimed to the conceptual solution. In terms of the setting of calls, some conceptual activities could be implemented in the context of the creation and implementation of comprehensive employment programs. In addition, calls were not intended for businesses (excluding educational institutions) which are important for projects aimed at promoting the social economy.

In calls of the area of support 3.4, there were not identified any explicitly defined activities or suggestions for projects to promote the social entrepreneurship.

Priority Axis 5

Priority 5 is focused on international cooperation consisting mainly in the transfer of good practice, information exchange, networking and other activities, including the activities of a conceptual nature. In terms of the focus of activities, calls are therefore relatively benevolent and enable including activities to support the social economy, what has also happened, as it is evident from the list of projects aimed at promoting the social entrepreneurship. On the other hand, calls did not permit the involvement of business entities.

Conclusions and recommendations

Based on an analysis of all calls announced within the OPHRE (excluding PO 4) can be stated that an explicit formulation designed to promote the social economy is in calls rather exceptional. There were identified only 4 calls from PA3 (04, A9, 15 and 30), which featured explicitly the support of the social economy. Most other calls, then its formulation of the social economy support rather made it difficult or even excluded. Therefore, most helpful to the promotion of SE seems to be calls of the PA 5. We consider an important fact that there were not eligible as recipients businesses in most calls (outside the PA1) that might be interested in social entrepreneurship.

Setting and formulation of calls as well as the entire OPHRE then not enabled the orientation to any form of social entrepreneurship among integrating social enterprises, due to a condition of working with one of the target groups.

So, the current support of social economy (OPHRE) is fragmented in different calls and priorities. Conclusions of the assessment can then be formulated at two levels:

- a) support of social enterprises - can be considered satisfactory in view of the fact that social enterprises as such could be used, for example, most of the calls of PA1, where, however, had to "fight" with the competition of other businesses. This kind of support can be considered appropriate and in the case of the follow-up OPE as applicable, i.e. to allow the support of social enterprises, together with other businesses. In the case of maintaining the current principles of project evaluation, then it is possible in justified cases to use specific criteria to score bonus of SE. In other words, not to exclude the support of SE from others.
- b) support of systemic projects - here is the support limited to the special calls for the Central Committee and the MLSA and for the area of PA5. Nevertheless, the support of systemic projects is regarded as satisfactory. However, we consider as a serious problem the fragmentation and a certain lack of coordination that would be desirable for systemic projects whose aim is to somehow adjust and to improve the overall environment for the social economy. Thus, as a suitable appears the preparation and implementation of a comprehensive systemic project, ideally in coordination of the MLSA, which would set up a system to support the social economy at all levels.

Recommendations

- Not to exclude the support of social enterprises in the OPE, but to combine it with the support of other businesses, and eventually, for social enterprises to implement point bonus.
- To promote / implement one complex systemic project, ideally in coordination with the MLSA, whose activities will propose legislative amendments aiming at introducing a systemic support of social entrepreneurship and the subsequent withdrawal of grant support. Particularly as regards:
 - Defining a legislative basis for the definition of what means a social enterprise, for each type of SE,
 - Proposing amendments to the various laws, especially tax, to systematically favor enterprises operating on the social principles.

5. TASK 3 – DO A EVALUATION OF OPHRE’S PROJECTS ORIENTED ON THE INCLUSIVE ENTREPRENEURSHIP, ESPECIALLY THE EVALUATION THE STARTING A BUSINESS SUPPORT OF DISADVANTAGED PEOPLE IN THE LABOUR MARKET, AND DISADVANTAGED PEOPLE WHO ALREADY RUN THEIR BUSINESS

The aim of this evaluation task is the identification and analysis of projects of the OPHRE that are focused on an inclusive entrepreneurship (IE), i.e. on activities that aim to initiate and sustain their own businesses of disadvantaged persons. The analysed areas of support of the OPHRE, i.e. *2a.1 Strengthening of active employment policies*, *3.3 Integration of socially excluded groups in the labor market*, *3.4 Equal opportunities of women and men on the labour market and reconciliation of family and working life* and *5a.1 International cooperation* are, among other things, focusing on an inclusive entrepreneurship and promoting the IE in all these areas of support as one of the supported activities of project. Projects focused on IE are analyzed from the point of view of supported activities, target groups, effectiveness, relevance and sustainability.

5.1 EQ 3.1: What projects are implemented in OPHRE to promote an entrepreneurship of disadvantaged persons?

The aim of this evaluation task is to identify the OPHRE projects focused on an inclusive entrepreneurship in the areas of support 2a.1, 3.3, 3.4 and 5a.1, i.e. in the areas of support, where is an inclusive entrepreneurship as one of the supported activities. Neither of these areas of support is focused only on inclusive entrepreneurship. Therefore, it was necessary to identify projects that support the IE. To do this, we used data from the MONIT7+, respectively data from the project applications. During the first stage, there was a selection of projects involving activities supporting the inclusive entrepreneurship carried out by a search of keywords (selfemployed, "employed" "sebezaměstn", "podnikatels") in the project title, name of the applicant and a description (content) of the project.

Upon detailed examination of the data from MONIT7+ it was clear that there can be obtained only gross number of projects by this way, because on the basis of search terms there were in the above-mentioned number of projects also included projects that does not deal with the IE, and vice versa there were neglected projects that IE support, which was evident e.g. in the area of support 5a.1 where they are self-employed or a self-employed by a different target group in the awareness and international activities. Therefore, it was further scrutinized the content of projects and then we selected those projects that include support of the IE, and there were separated by projects supported (in various stages of implementation) and projects not supported. Their list can be found in the Technical Report, EQ 3.1. However, further, we work only with projects that have been financially supported. The source of data was also the questionnaire no. 2⁶⁴.

Main findings

Supported projects (in various stages of implementation) were distributed to projects that include ONLY IE, and projects for which the IE represents just only one of the activities, in most cases, there are the most common additional (and often main) activity in these "combined" projects (retraining, training in personal development, motivational activities etc.), pointing to the location of supported person into the labor market through an employment relationship. IE is rather a secondary activity

⁶⁴ Specifically, the question no. 49 "How many people out of the above mentioned number started actually their own businesses (i.e. received business license) during or after the support within your project?". Answered by 63 respondents from total of 166 respondents.

for these projects (i.e. the activity intended to those who have difficulty with a finding of jobs for any reason and self-employment for them may be a suitable alternative).

Table 20: Number of projects promoting ONLY IE in the OPHRE

Area of support				Number of supported projects focused ONLY on IE (D)	Number of supported persons in total (target value) (E)	Total number of supported persons (achieved value) (F)	Number of supported self-employed (achieved value)	Total budget – agreement (CZK) (G)
Č.	Number of project in the realisation in total (A)	Allocation in CZK in total (B)	Number of supported persons in total (achieved value)* (C)					
2a.1	457	18 319 968 749	309 998	6	740	696	9	3 324 705,76
3.3	362	1 871 337 016	20 221	3	225	266	23	12 400 997,28
3.4	366	1 727 168 494	66 227	64	7 496	5 067	611	324 330 451,30
5a.1	217	1 088 615 545	34 647	4	350	152	30	18 421 111,00
Total	1 402	23 007 089 804	396 446	77	8 811	6 181	673	358 477 265,00

Source: MONIT7+, MLSA, report to 23. 11. 2013, for the areas of support total, Monit7+, report to 3. 12. 2013

Note: The table includes supported projects in various stages of implementation, i.e. achieved value of the MI Number of supported persons in total is now only about half.

* Data to 6. 1. 2014.

Table 21: Number of projects supporting ONLY the IE in the OPHRE - share of the total values for each area of support (%)

Area of support No.	Number of project in the implementation (D/A)	Allocation in CZK (G/B)	Number of supported persons in total – achieved value (F/C)
2a.1	1,3	0,0	0,2
3.3	0,8	0,7	1,3
3.4	17,5	18,8	7,7
5a.1	1,8	1,7	1,7
Total	5,5	1,6	1,6

Source: MONIT7+, MLSA, report to 23. 11. 2013, for the areas of support in total, Monit7+, report to 3. 12. 2013, own calculations. For more succinct expression of the data in the header of this table refer to the previous table.

The following table includes projects focusing NOT ONLY on IE, i.e. IE is only one of the project's activities, with the predominant activity is the support of the placement of the supported persons in the labor market in the form of employment relationship (detailed list of projects, see Technical Report, EQ 3.1).

Table 22: Projects, focusing on the NOT ONLY IE, i.e. inclusive entrepreneurship is only one of the project's activities⁶⁵

Area of support	Number of supported project focused on NOT ONLY IE	Number of supported persons in total (target value)	Number of supported persons in total (achieved value) ⁶⁶	Total budget - agreement (CZK)
2a.1	65	85 644	131 146	2 637 290 012,86
3.3	27	1 885	1 557	121 341 277,18
3.4	48	6 864	6 347	264 236 800,20
5a.1	5	471	67	25 526 107,42
Total	143	94 864	139 117	3 048 394 197,66

Source: MONIT7+, MLSA, report to 23. 11. 2013

Both groups of projects, however, offer a similar range of activities. Projects focused on NOT ONLY IE, often more a financial support, what means in the context of supported projects the mediation of the contribution to the establishment of a socially useful job in order to pursue self-employment. This contribution is provided by the employment office - just entities that primarily support the inclusion of mediation in the labor market (through employment) have a greater awareness about the contributions provided by labor offices. Projects focused ONLY on IE often include activities such as mentoring and networking, which are particularly suitable for beginning entrepreneurs. More detailed analysis of supported activities includes EQ 2.3

Area of support 2a.1 Strengthening active employment policy

Area of support 2a.1 contains by far the largest number of projects focused on IE among others. Also monitoring indicators, such as "Number of supported persons in total" (target and achieved value) and total budget are much higher than in other areas of support. However, this is influenced primarily by individual projects (see below), which are characterized that the IE is only one of a wide range of activities and based on other findings regarding the individual projects (see below) can reasonably be assumed that most of the activities of these projects is directed primarily in inclusion through a standard employment contract. Number of projects focused ONLY on IE is in the area of support 2a.1 comparable to other areas of support (except 3.4), although monitoring indicators "Number of supported persons in total" (targeted and achieved value) is for the promotion 2a.1 set higher, and vice versa total allocation is lower. Concerning supported activities⁶⁷, there are concerned, most often on the general education, counseling and balance and work diagnostics in this area of support focused on ONLY IE. Conversely, those projects do not include a financial support. Projects focused on NOT ONLY IE, very often carry out general and vocational education, less frequently also a balance and work diagnostics. Conversely, almost half of the projects include a financial support. The most common target group⁶⁸ supported in promoting 2a.1 are women (as well

⁶⁵ For projects focusing on NOT ONLY on IE, we do not show the shares (the total number of supported projects, the total number of supported persons etc. as in Table 18 and 19), since these projects are indistinguishable part (number of persons supported the allocation etc.), which is intended on the support of IE and that on tight integration through the employment. In these projects, also, we do not analyse monitoring indicator Number of supported self-employed, because it is not clear whether in this case it is really about promoting self-employed in another business or, conversely, to promote the self-employed who failed to reintegrate into the labor market through the employment relationship.

⁶⁶ The monitoring indicator Number of supported persons (whether it concerns the indicators "target" or "achieved value" includes all supported persons, i. e., not just people who have been supported in IE, as well as those who have supported activities leading to employment. The nature of the projects focused on NOT ONLY IE does not allow to distinguish these people.

⁶⁷ Typology of supported activities and their detailed analysis, see EQ 2.3

⁶⁸ For supported target groups, we observe only the target group of projects focused ONLY on IE because projects focused on NOT ONLY IE do not distinguish how many people were supported in the framework of IE and how many within the labor market integration through employment relationship. A more detailed analysis of target groups see EQ 3.3.

as in other areas of support) as well as the unemployed, young people 15-25 years and significantly also people with secondary education and higher education.

Area of support 3.3 Integration of socially excluded groups into the labor market

Area of support 3.3, although TGs may overlap with the TGs of the area of support 2a.1⁶⁹, it is far less significant in terms of the number of projects, number of supported persons and total allocation compared with area of support 2a.1, which relates to projects focused ONLY on IE and NOT ONLY IE. Activities and projects focused on IE in the area of support 3.3 frequently include general and professional education and consulting, most projects also include a balance and work diagnostics. Projects focused on NOT ONLY IE often include financial support. Again, the most commonly supported target group is women, total unemployed, persons with the secondary education and - due to the focus of the area of support and in comparison with other analysed areas of support - also the disabled people.

Area of support 3.4 Equal opportunities of women and men on the labour market and reconciliation of family and working life

Area of support 3.4 contains by far the largest number of projects focused ONLY on IE, and if we abstract in 2a.1 the support for projects focused on NOT ONLY IE from individual projects, then there is a equivalent amount of these projects with the area of support 2a.1. Here it should be emphasized that projects in this area of support (apart from areas of support 2a.1, 3.3 and 5a.1) also support people who already do business, i.e. projects will focus not only on activities aimed to start a business, but also its maintenance, and there are also formulated calls with a specific supported activity (e.g. Call no. 88, supported activity B, development and implementation of comprehensive programs to support the initiation and development of self-employment business⁷⁰) to the target group (the number of supported persons) in comparison with other areas of support expanding. The most commonly implemented activities in the area of support 3.4 in projects aimed at ONLY on IE is general education and consulting. Compared with other areas of support, there are more strongly represented activities of mentoring and networking. For projects focused on NOT ONLY IE, there is also frequently supported activity a general education followed by a professional training, consulting and balance and work diagnostics. In comparison with projects focused ONLY on IE, there are less often supported activities of mentoring and networking. Again, the largest target group are women, followed by people (mostly women) with secondary education. Large target group consists of (in comparison with other areas of support) inactive people, which - due to the focus of the area of support - are predominantly women (men) on maternity / parental leave. Other big target groups are the unemployed and other disadvantaged people and people with higher education.

Area of support 5.1 International Cooperation

This area contains small number of projects focused on IE, and also projects ONLY on IE and NOT ONLY IE. There is however a need to take into account that intervention in this area is aimed primarily elsewhere than on the integration of disadvantaged people into the labor market and therefore, there can not be expected that in this area of support was a greater number of projects aimed at integrating disadvantaged people into the labor market and integration through the entrepreneurship. The most commonly supported activity in this area of support is consulting (for projects focusing ONLY on IE) and general education (for projects focused on NOT ONLY IE). 100% of supported target groups are women, again mostly women with secondary education, followed by women with a university degree. In comparison with other support areas constitute nearly 20% of supported persons and self-employed persons, which is due to the fact that projects in

⁶⁹ Target groups and supported activities in the area of support 2.1 and 3.3, see the MLSA (2013): Implementation Document Operational Programme Human Resources and Employment, issue no. 2.4, revision no. 15, October 1, 2013, available from http://www.esfcr.com/file/7297_17_1/

⁷⁰ See also the text of the call No. 88 (available on-line): <http://www.esfcr.cz/vyzva-88>.

the area of support 5a.1 are focused on an international cooperation and often involve the exchange of "good practice" (permanent training programs, establishing cooperation etc.), which are oriented to an already existing self-employed.

Individual projects and global grants

All projects focus ONLY on IE are supported through global grants, i.e. no individual project does not support only IE. Supported individual projects (implemented by MoLSA and LO), that are focused on NOT ONLY IE, occur only in the area of support 2a.1. Numbers of IP supporting NOT ONLY IE in particular calls are shown in the following table. From this table, it is clear that the target values and the values achieved by monitoring indicator *Number of supported persons in total* (target and achieved value) for projects aimed at NOT ONLY IE accounts for most IP supported call 3 and 72 (IP realized by MLSA). Most IPs are supported in the call 13, but these projects support considerably smaller number of people than IP of the MLSA.

Table 23: Individual project focused NOT ONLY on IE

Call of the IP in the area of support 2a.1	Number of IPs	Number of supported persons in total (target value)	Number of supported persons in total (achieved value)	Total allocation – agreement (CZK)
03	1	75 000	122 741	957 200 000,00
13	11	4 667	4 908	321 780 387,00
70	5	1 755	0	129 779 513,00
72	1	22 838	9 354	1 000 000 000,00
Total	17	104 260	137 003	2 408 759 900,00

Source: MONIT7+, MLSA, report to 23. 11. 2013

Note: Mentioned projects are in a various stages of their implementation, therefore, the achieved value of the monitoring indicator Number of supported persons may not reach the target value.

Results of projects focused on IE - a number of persons who started the business

Results of projects focused on IE were also included in the questionnaire no. 2⁷¹. Based on the results of this research, there can be concluded that during the duration of the project, the proportion of supported persons, who have started their own business, ranged from 2% to 8%. Within three months after the project's completion, it is in a range of 2-5%, to six months 2-5% and up to 12 months in range of 2-3%. Approximately 28% of respondents said they have no information. Results of projects focused on IE within the meaning of supported persons who actually started their business on the basis of project aid (and for some time to maintain), will be closely involved also in the analysis of the question EQ 3.5, of which results, however, will be delivered to contracting authority later due to a lack of data.

Conclusions

- From the above it is clear that by far most projects focused ONLY on IE concerns the area of support 3.4 Equal opportunities of women and men on the labour market and reconciliation of family and working life.
- Most projects (a total of 26.2% of the total number of projects supported in the area of support 2a.1 focused on NOT ONLY IE) that support IE as one of their other activities, were implemented by IP of the Ministry of Labour and Social Affairs and labor offices (Calls 3, 13, 70 and 72). These projects include a wide range of activities and support for a broad audience, but have (unlike GG) allocations amounting to tens of millions of crowns.
- Significantly smaller number of projects focused on NOT ONLY IE involves the area of support 5a.1 International Cooperation, whose area of support is primarily directed elsewhere than on the

⁷¹ Questionnaire survey no. 2, question no. 49 "How many people out of above number actually started their own businesses (i. e. received business license) during or after the end of the support within your project?". Answered by 63 respondents from a total of 166 respondents as beneficiaries (projects focused ONLY on IE and also on NOT ONLY IE).

integration of disadvantaged people into the labor market and can not therefore be expected that in this area of support would be a higher number of projects of the integration of disadvantaged people into the labor market and integration through enterprise.

5.2 EQ 3.2: What types of activities are carried out within the framework of identified projects aimed at promoting of the entrepreneurship among disadvantaged persons. To what extent are carried out activities relevant and effective?

This evaluation question is closely related to EQ 3.1, where we identified projects aimed at IE. For these projects, there was conducted an analysis of supported activities and was proposed typology of these activities. This typology was then used in the survey⁷². The following eight groups appeared to be quite sufficient:

- I. **General (not professional) training** in entrepreneurship, which includes a stint basic knowledge needed to start and maintain a business (basics of accounting, tax issues, marketing, writing a business plan, an emergency plan etc.).
- II. **Professional (vocational) education, respectively retraining**, i. e. deepening of existing skills or acquire new ones.
- III. **Balancing and work diagnostics**, which determines the motivation of the supported person's skills and the feasibility of its business operations. In the IE, the aim is mainly to identify the persons for whom there is reasonable to assume that they have the potential to start their own business and stay in it.
- IV. **Networking**, i.e. networking of people interested to start their own business. These are activities such as "job club" for aspiring entrepreneurs, who meet regularly to share their experiences, gain motivation for further activities etc.
- V. **Mentoring** - the particular selected and experienced entrepreneur serves as a guide and helps less experienced persons in starting their business, he provides a professional and human support.
- VI. **Advice on starting and maintaining a business** - support for new entrepreneurs in actions related to starting a business, if necessary with keeping a business. Unlike to the action 1, it is not a systematic training, but support of specific people and their specific business plan.
- VII. **Financial support** - financial aid, respectively the mediation of financial assistance. The OPHRE financial support concerns without exception only to a facilitation the contribution of the establishment of socially useful job in order to pursue self-employment.
- VIII. **Accompanying measures** - posts to provide care for dependent persons (children, old people, etc.), travel reimbursement, per diems, and costs associated with the issuance of the medical certificate etc.

Again, these activities in supported projects were examined, particularly in projects focused ONLY on IE and projects NOT ONLY IE (see Technical Report, EQ 3.2). Because, there are significant differences in the evaluated areas of support, in terms of number of projects, we present the results not only in absolute numbers but also in percentage (see Technical Report, EQ 3.2).

⁷² Questionnaire survey of IREAS, no. 2, question no. 50 "What types of activities to support business start-ups were carried out in your project?". Answered the question by 67 of final beneficiaries in IE, from a total of 166 respondents.

Main findings

Activities and their frequency in supported projects focused ONLY on IE and NOT ONLY IE are not so much different. In both groups, the projects implemented mainly general education, vocational training and business consulting services - these activities in both groups of projects appearing in the top three. The same results also brought survey no. 2 - also by respondents' answers these activities are the first three places (where retraining is up to 3rd place). The result is not surprising and is based on real needs - a potential entrepreneur must first be familiar with the necessary basics of business in order to become operational. Retraining courses include supported projects often - the reason is probably the fact that the potential entrepreneur may not have such education / experience with them could succeed as self-employed, and therefore requires retraining. Retraining is not common in projects focused on NOT ONLY IE, and therefore we can assume that it is more concerned about the activity aimed at getting a job. A normal part of the activities is the consulting, or activities that accompany the starting entrepreneur in his early days.

Table 24: Number of supported projects with a specific activity by fields of activities - projects focusing ONLY on IE

Area of support	Number of supported projects in total	I. General Education	II. Professional education (retraining)	III. Balancing and work diagnostics	IV. Networking	V. Mentoring	VI. Consulting	VII. Financial support	VIII. Accompanying measures
2a.1	6	6	5	6	1	4	6	0	2
3.3	3	3	3	2	1	1	3	0	1
3.4	64	62	30	26	19	20	61	7	32
5a.1	4	2	0	0	1	1	3	0	0
Total	77	73	38	34	22	26	73	7	35
Rank	–	1–2.	3.	5.	7.	6.	1.–2.	8.	4.

Source: MONIT7+, MLSA, report to 23. 11. 2013

Tab. č. 25: Number of supported projects with a specific activity by fields of activities - projects focusing on NOT ONLY IE

Area of support	Number of supported projects in total	I. General Education	II. Professional education (retraining)	III. Balancing and work diagnostics	IV. Networking	V. Mentoring	VI. Consulting	VII. Financial support	VIII. Accompanying measures
2a.1	65	64	65	47	5	1	56	33	30
3.3	27	26	27	26	1	0	24	12	9
3.4	48	46	29	16	7	2	24	6	20
5a.1	5	3	1	0	2	1	1	0	0
Total	143	139	122	89	15	4	105	51	59
Rank	–	1.	2.	4.	7.	8.	3.	6.	5.

Source: MONIT7+, MLSA, report to 23. 11. 2013

Activity of the **balancing and work diagnostics** is in both groups of projects on the fifth position (projects focus ONLY on IE) and fourth position (NOT ONLY IE). However, according to the results of structured interviews, as well as the Panel of Experts, this activity should be the basis⁷³ and should precede all other activities related to entrepreneurship - should reveal whether disadvantaged people have the capacity to launch (and maintain) their own business. The lack of activity *Balancing and work diagnostics* also highlights COPIE investigation conducted under this project (see Section 1.2.3). Starting your own business in the Czech Republic is rated as very difficult⁷⁴ and it is unlikely that self-employment could be a starting point for all disadvantaged people. As it emerged from the discussions in the Panel of Experts, the motivation for starting their own business may be different, even though it is not always easy this motivation reveal, it is necessary to eliminate the very beginning the support of people who are not likely launching (and maintain) their own business for various reasons.

Another activity that is in supported projects focused on IE occurs rarely (in some areas not at all), it is a **financial support**. If such activity occurs in the supported projects, it is only a contribution to the establishment of a socially useful job for the person who initiates self-employed. This type of financial support to be provided outside the OPHRE is the only realistic option, how to financially support new entrepreneurs by a project. In the case of projects focused ONLY on IE, the activity moves into the 8th position in comparison to projects focused on NOT ONLY IE, meaning that projects besides IE on integration through the labor market have a greater awareness of what support is provided by an employment office. In the survey, the activity moves into the 7th position. According to the investigation conducted by policy makers and advisors to the topic of IE (COPIE), the availability of funding for disadvantaged entrepreneurs is really problematic (at the level of 1-5 reached a level of around 1.5 significance of the problem), although there are some regional differences. Also, according to the results fsQCA (see EQ 3.4), the availability of funds in launching business ventures proving to be a key factor that influenced the subsequent development and maintenance business. Likewise, the survey no. 2, 44% of respondents said that the main obstacle to business are too high initial costs (rent, equipment plant etc.), respectively financially expensive business plan.

Activities as **Mentoring and Networking** are not supported as much. They are particularly important in the projects focused ONLY on IE, where they move to the 6th and 7th position - they can substitute and complement activity Consulting since sharing problems in starting a business with a network of experienced and budding entrepreneurs can motivate new entrepreneurs. For projects focusing on NOT ONLY IE, these activities are on the last two points, but this confirms the fact that the projects are primarily aimed at inclusion through job - in the case of the labor market, it makes sense, that these activities are losing. In the survey, these activities moved to the 5th and 6th position.

Table 26: Supported activities by questionnaire

Type of the activity	Number of answers	Share in %	Order
General training in entrepreneurship (starting a business, communication with the authorities, basics of accounting, taxation, marketing, etc.).	58	87	1.
Vocational education and training (retraining courses to improve their qualifications, and then start your own business ...).	40	60	3.
Balance and work diagnostics to detect interests, motivation, skills and abilities of the client, including the ability to launch and operate their own business	35	52	4.
Networking, i.e. networking of people interested to start their own business.	19	28	6.

⁷³ Structured interview Inclusive entrepreneurship in the CR performed in 6. 2. 2016.

⁷⁴ According to the organization's Doing Business in starting a business in the Czech Republic within the OECD on the last 31st place (data refers to June 2013), see <http://www.doingbusiness.org/rankings>.

Mentoring - an experienced entrepreneur helps less experienced in starting a business.	22	33	5.
Consulting activities in the area of starting a business, support for new entrepreneurs (communication with the authorities, assisting novice entrepreneurs etc.).	46	69	2.
Financial assistance, respectively an intermediation of financial assistance (financial loans, subsidies / grants to start a business ...).	10	15	7.
Others.	5	7	8.

Source: questionnaire survey IREAS (09-12/2013), Questionnaire 2 (final beneficiaries (IE) in the OPHRE (Call 30) and IOP (Call 1 and 8)), n = 70 (of 166 respondents)

Note: survey no. 2. question no. 50 "What types of activities to support business start-ups were carried out in your project?". There answered to the question totally 67 final beneficiaries in IE, from a total of 166 respondents.

The financial seriousness of the types of projects and supported activities

The financial seriousness of various types of projects by areas of support have been investigated on the basis of data from the MONIT 7+. There was taken into account a total project budget (under contract) and a number of persons, and we only pursue projects on IE and the final realization of which the value achieved MI Number of persons supported end (refer to the Technical Report, EQ 3.2). The results show that the highest costs per supported person has a area of support 3.3 (average 72 123.03 CZK / person), while significantly lower costs exhibits area 3.4 (average of 25 494.47 CZK / person). Costs per person supported in promoting 2a.1 are relatively balanced (average 37 614.06 CZK), unlike area 3.4, which is the lowest budget supported 10 048,90 CZK per person and a maximum of 99 906.02 CZK.

Costs per supported person are, of course, influenced mainly by the number of activities that are within a specific project for disadvantaged persons offered. More detailed results of the analysis would therefore bring the financial performance of individual activities⁷⁵. The financial seriousness of each activity was determined based on the survey.

Respondents - beneficiaries, who said that the greatest difficulty for the continuation of the activities after the end of the financial demands of supported activities, we observed which activity was supported in their projects. Projects that are not intending to further implement them due to financial costs after their completion, most often support general training, retraining and counseling. It is in a contrary to the question of sustainability, where exactly these activities include post-project support among the mostly maintained, but it should be noted that respondents may, in continuation of activities utilize other sources of funding (borrowings, commercial provision of services) and by a number of respondents considers the continuation of such activities, e.g. the fact that to the interested parties remain available educational materials, websites etc.

Table 27: Supported activities in projects in which the beneficiaries do not require the continuation of these activities after the project completion due to the financial difficulty

Activity no.	I.	II.	III.	IV.	V.	VI.	VII.
Number of project	29	23	18	14	15	25	6

Source: questionnaire survey of IREAS (09-12 / 2013), Questionnaire 2 (final beneficiaries (IE) in the OPHRE (Call 30) and IOP (Call 1 and 8)), n = 70 (of 166 respondents)

⁷⁵ For this analysis, initially, the evaluators assumed mainly use of data from project applications, where it is said (stated) also a financial allocation for each activity. But that was true only for OP DHR, OPHRE, this has not monitored. Therefore, we used only data from the survey.

Note: survey IREAS no. 2; Note: A total of 34 respondents, response rate is 20.5%. The table includes only those respondents who answered that the main obstacle for the continuation of project activities after the end of support is financial performance. Missing activity accompanying measures, such activity was not included in the questionnaire, because we do not expect that this activity would be implemented after the project completion.

Comparison and evaluation of approaches applied in the context of individual projects, labor offices (IP) and accesses of other entities in grant projects (GP)

In the area of support 2a.1, a total of 17 projects were implemented by an individual project (the call no. 3, 13, 70 and 72). Implementers of these projects is either the Ministry of Labour and Social Affairs (2 projects in the calls 3 and 72) or the Labour Office of the Czech Republic (15 projects in calls 13 and 70). All these projects are focused on NOT ONLY IE. From the context description of these projects, it is clear that the primary goal is to find individual projects for disadvantaged employment relationship. IE is in these projects rather complementary and alternative activity for those who are unable to find a suitable job.

Table 28: Number of supported projects with a specific activity by areas of support - individual projects in the area of support 2a.1

Area of support	Number of supported projects in total	I. General Education	II. Professional education (retraining)	III. Balancing and work diagnostics	IV. Networking	V. Mentoring	VI. Consulting	VII. Financial support
2a.1	17	17	12	3	0	13	8	9
Rank	1.-2.	1.-2.	4.	7.	8.	3.	6.	5.

Source: MONIT7+, MLSA, report to 23. 11. 2013

Activities offered by individual projects and global grants are not different, i.e. IP and GG offer roughly the same range of activities. Likewise, the frequency of individual activities in the projects is similar – at the first places appears the general education (in the case of a project focusing on IE also includes the training of getting a job - writing a resume, preparing for job interviews etc.), training and consultancy. On the last places are activities of Networking and Mentoring, as already mentioned, the projects are focused on the integration through the labor market, not through business – the integration by the labor market is this activity losing its sense. IP pronounced for frequent support the mediation of contribution of SUJ of self-employed that labor offices administer. The difference is also in the complexity of the activities offered – unlike to GG, the IP offer a comprehensive set of activities, i.e. the support of integration only through self-employment, but also in the form of standard employment - supported person can choose a path of integration, which is more suited. Of course, the complexity of the support is determined by the IP's allocation size, which is counted in the case of IP in the tens of millions CZK. Without exception, there is an emphasis in the IP in finding employment relationship and IE is rather a complementary activity to ensure a sufficiently wide range of activities for a broadly defined target groups. As follows from the structured interview, labor offices also do not have high-quality business advisors, which is not surprising, because the labor offices perform primarily tasks related to an employment rather than entrepreneurship. Therefore it would be appropriate to allow the implementation of projects focused on IE to entities that offer advice on business and have experience in this field (Chamber of Commerce, business associations etc.).

Relevance and effectiveness of supported activities⁷⁶

According to the assumptions defined in the inception evaluation report, there was expected in this

⁷⁶ Evaluation of the relevance and effectiveness of supported activities take place in the context of the results of the EQ 3.4 On this point, however, there is not yet available input data and is in agreement with the client delivered later.

EQ a utilizing the results of the EQ 3.4 - this EQ should analyze the impact of projects on IE. But, for this EQ, there are still missing input data, and therefore the solution of the EQ on the basis of agreement with the contractor authority was postponed. Therefore, the relevance and effectiveness is evaluated according to both desk research evaluation task 1, respectively according to the results of the expert panel and structured interviews. According to Lukes, Jakl, et al. (2013, p. 48), there is a problem for new entrepreneurs in particular, the availability of consultancy. Budding entrepreneur is unable to adequately assess the quality of advice and guidance for him is often unaffordable. Therefore, Lukes and Jakl recommended that *"the state should therefore focus more on the availability of consultancy and expert consultants."*⁷⁷ Similarly, the same was expressed by respondents in a structured interview.⁷⁸ In this context, the consultancy focused on IE and provided within the OPHRE projects is clearly relevant and purposeful activity. The consultancy is closely related to networking and mentoring - this is a special form of advice that is given by (starting) entrepreneurs among themselves. Unfortunately, these activities appear in supported projects on the last positions.

Training in entrepreneurial skills is undoubtedly relevant. Although Lukes, Jakl, et al. place emphasis on supporting the education in the field of entrepreneurial competencies in basic schools⁷⁹, possibly at high schools, colleges etc., which has been highlighted in a structured interview⁸⁰, it is necessary to offer training in entrepreneurial skills as well as adults interested in the business. And this activity is within the OPHRE projects are often supported and can be considered as a relevant and effective, but only in combination with other activities, because only upon the completion of the course of entrepreneurial skills, disadvantaged person hardly starts their own business⁸¹. As mentioned in the chapter of the EQ 1.1, there is neglected the OPEC in this area, in which it could be supported projects focused only on general training in entrepreneurial skills.

Clearly relevant activity is a balance and work diagnostics - its use allows already to reveal from the beginning those persons, by whom exist a probability, that they can initiate and sustain their own particular business. This also eliminates those who have not an ability to launch and sustain their own businesses. Support of course must be directed to those persons who have the potential to initiate and sustain their business.

In the accompanying measures, there is problematic a fact, that after the project completion, there also ends appropriate accompanying measures (babysitting, meals, travel), to which no beneficiary do not count in the period of the sustainability. Budding entrepreneur will suddenly must do without them, which may be e.g. in the case of childcare problematic. Accompanying measures, however, can motivate and encourage the least difficult beginnings of business.

When evaluating the relevance and effectiveness of supported activities it is also necessary to take into account their complexity, which can be described as a combination of activities that accompanies the supported person from the very beginning (the selection of suitable persons with the potential to sustain business) until the new entrepreneur reaches stable market position and support the implementer no longer required, respectively. He will be able to provide it by his own sources. The need was stressed to the complexity at the panel of experts, as well as by the

⁷⁷ Lukeš, Jakl et al., 2013, p. 48

⁷⁸ Structured interview for the Inclusive entrepreneurship in the CR performed 6. 2. 2014, note of Mgr. Pavel Dudek.

⁷⁹ Lukeš, Jakl et al., 2013, p. 49

⁸⁰ Structured interview for the Inclusive entrepreneurship in the CR performed 6. 2. 2014, note of Mgr. Jakub Vrobel.

⁸¹ The more so that, according to the survey results was the lack of retraining (other educational programs) programs on the theme of entrepreneurship globally ranked as the least serious (obstruction of business). See chapter 1.3.2.

respondents in a structured interview⁸².

With a comprehensive approach to IE, projects have a particular problem (see table supported activities in the Technical Report, EQ 3.2) where the IE is only one of the realized activities, i.e. NOT ONLY IE projects. For these projects, the possibility of self-employment is generally rather taken a back seat; the priority is finding a job, so it is obvious that the complainants in the project application activities supporting IE do not deal too. These projects⁸³ then offer e.g. a general training or retraining, but without links to other activities that would cover IE. While general entrepreneurship education or retraining can not be considered sufficient support to new entrepreneurs, and as already mentioned above, it can not be assumed that e.g. on the basis of the graduation of the course, the supported person will start doing a business.

Conclusions

- The most commonly implemented activity is general education, professional training and consultancy.
- Balancing and work diagnostics, which should be the basis of every project on IE, is found in the examined groups of projects at the 4th and 5th position, both based on data from the MONIT7+, according to the questionnaire survey.
- Activities of Mentoring and Networking are among the less of supported activities, although, they can add in a suitable form the activity of consultancy and help disadvantaged people to establish important contacts, and can inexpensively continue even after the end of support.
- Financial support to budding entrepreneurs is not sufficient, under the OPHRE occurs only able to facilitate the contribution of the establishment of socially useful job in order to pursue self-employment. Other forms of financial support for start-up entrepreneurs are difficult to access.
- Relevance and effectiveness of supported activities lies not only in their own activities, but also in the combination – e.g. training and retraining programs are effective, but only in relation to other activities (balance and work diagnostics, consultancy, mentoring, networking).
- Individual projects focusing inter alia on IE offer a similar range of activities such global grants. Like GG will appear on the top of general education, vocational training, consultancy and balance and work diagnostics. In contrast to the GG, however, they do not contain Networking and Mentoring, which confirms the hypothesis that these projects are primarily focused on the integration through the labor market, not through the IE - in the case of labor market integration, these activities have no meaning.

⁸² Structured interview for the Inclusive entrepreneurship in the CR performed 6. 2. 2014.

⁸³ E.g., in the area of support 2a.1, there are 4 projects in supported projects focused on IE, in the area of support 3.3.3 also projects, in the area of support 3.4 is even supported 21 projects for which no activity on IE is not enough comprehensive.

5.3 EQ 3.3: How many people and what the target groups are supported in the OPHRE projects to promote entrepreneurship among disadvantaged?

For the EQ 3.3, there were used projects selected in the EQ 3.1, and analyzed projects that were focused ONLY on IE⁸⁴. To determine the target groups and the number of people in different areas of support, there was selected a set of monitoring indicators (hereinafter MI) of the MONIT7+, and were followed by obtained values of selected monitoring indicators relating to supported persons (see table 26), by area of support. It was also used data from a questionnaire survey no. 2.

Main findings

Table 29: Achieved values of monitoring indicators in the area of support of 2a.1, 3.3, 3.4 and 5a.1 (supported projects focused ONLY on IE)

Monitoring indicator (achieved value)	Area of support 2a.1	Area of support 3.3	Area of support 3.4	Area of support 5a.1	Total
074100 Number of supported person - in total	696	266	5 067	152	6 181
Supported persons by gender (women only)*					
074102 Number of supported person – women	623	193	4 996	152	5 964
Supported persons by their position on the labor market					
074105 Number of supported person – self-employed	9	23	611	30	673
074106 Number of supported person – long-term unemployed	132	69	703	7	911
074107 Number of supported person – unemployed in total	225	145	1 696	29	2 095
074108 Number of supported person – Inactive persons in total	151	32	2 703	2	2 888
Supported persons by age					
074118 Number of supported person – young people 15 - 24	114	5	269	7	395
074119 Number of supported person – older workers 55-64	4	28	164	6	202
Supported persons by people with specific handicaps					
074125 Number of supported person – minorities	3	0	18	0	21
074126 Number of supported person – migrants	0	77	63	0	140
074127 Number of supported person – the disabled	1	139	61	0	201
074128 Number of supported person – other disadvantaged groups	0	77	1 662	0	1 739
Supported persons by education					
074141 Number of supported person – elementary ISCED 1 a 2	25	19	189	4	237
74142 Number of supported person – secondary ISCED 3	275	145	3 345	84	3 849
074143 Number of supported person – up-study ISCED 4	17	4	164	15	200
074144 Number of supported person – university degree ISCED 5 and 6	214	50	1 336	49	1 679

Source: Monit7+, report to 18. 11. 2013

* We mention only women because men are not considered as disadvantaged in the labor market.

For a better understanding, we show also percentages – next table.

⁸⁴ In this EQ, we monitor the value of monitoring indicators of supported projects focused on ONLY on IE. For projects focusing on NOT ONLY IE, there is not possible to distinguish how many people were supported in the framework of IE and many activities related to the placement in the labor market, the results would therefore be misleading.

Table 30: The share of supported persons in particular monitoring indicators on the total number of supported persons in areas of support 2a.1, 3.3, 3.4 and 5a.1 (supported projects focused ONLY on IE)

Monitoring indicator (achieved value)	Area of support 2a.1 (%)	Area of support 3.3 (%)	Area of support 3.4 (%)	Area of support 5a.1 (%)	Total
074100 Number of supported person - in total	100,00	100,00	100,00	100,00	100,00
Supported persons by gender (women only)*					
074102 Number of supported person – women	89,51	72,56	98,60	100,00	96,49
Supported persons by their position on the labor market					
074105 Number of supported person – self-employed	1,29	8,65	12,06	19,74	10,89
074106 Number of supported person – long-term unemployed	18,97	25,94	13,87	4,61	14,74
074107 Number of supported person – unemployed in total	32,33	54,51	33,47	19,08	33,89
074108 Number of supported person – Inactive persons in total	21,70	12,03	53,35	1,32	46,72
Supported persons by age					
074118 Number of supported person – young people 15 - 24	16,38	1,88	5,31	4,61	6,39
074119 Number of supported person – older workers 55-64	0,57	10,53	3,24	3,95	3,27
Supported persons by people with specific handicaps					
074125 Number of supported person – minorities	0,43	0,00	0,36	0,00	0,34
074126 Number of supported person – migrants	0,00	28,95	1,24	0,00	2,27
074127 Number of supported person – the disabled	0,14	52,26	1,20	0,00	3,25
074128 Number of supported person – other disadvantaged groups	0,00	28,95	32,80	0,00	28,13
Supported persons by education					
074141 Number of supported person – elementary ISCED 1 a 2	3,59	7,14	3,73	2,63	3,83
74142 Number of supported person – secondary ISCED 3	39,51	54,51	66,02	55,26	62,27
074143 Number of supported person – up-study ISCED 4	2,44	1,50	3,24	9,87	3,24
074144 Number of supported person – university degree ISCED 5 and 6	30,75	18,80	26,37	32,24	27,16

Source: Monit7+, report to 18. 11. 2013

* We mention only women because men are not considered as disadvantaged in the labor market.

Supported target groups were investigated also by the questionnaire survey. Results by disadvantaged groups are summarized in the following Table.

Table 31: Target groups supported in the project - the results of the survey

Disadvantaged groups	Number of answers	Share in %	Rank
Persons with disabilities	4	6	5.–6.
Young people under 25 years of age	2	3	8.
Mothers (fathers) on maternity / parental leave	23	34	1.
Long-term unemployed	12	18	2.
Persons older than 50 years	8	12	4.
Roma	1	1	9.
Other ethnic minorities	0	0	10.–12.
Immigrants and refugees	3	4	7.
Persons leaving facilities designed for institutional or protective custody, a person growing up without families	0	0	10.–12.
Persons caring for a relative	4	6	5.–6.
War veterans	0	0	10.–12.
Others	10	15	3.

Source: questionnaire survey IREAS (09-12 / 2013), Questionnaire 2 (final beneficiaries (IE) in the OPHRE (Call 30) and IOP (Calls 1 and 8)), n = 70 (of 166 respondents)

Note: The questionnaire survey IREAS no. 2 among the final beneficiaries of aid to IE, the question no. 51. "What target groups are supported in your project?", answered by 67 respondents from a total of 166 respondents.

Number of persons supported by gender

We consider only women in the number of supported persons by gender, since they are considered as a group at risk in the labor market. Of all the tables, it shows that in all areas of support the most commonly supported target group are women. Most women (100% of the total number of supported persons) are supported in the area of support 3.4, which focuses on equal opportunities, logically women. As reported by Kuchařová (2013), *"Self-employment, although it is less common among women than among men, it is for many women with children a possible form of a harmonization of family and work with positive and negative consequences, and this is reflected by statistical indicators"*. Therefore, it is possible to conclude that women, particularly those with secondary education or inactive (i.e. most mothers on maternity / parental leave, wanting to work) are the most commonly supported by the target group.

Supported persons by their on the labor market

In terms of labor market position, the numbers of people in different areas of support varies considerably, but this is understandable due to the different focus of each area of support. In the areas of support 3.3 and 2a.1, there are frequently encouraged the unemployed. In the area of support 3.4, there are mostly supported disabled people - out of context of the projects description and also from a large number of projects that are implemented in this area of support, a number of accompanying measures (babysitting) is implemented, it is likely that among supported persons constitute a large portion of women on maternity / parental leave and prepare to re-enter the labor market. This group is also the most targeted by respondents who answered the survey. In the area of support 5a.1 make up most supported group of self-employed persons, which also corresponds to findings in EQ 3.1 - projects to support 5a.1 are not directly focused on starting their own business, but rather on the international exchange of experience in this field, networking, etc. Logically, self-employed are very often supported as a target group.

Supported persons by age

The numbers of supported people by age are not too high, and it is probably also due to the fact that many of them are "hiding" under the monitoring indicators 074106 Number of supported persons - long-term unemployed and 074 107 Number of supported persons - the unemployed total (or near areas of support and under monitoring indicator 074 102 Number of supported persons - a woman) because these groups are threatened by unemployment more than the remaining population. In the area of support 3.4 and 5a.1, there are not supported these groups in terms of the share in the total number of supported persons, significant support is only in promoting 2a.1 (young people) and 3.3 (older workers). It is interesting that according to the results of the survey, young people (generally 8th position out of 12 target groups) are less encouraged than older people (4th position overall out of 12 target groups).

Supported persons by people with specific handicaps

People with specific handicaps, are generally poorly supported. An exception is the area of support 3.3, which focuses on the support for disadvantaged and those with specific handicaps as one of the defined target group for this area of support. In examining this group of disadvantaged, there should be borne in mind that the actual numbers may be higher - a number of people with specific handicaps can be included in monitoring indicators 074106 Number of supported persons - long-term unemployed and 074 107 Number of supported persons - the unemployed in total, because of the nature of things these people who are looking for less employed and are registered with employment offices. Persons with specific handicaps are not supported in the area of support 5a.1,

which is again mainly due to the specific focus of this area of support.

Supported persons by education

The numbers of supported persons by level of education are similar among the examined areas of support. In all areas of support, there are most commonly supported a group of persons with a secondary education (ISCED 3), at the second place are placed people with the university education. The reason is that there are many people with secondary education in the population, so these people are also the most vulnerable group in the labor market⁸⁵. There are less of people with ISCED 5 and 6 in the population, but we can assume that these people have enough capacity to initiate and sustain their own business; therefore this is the second most commonly supported target group in all areas of support. The suitability of support of this target group also showed the QCA analysis. By people with education of ISCED 1 and 2, there could be expected that the start and maintenance of their own businesses will be challenging, even though we do not need this type of support to excrete. However, it is necessary at the outset to determine (through the balance and work diagnostics) whether the proposed person is able to start and maintain their own particular business. Marginal group of people with education ISCED 4 (with the exception of the area of support 5a.1) - the reason is that there are less people with ISCED 4 in the population in comparison with other groups of ISCED, so the target group is relatively small.

An interesting finding also provides the following table, which is engaged in the activity of the target groups. These are the results of the questionnaire survey, where respondents answered the question, "If the project was aimed at multiple target groups which of them was the most active in the project? (i.e., there were generated the highest number of trade licenses)?" The most active was again a group of mothers / fathers on maternity / parental leave, which is significantly higher than the other target groups, followed by long-term unemployed, and again surprisingly, persons with disabilities, persons over 50 years of age, immigrants and refugees and others.

Table 32: The activity of the target groups – questionnaire survey

Disadvantaged groups	Number of answers	Share in %	Rank
Persons with disabilities	4	7	3.
Young people under 25 years of age	2	4	7.
Mothers (fathers) on maternity / parental leave	30	53	1.
Long-term unemployed	11	19	2.
Persons older than 50 years	3	5	4.–6.
Roma	0	0	9.–12
Other ethnic minorities	0	0	9.–12
Immigrants and refugees	3	5	4.–6.
Persons leaving facilities designed for institutional or protective custody, a person growing up without families	0	0	9.–12
Persons caring for a relative	1	2	8.
War veterans	0	0	9.–12.
Others	3	5	4.–6.

Source: questionnaire survey IREAS (09-12 / 2013), Questionnaire 2 (final beneficiaries (IE) in the OPHRE (Call 30) and IOP (Calls 1 and 8)), n = 70 (of 166 respondents)

Note: The questionnaire survey IREAS no. 2 among the final beneficiaries of aid to IE, the question no. 52. "If the project was aimed at multiple target groups which of them was the most active in the project?", (i.e., there

⁸⁵ Source: CSO: Employment and unemployment as measured by the Labour Force Survey Q4 2013, Tables 104 and 105, available online <http://www.czso.cz/csu/2013edicniplan.nsf/p/3101-13>, quotes, 28. 4. 2014.

were generated the highest number of trade licenses)", answered by 57 respondents from a total of 166 respondents.

Conclusions

- Based on data from the MONIT7+ and questionnaire, the most commonly supported target groups are women, which is related with the fact that one area of support (3.4) is focused on equal opportunities, therefore, particularly for women.
- Other frequently supported target groups (according to data from the MONIT7+) are persons with a secondary education and inactive people - most of them again in the area of support 3.4, focused on equal opportunities, it can be reasonably assumed that this group is represented mainly by a mother (or father) on maternity / parental leave.
- Women, especially women on maternity / parental leave, are also among the most active target group. It is possible that women represents an appropriate target group to start their own business, because the flexible arrangement of activities related to their own business and joint business with child care for them can be a powerful motivator. Women are also frequently supported as a target group.
- FsQCA (see EQ 3.5) shows that especially people with higher education are able to successfully develop and sustain their own business. However, there is not a need to eliminate the support of less educated persons – but, in this group, there is necessary at the outset to examine whether the proposed person has sufficient potential and motivation to initiate and sustain their own business.
- According to information and data about the target groups derived from MONIT7+, it is necessary to take into account certain specific target groups (Roma, minorities, young people, older people, etc.) which can hide under the other monitoring indicators, mostly under MI 074 102 Number of supported persons - women or 074107 Number of supported persons - total unemployed, or others.

5.4 EQ 3.4: What are the observable effects of completed projects to promote the entrepreneurship among disadvantaged?

Entering the evaluation question in the tender documents

Evaluator will determine a sufficient number of supported persons and will carry out an identification of the proportion of successfully supported persons in a relevant sample of identified projects, especially in 1, 6 and 12 months after the project completion. The evaluator will make a comparison with the results of the evaluation, "Evaluation of the performance monitoring indicators OPHRE survey evaluation 'for projects in Priority 2 and 3 of the OPHRE and the effects of tools and programs of the AEP which were identified in relevant studies of the AEP (e.g. Hora and Sirovátka 2012). Depending on the availability of data, the evaluator will analyze the impact for each category of target groups. Following the impact analysis will be conducted a cost-benefit analysis (CBA), using an estimation of the costs to the average of unemployed that was processed in the framework of the project TESSEA.

Introduction

This section deals with projects that focus on inclusive entrepreneurship, i. e. business of disadvantaged people in the labor market. The aim of the projects focused on inclusive entrepreneurship was to support people who have complications in finding job due to their education, health, age, care of kin etc. Starting their own business is for these people one of the ways to deal with their difficult life situation, and although the own business requires a specific personality characteristics, knowledge and skills, this could be an attractive alternative to employment for a range of disadvantaged people. Integration through the business is also associated with a much

higher risk of failure than integration through the employment relationship.

OPHRE supports activities related to inclusive entrepreneurship, especially in the areas of support 2a.1 Strengthening of active employment policies, 3.3 Integration of socially excluded groups in the labor market, 3.4 Equal opportunities of women and men on the labour market and reconciliation of family and working life, which are also subject of the further analysis.

Neither of these areas of support is focused only on inclusive entrepreneurship, inclusive entrepreneurship is only one of the activities pursuing the integration of disadvantaged persons, while the OPHRE generally emphasises more an integration through the labor market than through their own business.

Given that not all of the supported projects were focused only on inclusive entrepreneurship, analyses are divided into three categories. Analyses dealt with both, persons which were supported by projects and persons which have involved at least some of the activities focused on inclusive entrepreneurship. Further analyses are processed for supported persons within the projects focused only on inclusive entrepreneurship. Specifically, attention is also paid to the impact assessment for supported persons within the projects focused only on inclusive entrepreneurship in the area of support 3.4.

Main findings

The answer to the evaluation question for Task 3 Evaluation of the support of inclusive entrepreneurship - ***What are the observable effects of completed projects to promote entrepreneurship among disadvantaged?***

All analysed types of support reached the border around 60-70% of the employed or self-employed after a year of support. This may indicate that this time limit may be the situation when a part of target groups could have difficulties to keep a job, or be self-employed.

From a regional perspective based on an increasing levels of creation and sustaining of self-employed remained within one year after the promotion of inclusive entrepreneurship the share of self-employed persons to the supported entities at approximately the same level in the whole country, except of the Prague, Central Bohemia and North Moravia. In other regions this share slightly increased.

Analysis from the perspective of gender and age did not show significant differences between analysed groups. The support of young people (20-29) leads to a higher formation of self-employed. For conclusions concerning the success of the business of supported persons, it is necessary to conduct an analysis with a distance of at least 2-3 years to determine whether they have been doing their business.

In the case of the analysis of the combined aid, which among other things also included an inclusive entrepreneurship, there is evident declining share of self-employed persons in Prague, while in the South Moravia this indicator increased within one year after the end of the support.

By gender and by age of supported persons, a comparison did not show significant changes in the proportions of self-employed to the number of persons supported in the year after the support.

The study of IREAS (2014, p. 21) shows the rate of the fulfillment of the monitoring indicator 074616 "Share of supported persons in employment or further education 6 months after the termination of support (clients of service) (%)"., as more or less identical for the area of inclusive entrepreneurship that was also identified by the evaluation team in this study.

Combined support of inclusive entrepreneurship and other activities in the support of employment (project focused on NOT ONLY IE) reached the difference in comparison of the situation before the support and a year after the project completion +4.5 pp. In the case of the pure inclusive entrepreneurship and support in the area of support 3.4, there was reached a difference +3.4 pp, respectively +2.4 pp. For all examined types of the support, we observe that for all groups, the share of the employed or self-employed increased during the proces of the support.

Bearing in mind that the comparison was not implemented as an impact evaluation using rigorous methods, we must be cautious in interpreting the results. Different results can be caused both, by the time of the support (economic crisis reduces the chances of obtaining jobs), and also, from what starting level is the change counted.

Comparison of all analysed types of the support - percentage of people with (or without) employment or self-employed

		A month before aid		At the time of termination of support		Month after the support		Half a year after the support		Year after the support		Total
		without	with	without	with	without	with	without	with	without	with	
Only IE	Shares in %	30,0%	70,0%	35,5%	64,5%	29,6	70,4	27,1	72,9	26,6	73,4	100,0
	Number of persons	283	659	332	610	279	663	255	687	251	691	942
Area of support 3.4	Shares in %	33,4%	66,6%	37,8%	62,2%	33,3	66,7	31,2	68,8	31,0	69,0	100,0
	Number of persons	295	587	333	549	294	588	275	607	273	609	882
Not only IE	Shares in %	42,2%	57,8%	49,0%	51,0%	40,5	59,5	39,5	60,5	37,7	62,3	100,0
	Number of persons	711	972	824	859	681	1002	665	1018	634	1049	1683

Source: own calculations according to data of MONIT7+ and CZSO

From a regional perspective based on an increasing levels of creation and sustaining of self-employed remained within one year after the promotion of inclusive entrepreneurship the share of self-employed persons to the supported entities at approximately the same level in the whole country, except of the Prague, Central Bohemia and North Moravia. In other regions this share slightly increased.

In the case of the analysis of the combined aid, which among other things also included an inclusive entrepreneurship, there is evident declining share of self-employed persons in Prague, while in the South Moravia this indicator increased within one year after the end of the support.

Analysis from the perspective of gender and age did not show significant differences between analysed groups. The support of young people (20-29) leads to a higher formation of self-employed. For conclusions concerning the success of the business of supported persons, it is necessary to conduct an analysis with a distance of at least 2-3 years to determine whether they have been doing their business.

The study of IREAS (2014, p. 21) shows the rate of the fulfillment of the monitoring indicator 074616 "Share of supported persons in employment or further education 6 months after the termination of

support (clients of service) (%).", as more or less identical for the area of inclusive entrepreneurship that was also identified by the evaluation team in this study.

According to a study of Hora and Sirovátka (2012, pp. 32-34), in 2009, the share of employed or self-employed among supported persons was one month after the end of the support 33.9%, after six months 36.8%, and after one year 30.4%. The results of our study show relatively similar dynamics in case of social entrepreneurship support, albeit at a different level when these shares are 62.5%, 64.5% and 63.5%. These results show a much better situation. Unfortunately, it is not possible to generalize these findings because of the different economic situation and the inability to verify the focus of programs. On the other hand, it is possible that over time the programs of support were implemented effectively. Moreover, it has not been verified exact structure of participant's characteristics, albeit, with regard to the type of instrument, these TG should be similar.

Conclusions

Generally, it can be stated that the aid has likely a positive influence on economic activity of supported persons (employed or self-employed), which is higher in a comparison with the situation before the support (the increase in the share of persons employed or self-employed after the project completion was higher compared to the situation before the start of appropriate projects around 2.4-4.5 percentage points). It is also important to emphasize that in all examined categories, there were a dominant representation of women in the support. With the aid focused only on inclusive entrepreneurship, there was a year after the end of the support 73.4% of supported persons employed or self-employed, in the support of NOT ONLY IE project, it was 62.3%. Roughly half of all self-employed had also an employment relationship. Also, even in the area of support 3.4, there was a majority of supported persons of women, with highlights that this type of aid was primarily focused on the self-employed. In the case of such aid, there were a year after the end of the supported project 69.0% of supported persons with an employment status or self-employed.

Recommendation

There is not made a recommendation for this evaluation question.

5.5 EQ 3.5 What are the factors needed to achieve observable results of supported projects?

A key source of data for this EQ was a questionnaire survey at the level of TG. The questionnaire survey was conducted from 2. 10. 2013 to 12. 10. 2013 and were interviewed 1,987 respondents. 98 questionnaires were returned (4.96%). For the application of fsQCA it is the ideal number of cases.

In relation to the solution of the evaluation question 3.4 evaluator had to determine the conditions (factors) that lead to the successful launch and sustain business activities of disadvantaged groups based on qualitative comparative analysis. The evaluator worked with seven conditions for which there was expected an impact on the result / dependent variable⁸⁶:

1. Consultation of the project plan with relevant persons;
2. Training in business skills;
3. Availability of funds for starting a business;
4. Economic crisis;
5. Initiation of the involvement in the project (who addressed the supported person with an offer for the project participation);

⁸⁶ The exact definition of conditions, their assumptions and calibration, see the Technical Report, EQ 3.5.

6. Education / qualification of supported persons;
7. Economic level of the region in which the entrepreneur operates.

Main findings

In connection with the analysis of the required conditions, there were identified three potentially necessary conditions of all evaluated variables, described above. In the case of three factors, the consistency rate exceeds 0.8 (as a threshold is universally accepted and recommended value of 0.75 - see Ch. C. Ragin, 2008). Namely:

- „level of education/qualification“⁸⁷ (0,86),
- „economic level of the region“⁸⁸ (0,86),
- „training in business skills “ (0,83)⁸⁹.

In other words, we can say that the result (i.e. maintaining the business activity of at least one year after the start of the project) is potentially present if there are present above conditions. In this context, therefore, we can presume that disadvantaged people who have managed so far to maintain and develop their business, have a higher education, they were satisfied with the range and content of training courses on entrepreneurial skills and they are based rather in the more developed regions in the Czech Republic. The rate of coverage does not reach such high values as a measure of consistency. That is why it is possible to see the above mentioned assumption as only highly probable, but not always valid (there may exist some specifics). However, it was an analysis of potentially necessary conditions and there was not a simultaneous treatment of all conditions in all cases.

Within the fsQCA analysis, there was worked with a degree of the consistency 0.75. I.e. in cases where the degree of consistency exceeded the threshold of 0.75, there was assigned the value "1" in the truth table, and the cases were interpreted as a sufficient condition for the reference result. According to Ch. C. Ragin (2008), the main part was the performance of a "standard analysis". The Technical Report EQ 3.5 presents the results of "conservative / complex solutions" that reflect the empirical evidence of the truth table.⁹⁰ Results of logic minimization identified two results which are sufficient to achieve the result. Both have a similar degree of consistency and coverage. Simply, results can be interpreted as following:

- Disadvantaged persons, whose project plan was subsequently consulted and at the same time they feel good quality and structure of training, and they had not a problem with

⁸⁷ One of the key factors for the successful start of the business is, among other things and based on the desk research analysis, the level of qualification of disadvantaged people. Generally, it can be assumed that higher educational attainment can have a more positive influence on the resulting business and its maintainance than the lower qualification.

⁸⁸ Like the evaluation of social entrepreneurship, this external condition was identified as an essential for any business and not only inclusive. It is an attempt to quantify the economic development at regional level. For the purpose of this analysis, there was chosen a simple division of regions according to the development of net disposable income per capita in the period 2007 - 2012. This indicator of the economic level can be expressed as the economic situation in the region, what is the purpose of this independent variable. In this regard, there was assumed that starting and maintaining an inclusive entrepreneurship will be higher in economically advanced regions.

⁸⁹ Another condition is related to internal assumptions, which varied depending on the individual projects. The purpose was to determine to what extent disadvantaged people trained in basic business skills within the project (e.g. marketing, accounting, possibilities of fundraising, etc.). It is one of the important factors for the potential development and maintenance of business. In this connection there has been established a logical assumption, when it would be expected that persons who are sufficiently trained in entrepreneurship skills will have better results in terms of the resulting start a business than people who subjectively felt the lack of a minimum training.

⁹⁰ Another case is the example „*The most parsimonious solution*“, which includes all the assumptions to results and, among other things, even those that in reality have been identified and are hypothetical.

obtaining funds for starting a business in a more developed region, maintain and continue to develop their business;

- Persons, who did not have a major problem with the initial finances and have been trained by a quality training courses, have higher rates of education, are active in advanced region, tried to initiate their business by themselves and are successfully developing their business today.

With regard to the degree of consistency and coverage it is essential to note that in reality there exist cases that do not explain the calculated result. The coverage rate of the explained variable, however, is shown by a more than half of the part. With regard to the options of the evaluation⁹¹, this can be considered as a satisfactory result.

Conclusions

- Based on the analysis of the conditions that are potentially required and based on the next step (standard analysis), there appears to be a particularly significant factor an adequate and sufficient "training" in the framework of the project, when it was confirmed the original logical assumption, that it can be expected that people who are properly trained in entrepreneurship skills will have better results in terms of starting a business than people who subjectively felt the lack of a minimum training.
- At the same time, the availability of funds in the time of launching the business activities is proven to be a key factor that influenced the subsequent development and maintenance the business.
- Further, there was confirmed the positive effect of the level of education and skills of disadvantaged people on the successful launch of business activities. By this assumption, there was confirmed the positive impact of the education degree on the start and especially on the maintainance of the business.
- Finally, the external environment and the economic level of the region play an essential role; it is evident that the initiation and maintenance of the inclusive entrepreneurship is higher in economically developed regions. Although the regional level is relatively "rough" and there would be more sensitive to breakdown the analysis by districts⁹², so it is confirmed that there is also significant the external space, in which the business activities are carried out in addition to internal factors that are related to the nature and characteristics of disadvantaged persons.

5.6 EQ 3.6: What is the (expected) sustainability of the project activities of the OPHRE after the completion of funding of the OPHRE?

Main findings

Evaluator assessed the sustainability of project activities on the basis of project applications available in the MONIT7+ and according to the questionnaire survey on the level of final beneficiaries (survey no. 2). Information about the sustainability of the project activities can be easily obtained from project applications in which each applicant must describe how it intends to ensure the continuation

⁹¹ First, it is necessary to mention that in the classical application of the QCA analysis, it is normal that the researcher returns one step back (if the rate of the consistency and coverage is low) and tries to identify new and more descriptive variables. It can be applied to primary research, the researcher is not limited by the time and data collection capabilities. In the case of evaluation projects, there are clear time limits and the possibility of addressing the questionnaire, which in part may limit the application of the QCA. However, in the introduction there is mentioned that researchers are aware of this fact and the test conditions were selected in several steps and verified.

⁹² Lower hierarchical level was not possible to use due to the unavailability of data.

of activities after the end of the support. Before the further analysis, it is necessary to mention the following factors that limit the explanatory power of the real sustainability of project activities⁹³:

- 1) **Project applications include the planned sustainability.**
- 2) Sustainability relates only to the support of job creation and possibly investments financed by the cross-financing, this does not apply to jobs arising by the self-employment. **The sustainability of other activities and outputs of the projects therefore depends on the approach of the applicant / beneficiary.**
- 3) **The evaluation of sustainability has only 3% of weight in the overall assessment of the project application**, and the applicant is not necessarily motivated to the sustainability of the project after the end of the support of the project.

According to the planned sustainability as it is described in the project applications of supported projects that are focused ONLY IE⁹⁴, we have created the following list of options to maintain the sustainability of the project activities after the end of support as described by applicants / beneficiaries:

- **Sustainability of the project will be assured by the financial support of the project (project sources)** - the applicant does not count that he would be actively involved in the further implementation after the project completion - the applicant considers the ensuring of the sustainability by the fact that after the project completion there will be available materials generated within the project (teaching materials, web pages), and that the sustainability of the project will be undertaken by successfully supported persons by their active business.
- **Sustainability will be assured by the beneficiary's own sources** - after the project completion, the applicant will implement activities (resp. their part) from its own sources (profit, operating budget, voluntary work by employees etc.). There is often the additional support of the target groups through consulting, which provided to the target group also after the project completion, update of materials issued by the project, the maintenance of project websites etc.
- **Sustainability of the project depends on external sources** - the applicant envisages with the additional funding (whether from the ESF, or another subsidy program, support of regional authorities or municipalities) or sponsorship gift⁹⁵.
- **Sustainability of activities will be ensured by the provision of commercial services** - established training courses, consulting etc., will also be provided to other interested parties and interested women with a charge.

Table 33: Number of supported projects focused ONLY on IE reliant on a particular source of the support

Area of Support	Own sources	Sources of the project	External sources	Provision of commercial services
2a.1	2	4	5	2
3.3	2	2	1	0
3.4	20	41	32	26
5a.1	0	2	4	1
Total	24	49	42	29

Source: Monit7+, report to 18. 11. 2013, own calculation

Note: A total of 77 projects were examined and most projects rely on a multiple sources of financing.

⁹³ For more information on obtaining data on sustainability and the difficulties associated with their analysis, see the Technical Report, EQ 3.6.

⁹⁴ In this EQ, we examine the sustainability of supported projects focused on ONLY IE. Given that, for projects that create jobs, there are different conditions for the sustainability than for projects that do not create jobs, we want to avoid the distortion that would obtained by the analysis of projects focused on NOT ONLY IE.

⁹⁵ E.g. - one of the projects which was supported in the area of support 3.4 assume that supported persons - successful businesswomen will support the continuation of such project by sponsorship gift of the profits from the business.

The frequency of particular types of sources of the sustainability is shown in Table 30. In the area of support 2a.1, beneficiaries rely mostly on external sources, eventually sources of the project. In the area of support 3.3, beneficiaries mostly presume the use of their own and project sources. Projects supported in the area of support 3.4 rely mostly on the design and external sources, the area of support 5a.1 mostly on external sources.

Of the surveyed projects (77 projects), only 23 projects, 29.9%, relies on one source of funding: they are mostly project sources (16 projects), followed by the assumption of financing from external sources (5 projects) and own sources and provision of commercial services (per 1 project). It is obvious that additional financing of project activities from own sources is unrealistic for a number of organizations, as well as a provision of commercial services - the target groups as identified in particular areas of support, as a rule will never be able to pay by themselves any comprehensive consulting and education. Other beneficiaries rely in their project applications on a multiple sources of financing, while the most frequent source are again project sources - sustainability is ensured directly from the sources of the project. Next in the line are external sources, which are followed up by the provision of commercial services and own sources. Regarding the commercial service, it can be assumed that it may not be sufficient to maintain activities.

Results of the questionnaire survey show that after the project completion activities are taking place in its entirety in only 13% and 54% run, but to a lesser extent; 33% of beneficiaries after the project completion have not realized their activities. The cause is particularly financial demands (71% of beneficiaries) when it is necessary to find another source of financing, i.e. to finance activities from their own sources or from other grants from the proceeds directly from client services (tuition ...). 27% of the beneficiaries received more public support (subsidy), 34% of beneficiaries paid the continuation of activities from their own sources, 29% of revenues from clients. The remaining 10% were a combination of these sources.

Based on data from the questionnaire survey, we also conducted a categorization of activities by sustainability. According to a questionnaire survey, the most sustainable are activities of general education, for those respondents who are continuing in the same range of their project activities after the project completion, even for those respondents who continue in their activities, but on a smaller scale. To a lesser extent it is relatively well sustainable also the consulting, training, and balance and work diagnostics. It is obvious that projects, that allow the continuation of activities on a smaller scale, have a greater sustainability. But this is largely due to the fact that beneficiaries include to their sustainability without exceptions the use of websites or learning materials and so on, which were elaborated during the project so that project activities are truly partially sustainable - websites and educational materials are available (at no additional cost to the beneficiary) after the project completion, but the activities do not take place in a full range – there are missing e.g. courses with the presence of the teacher and so on.

Table 34: Categorization of activities by sustainability

Activity No.	I.	II.	III.	IV.	V.	VI.	VII.
1. Activities continue in the same range (8 respondents)	6	2	1	2	1	4	1
2. Activities continue, but to a lesser extent in the same range (34 respondents)	29	22	17	14	16	24	4

Source: questionnaire survey IREAS (09-12/2013), Questionnaire 2 (final beneficiaries (IE) in the OPHRE (Call 30) and IOP (Call 1 and 8)), n = 70 (of 166 respondents)

Note: A total of 42 respondents, the response rate is 25.3%. The table includes only those respondents who answered the question whether the activities after the project completion continue, or continue, but on a smaller scale. The table does not include the activity of accompanying measures; such activity was not included in the questionnaire, because we do not expect that it would be implemented after the project completion.

Conclusions

- An applicant for financial support from OPHRE must formulate in the project application how will be ensured the sustainability of project activities after the end of financial support; with the exception of projects that create jobs, the sustainability is not further monitored.
- Applicants / beneficiaries mostly rely on project sources, which in real terms mean that after the project completion, project activities will not be further addressed; or they rely on other sources where the continuation of project activities depends on acquiring other financial support.
- The sustainability of project activities is thus more or less voluntary and the applicant / recipient is not forced to the sustainability of the project activities to fundamentally entertain. As is clear from Lukes, Jakl, et al. (2013, pp. 48), many entrepreneurs (self-employed) need help and support in business after the project completion, and usually, budding entrepreneur can not afford to use commercial services. Therefore, it should be given a greater emphasis on the sustainability of project activities, min. for supported persons.
- In formulating the sustainability of in project applications, applicants frequently rely on project sources, as well as on external sources, and less on the commercial provision of services and own sources.
- If applicants/beneficiaries rely on their own sources, of which they ensure the sustainability, it is mostly voluntary work of their employees.
- After the project completion, activities take place in its entirety only in 13%, 55% continue to a lesser extent.
- The reason, for that the activity at the end of the projects do not run, or run, but to a lesser extent, is a particular financial demands of the further implementation (in 77% of cases).
- For activities that continue beyond the end of the support to the same extent, there are the most sustainable general education, consulting, professional training and networking.
- For activities which continue after the project completion but to a lesser extent, the most sustainable are general education, professional training, consulting and mentoring.

5.7 Recommendations and implementation of the support of IE in the OP of ESF 2014-2020

Based on the results of the evaluation task no. 3 in connection with the evaluation task no. 1, we propose the following recommendations:

1) Types of beneficiaries and project

- **In formulating the calls of supporting the IE, to focus on subjects (potential implementers), which have the capacity to provide business consultancy** to new entrepreneurs (e.g. Chamber of Commerce, business associations etc.) and have experience in this area.
- **To encourage partnerships among labor offices and other entities that perform services for IE** - labor offices have an overview of the unemployed and target groups, and can cooperate with other entities in the selection of suitable persons as well as to provide contributions for SUJ for self-employed. By contrast, other actors (business associations etc.) often have qualified business advisors, and offer a training in entrepreneurial skills etc.

Method of solvability: Setting a specific call (in the OPHRE, or OP 2014+), the definition of eligible applicants.

2) Supported activities, approaches to the support of the entrepreneurship and the complexity

- **The basis for each project on IE must be an activity *Balancing and work diagnostics***, which reveals the skills and motivation of disadvantaged people to own businesses at the beginning of the project so there will not be supported people for whom it is unlikely to start their own business for various reasons. This activity should be required in all calls that focus on IE.
- **To support projects with a comprehensive approach to IE**, i.e. those projects whose activities are accompanying the supported person from the very beginning of the business (the selection of suitable persons) until the new entrepreneur reaches a stable market position and no longer needs the support of the project beneficiary, or it can provide from its own sources. Already in the calls, to specify the activities to be supported and their combinations: a) not to support projects that offer ONLY general training in entrepreneurship skills, ONLY retraining or such activities in conjunction with the accompanying measures, b) to support projects offering primarily consultancy, mentoring and networking.

Method of solvability: Setting a specific call (in the OPHRE, or OP 2014+) with the definition of supported activities and their combinations.

- **To ensure the financial support to new entrepreneurs in the form of subsidies, "starter" loans or microcredits.** This support should be merged or conditioned by training, mentoring, eventually by consultancy, which should lead to a reduction in financial risks.
- **To maintain for disadvantaged persons** (unemployed mothers / fathers on maternity / parental leave, etc.) **social benefits minimally for a 1 year** (unemployment benefits, child benefits etc.).
- **To prioritise starting entrepreneurs by tax holidays** min. for 1 year.

Method of solvability: It is possible to solve it by public policy instruments, including business support, and within the framework of European funds (ERDF, ESF). Concerning social benefits and taxation, there is needed a legislative change.

- **To monitor the sustainability of project activities after the project completion** - project implementers are not significantly forced in the OPHRE to deal with the sustainability, while the continuation of activities (in particular, consultancy, mentoring, networking) is very important, minimally for those persons who start their own business on the base of the project support and now they are active in a business. Therefore, it is necessary to monitor the sustainability during the next three years⁹⁶ after the project completion, by the report on sustainability submitted by the implementer each year; which is recognized as project activities for supported persons of the project during a specific year⁹⁷. For non-compliance with this requirement can be punished with financial sanctions unwinding from the size of the budget.

Method of solvability: Setting a specific call (in the OPHRE) with the definition of supported activities and their combinations. To incorporate this condition for activities supporting the IE in the OP 2014+.

3) Supported target groups

- **To encourage especially those with higher education (min. ISCED 3 and above).** There is no need for elimination of the less educated persons from activities aimed at IE, but there must be conducted more carefully the balance and work diagnostics.
- **Not to limit the support only to a certain target groups** – it is required to give a chance to all disadvantaged people in the labor market. Ever since the beginning (setting supported activities) is important, however, by using balance and work diagnostics to eliminate the number of individuals who can not be expected to successfully launch and maintain their own business.

Method of solvability: Setting a specific call (in the OPHRE, or OP 2014+) and its target groups.

4) Recommendations for the OPE

- **To promote IE by each specific calls in the Priority Axis 1, the Investment Priority 1.1 and 1.2 and 1.5, and in the Priority Axis 2 of the Investment Priority 2.1** (with respect to particular target groups supported by these investment priorities) by types of projects, activities and target groups mentioned in paragraphs 1 to 3. These calls to focus only on IE due to a simplification of the monitoring of the support of IE.
- **Under the Priority Axis 1, investment priority 1.4 to foster the collaboration of employment offices and other entities** in the development and testing tools focused on the IE.
- **Under the Priority Axis 2, investment priority 2.3, to focus on the support of the IE by a cooperation of local employment offices and other local entities** in the development and testing tools focused on the IE.

Method of solvability: Setting of specific calls in the OPE.

⁹⁶ According to the results of the Panel of Experts, there is a risk period of two years after the commencement of business for a budding entrepreneur because there could be supported some persons at the end of the project, we propose to monitor the continuation of activities for three years.

⁹⁷ Like the Operational Programme of Education for Competitiveness, or projects of the IOP, which in some cases have been / should be administered at regular intervals reports on the sustainability of the project during the period specified in the contract.

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