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PROGRAMME OF RESEARCH AND ACTIONS ON THE DEVELOPMENT OF THE LABOUR MARKET

The quantitative and qualitative significance of the emergence of local initiatives for employment creation

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THE QUANTITATIVE AND QUALITATIVE SIGNIFICANCE OF THE EMERGENCE OF LOCAL INITIATIVES FOR EMPLOYMENT CREATION

Programme for Research and Actions on the Development of the Labour Market

By

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Document

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1. INTRODUCTION

1.1 The Subject Matter: Employment - From Crisis to Creativity?

Local employment initiatives are a new economic and social phenomenon bearing witness to the fact that crises and deprivation can be harbingers of creativity. In the face of the most serious unemployment problem since the 1930s, they are demonstrating that enterprise and self-reliance can lead, at the very least, to a more self-determined way of coping with the necessity of earning a livelihood.

The issue to be dealt with in this study is whether the emergence of local initiatives for employment creation has, in the course of the past four to five years, evolved into significantly more than a series of isolated, individualistic solutions to the problem of umemployment.

In a broad sense, this question has already been answered affirmatively on the basis of a series of preliminary studies and international experts symposia conducted under the auspices of the associated EEC/OECD programs on Local Inititatives for Employment Creation.[1)] The present evaluation thus must not start from scratch, but on the contrary is committed by contract with the EEC to build upon the accumulated findings, to systematize these, and in the light of newer developments attempt a substantive clarification of the significance and future potential of local initiatives for employment creation.

The purpose of the research and evaluation is to provide the Commission of the European Communities with data and informed reflection to assist its continuous review and development of policies and actions designed to combat unemployment.

1.2 The Research Method: Preliminary Remarks

The usual procedure in a systematic research study after specifying the subject matter, the central questions to be dealt with, and the overall purpose of the endeavor, is to describe and discuss the research approach and method by which the answers are going to be sought and the professed goal of the study attained. In the particular case of local employment initiatives a deviation from traditional research procedure appears more suitable to the subject.

Local employment initiatives are not only a very new, economic and social phenomenon, they are, often a rather precipitate, gut response to the profound social dislocations induced by unemployment. By and large research and analysis of this phenomenon has reflected this head-on development; it has been more spontaneous and pragmatic than systematically probing.

These precedent developments very much determine the possible methodological choices for this study. The scope and nature of the unemployment situation in the European Community, the range of policy responses to it, their ultimate failure to make a significant impact, and the spontaneous upsurge of unconventional job creation activity and parallel research on it, constitute the background determining the present research approach. They will need to be broadly sketched and understood before the present research task can be broached.

1.3 The Background: A Decade of Joblessness

For over a decade the ostensibly rich, industrial nations of the western world have been afflicted by the cancerous growth of unemployment. In the European Community the relentless spread of joblessness has produced one dismal socio-economic record after another. Between 1980 and 1985 registered unemployment in the Community rose from 6 million to over 13.5 million, bringing the unemployment quota up to 12 %.[2)]

Alarming as the two digit level of unemployment and its dramatic rate of growth in themselves are, they nonetheless reflect only partially the actual enormity of the social problem behind them. For one, the numerous measures introduced to force registered unemployment figures down (e.g. repatriation of immigrant workers, redomestication of women, flexibilization of work arrangements, encouragement of later entrance into and earlier withdrawal from the labor market, etc.) disguise the extend of involuntary idleness and the concomitant, often irreversable, deterioration of human resources; for another, the disproportionate social and regional distribution of the unemployment burden as manifested in the inordinately high unemployment levels among the young, women, older workers, and above all, those living in declining old, monoindustrial areas and devitalized rural regions, has tended to create a vicious circle of self-perpetuating marginalization.[3)]

In 1983, over 4.3 million people, or well over a third of the registered unemployment in the European Community had been out of work for more than a year, of these, over 2.1 million had not worked for at least two years (European Communities, 1984). In a society in which work is still the principle means of social integration, unemployment, in particular long-term unemployment, tends to have such personally demoralizing and socially debilitating effects, that the probability of leaving the unemployment register decreases progressively with the length of unemployment (Social Europe 1/85: 9).

1.4 Manpower Policies: A Patchwork of Responses

Despite the undeniable danger of system threatening social polarization, there has been a "tremendous mismatch between the actual size of the (unemployment) problem and the solutions being attempted by governments" (Richardson and Henning, 1984: 307).

Not that governments have adopted a "do-nothing" policy. On the contrary, a number of recent reviews of manpower policies in OECD countries provide ample evidence that government intervention has not been wanting (OECD, 1982, 1984, 1985; Richardson and Henning, 1984).

In the wake of the 1973/74 oil shock recession, "holding operations" were developed to preserve employment until the anticipated recovery of the economy. The main labor policy instruments of that period were short-time working, job preservation subsidies, and a variety of aids to keep specific industries (i.e. shipbuilding, steel, and motor vehicles) and firms afloat.

When these protective employment measures came to be regarded as an impediment to the necessary structural adjustment in industry and manpower, they were partially (never totally) abandoned in favor of an odd patch-work of more active manpower policies. Varying, to a certain degree, with the political color of the government in power, these newer manpower policies included more or less vigorous, direct job creation schemes in the public and/or private sector: measures in favor of special groups, i.e. youth, minorities, long-term unemployed, etc.; a variety of schemes aimed at improving the match between labor supply and demand, i.e. training and retraining programs, working time adjustment, etc..

1.4.1 The Failure of Traditional Approaches

And yet, just as the reviews of the range of manpower policies pursued over the past decade show that western democratic governments have not ignored unemployment, but on the contrary, successively sought to broaden and improve the instruments deployed in combating joblessness, so the persistance of a high and rising level of unemployment cannot but lead to the conclusion that, in the last analysis, the sum of the policy responses has failed to make a significant impact.

Explanations as to the causes of the failure abound, ranging from the nearly flippant to the well nigh irrefutable. To some, the unemployment issue seems to be a particularly good example of a large "garbage can" of many problems and many solutions (March and Olsen, 1976 cited in Richardson and Henning, (1984: 6).

Admittedly, the sheer size of the problem in terms of numbers of unemployed and its complexity in terms of interrelationships with other policy areas and interdependencies with international markets renders its resolution singularly difficult. Yet the failure to achieve any noteworthy improvement cannot be explained away with complexity. Indeed there is ample evidence that the weight of competitive priorities and the tendency to shape manpower policies to fit partisan economic "theories" have consistantly prevented the pursuance - not the formulation - of manpower approaches commensurate with the gravity of the social, economic and political problem posed by unemployment.

Thus for example: "The priority given in the application of macroeconomic policy to the fight against inflation severely constrained the scope of action for labour market policies" concluded an OECD report on unemployment. "If a sizeable dent in unemployment is aimed at, labour market measures have to be of an appropriate scale and this raises the crucial question of their financing. Even allowing for subsequent savings in unemployment benefits and additional tax revenue from re-employed numbers, increased expenditure on job creation programmes could swell public deficits at a time when in many countries they are viewed as too high." (OECD, 1982: 109).

While the trade-off between inflation and un-emplyoment continues to plague the present policy debate, it is by no means the only constraint to more creative job generation policies. As, Richardson and Henning (1984: 311-316) have shown, many governments in searching for solutions, allow themselves to be guided by a set of "commonly shared assumptions" and "unspoken and unrecognized

notions of feasibility". Thus for example, one fairly common assumption is that there is an inherent limit to the size of the public sector and that an increase in public sector jobs, while the quickest way to reduce unemployment levels, would be damaging to long-term employment prospects and thus unacceptable.

Another commonly held bias is that the solution to the unemployment crisis is to increase competitiveness and to accelerate the development and introduction of new technologies. Thus pretty well all governments are supporting rationalization policies intended to reduce manning levels and raise productivity, subsidizing the development and diffusion of information and other new technologies, all on the uncorroborated assumption that the so called "high tech" products will guarantee international competitiveness and in turn, quasi automatically, full employment.

Yet perhaps the greatest constraint to the pursuit of more offensive job creation policies is the persistence of belief that a return to "normal" (high) growth rates will ultimately solve the problem. Despite ubiquitous evidence to the fact that the post-war growth model linking investment and employment expansion, directly and indirectly, through the circle of income creation and expenditure, no longer applies, by far the greater part of European labor market and related policies (i.e. industry, money, trade, economic development, science and technology, etc.) continues to be based on just that logic.[4] Regardless of whether governments' policies focus more on reducing the supply of labor (by promoting early retirement and/or later job entry) or on creating more demand for labor (through temporary job creation schemes), their approaches tend to constitute little more than variations on the old theme of smoothing out "temporary" economic and employment disequilibria.

The fundamental problem of inadequate permanent labor demand remains unbroached.

1.4.2 The Change in Focus

While the underlying logic of applied manpower policies has remained largely unchanged throughout the European Community, this has not prevented some professional cerebral and grassroots hands-on experimentation in job creation.

Indeed concern for the high level of unemployment and the failure of aggregate growth policies and across the board financial and fiscal incentives to significantly effect, let alone reverse, the persistently negative employment trends have motivated some economists and policy makers to seek new approaches and strategies to job creation.

The need for a re-examination of conventional labor policy wisdom was first most forcefully formulated by David Birch of MIT. In a much regarded essay entitled "Who creates jobs?" Birch identified a crucial deficit in past labor market policy. "What we need, and have consistently lacked", wrote Birch, "is the ability to focus our incentives on those who will make good use of them without wasting taxpayers' monies on those who will not." (Birch, 1981)

Written in 1981, the implications of this focus for labor market research are as clear as they are valid to this day: only when it is known "who creates jobs" can appropriate means be selected to further, maybe even to stimulate, the process of job generation.

This postulate came to be increasingly reflected in the European Communities "Programme of Research and Actions on the Development of the Labor Market."[5] In its resolution of 12 July 1982 on "Community action to combat unemployment" (European Communities, 1982) the Council not only formally recognized the need for additional actions over and above aggregate growth policies but distinctly stressed its interest in examining the contributions that specific types of economic endeavors and innovative groups such as small and medium sized enterprises (SMEs), cooperatives and local initiatives were making or could make with appropriate assistance, towards creating employment.

Whereas research on SMEs and cooperatives could build upon an existing knowlegde base and thus soon focus on specific issues and strategies for promoting the job creating capacities of such units, the phenomenom which came to be known as local employment initiatives was entirely uncharted at this time.

2. THE EMERGENCE OF LOCAL EMPLOYMENT INITIATIVES (LEIs)[1)]

Attention was first drawn to the local level by the observation that local attitudes and responses to unemployment were changing. Rather than waiting for national investment and/or manpower programmes to solve their problems, or relying exclusively on being able to attract mobile capital and entrepreneurship to their area, individuals, local groups, and communities were rediscovering their own potential and moving consciously towards placing more emphasis on endogenous development resources. Yet outside the fact that this had led, particularly in France and the UK, to the emergence of an array of independent local initiatives engaged in, or at least aiming at, creating viable employment based on local needs and resources, very little else was known about this seemingly promising development.

On the assumption that growing unemployment might have elicited similar or other imaginative responses at the local level and in view of the urgent need to expand the number of tools and approaches for combating unemployment, interest in local employment initiatives spread quickly (Bekemans, 1983).

This growing interest in local initiatives as a potentially new approach to manpower policy intensified even further as the geographical variations in unemployment became more apparent and with it the need for tailor-made strategies to combat the specific unemployment situation of a particular area (OECD, 1985a: 1).

2.1 European Community Research on LEIs Approach and Results of Phase One

In 1982 and 1983 the European Community commissioned a number of research studies to shed light upon this new employment approach. For convenience, the term "local employment initiatives" (LEIs) which was in use in the UK to describe a variety of different local job creation phenomena, was adopted by the Community to designate and encompass the entire spectrum of employment

initiatives that the commissioned research was to identify and relate to general economic and labor market policy.

In view of the recentness of the emergence of local employment initiatives and the inherent diversity of local phenomenon, the initial research approach to this subject matter could not be anything but somewhat unsystematic. The object was to get into the field and see what could be found out about an observable but as yet totally undefined phenomenon.

The character of the earliest investigations on LEIs was thus intentionally exploratory. The research did not start from any particular viewpoint or definition but set out to discover what existed at the local level and how it had gotten there. Practitioners of new initiatives and other key individuals where asked to describe their work, reflect on their performance and problems, and suggest what kind of local, regional, national or Community level support might unlock the full potential of their initiatives (European Communities, 1984a: 25).

As a result of the consultations and studies conducted between 1982-1983 (see Annex 2)

- the contours and certain specific characteristics of LEIs became visible,
- the needs of the people and enterprises involved identified,
- a preliminary assessment of their actual and potential contribution to employment creation and local economic reconstruction chanced, and
- guidelines for future policy, research and actions to encourage the development of LEIs proposed (European Communities, 1984a: 4).

2.1.1 Basic Contours and Characteristics of LEIs

In response to widespread unemployment a broad range of local self-help activity has sprung up negating the traditional distinction between economic and social, private and public sector endeavors and objectives. Names such as self-managed companies, community businesses, local enterprise agencies, craftsmen collectives, producer cooperatives, public benefit enterprises, and local employment initiatives were variously used to designate these new undertakings while broader concepts such as the "third sector", the "informal", "alternative", or "social economy" were coined to describe them collectively. As mentioned earlier, the EEC and the OECD chose the term "Local Employment Initiatives" to designate and encompass a wide variety of local self-help activity directed towards employment creation.

While these new undertakings often resemble SMEs in many ways, they characteristically differ in the reasons for being created, in the background of their founders and/or members, and often, though not necessarily, in the forms of organization and the types of activities they emphasize. Though these differences may become less significant or even disappear as some LEIs become integrated into the small firms sector, they are sufficiently great to necessitate separate characterization.

Origins and Composition

LEIs are commonly founded by individuals or groups of people experiencing some kind of employment difficulty and who have decided to take action and create employment for themselves. They may have had difficulty entering the labor market, i.e. youth, women, minorities, been unemployed or threatened by unemployment, or found the quality of available jobs unsuited to their skills or aspirations.

Apart from such individual efforts by persons directly affected by employment demand insufficiencies, LEIs may also be founded and/or promoted by a community such as a metropolitan or town authority, or a community of interests such as a voluntary organization, a trade union, a local economic, social or cultural development group, or a broad based consortia of public and private interests.

Motives and Objectives

Motives for the founding of LEIs vary. For most, however, the creation of viable permanent jobs is the foremost objective. Others, particularly group and institutional founders and backers, view their involvement in job creation as part of a larger process of community restructuring and regeneration. Finally there are those with a range of reformatory economic, political, social and cultural values and objectives who found or promote LEIs on the conviction that the creation of worthwhile work in their community constitutes an appropriate vehicle, or even the essential pre-requisite, for the achievement of those objectives, i.e. local self-reliance, small-scale production, environmental protection, cooperative work organization, a participatory, more integrative society.

Weaknesses and Strengths

Common to the majority of local employment initiatives is that they are new to entrepreneurship, have little if any financial resources or experience in job creation and its managements, often try to integrate difficult or particularly disadvantaged clientel into the labor market and are thus even more dependent than SMEs upon a supportive environment.

In contrast to their lack of experience and professionalism in employment creation stands their superior knowledge in and responsiveness to local needs and resources, problems and opportunities. This unique empathy with local circumstances, born of the fact that LEIs are created and controlled by individuals and groups in the community, sets LEIs apart from other development agents and

enables them to impact even on extremely devitalized, high unemployment areas, where others have failed or never even thought to try.

Structure and Activities

Irrespective of the fact that most LEIs pursue a mix of non-commercial objectives, they very definitely are enterprises organized to survive economically through the production and sale of goods and services. This distinguishes them from both public sector job creation and charitable, or voluntary non-paid work, though they may operate on a non-profit basis or sell services to public authorities, i.e. health or child care, training and work experience for handicapped or otherwise disadvantaged groups, re-socialization of young offenders, addicts etc.

In terms of legal structure, LEIs again encompass a broad range of forms, from traditional private or public stock companies over various collective ownership models to non-profit companies. The choice is partly a matter of administrative and financial convenience, partly a matter of philosophical and ideological group preferences and partly a matter of individual backgrounds i.e. workers often feel more comfortable with the cooperative form whereas professionals working for fees may prefer the non-profit option. Finally some of the more innovative structures, such as self-managed enterprises with collective ownership and decision power, and community businesses owned by a consortia of private, public and voluntary organizations, continue to have problems fitting into the available legal forms.

LEIs' spectrum of activities, while ranging from small-scale farming to high tech software products, distinctly reflects their characteristic origins and objectives, weaknesses and strength. Having been essentially founded to create employment in a particular locality, LEIs' activities tend to be very much determined by local skills and other local resource factors.

The majority of LEIs operate in labor intensive areas, i.e. the growing service sector, or have opted for labor intensive forms of production even where more efficient technologies exist. Such choices while reflecting their concern for employment creation and/or their philosophical and social orientations, nonetheless, are not always entirely voluntary. The scarcity of finance, entrepreneurial or technical skills, often necessitate the substitution of "sweat equity" and low income aspirations for more efficient technology or capital.

A more positive recompense for the labor intensive bias may be seen in LEIs remarkable ability to identify the cracks and niches in the established system of meeting needs. From the rediscovery of forgotten crafts to the exploitation of renewable, local energy sources, from furniture, appliance, bicycle or motor vehicle repair to inner city housing renewal, from health foods to home wovens, from specialized publishing products to off-off cultural presentations, from fostering agreements for the young to domiciliary care for the old, there is hardly a relatively new, small-scale, labor intensive product or service, commercially perceived to be unprofitable, which LEIs have not tried, with varied success, to turn into an economically viable, job creating activity, i.e. generating income at least equal to labor costs and sufficient surplus to replace capital where relevant.

In addition to the broad range of LEIs directly involved in the production of goods and services, there are other types of LEI structures which, while engaged in the same basic objective, namely the creation of viable employment, pursue this goal in an indirect way by providing the infrastructure of animation, organization and support for others prepared to launch and/or operate direct employment generating initiatives. These promotional type LEIs have come to be known under the generic name of support structures or intermediary organizations.

Though far fewer in number than the employment generating type LEIs, they are, nonetheless, in many areas the prime movers of the LEI approach. Through their launching, training, resourcing and networking activities, the intermediary type LEIs provide vital support to the neophyte "entrepreneurs by necessity". For particularly disadvantaged groups and in areas with a history of heavy reliance on dependent employment and little entrepreneurial tradition, the emergence of LEI support structures promoting the idea of self-help employment creation may well be a prerequisite to the creation and survival of the employment generating type LEIs.

Ways and Means

All types of LEIs, including those involved in providing quasi public services, strive for economic self-sufficiency. Some initiatives receive public financial support in the early stages, genereally in the form of short term job creation subsidies, or from training, urban, regional or other public interest funds. In the long term, however, most LEIs must achieve economic viability to survive.

Ocassional exceptions to this rule are those LEIs who provide work experience and/or training to particularly disadvantaged or marginilized groups who would otherwise not be able to avail themselves of training or a permanent job. While economic self-sufficiency remains a goal here too, albeit one for the far future, in reality many such undertakings cannot survive without continuing subsidy from public and/or private sources.

In as much as LEI support structures often provide services to a clientel that cannot bear the full economic costs of the assistance received, such LEIs too must supplement the income they obtain from the sale of services through contributions from, and contracts with, "non-client" sources. Thus local governments, community and welfare organizations, various national departments and industry are all involved in varying ways and degrees in the financing of LEI support structures.

2.1.2 The Contributions and Needs of LEIs

LEIs' contribution to employment creation is noteworthy. As the initial assessment based on the 1982-1983 studies has shown, LEIs are growing rapidly and have increased the number of jobs in cooperatives to over 500,000 and to "probably" considerably more in other types of LEI enterprises (European Communities, 1984a: 13). In addition to their overall contribution to employment creation, LEIs were found to be particularly valuable in economically depressed areas and for disadvantaged groups for whom they were often the only source of new employment.

LEIs contribution, however, is not limited to direct employment creation. By rebuilding confidence and maintaining skills, promoting ideas such as self-help, cooperation, local self-reliance and regeneration, LEIs were found to be influencing the overall economic and socio-psychological climate of the areas in which they occured, restoring there the capacity for enterprise, and preparing the ground for future development.

While establishing LEIs innovative approach and contribution to combating unemployment, the research also revealed a series of growth constraining weaknesses as well as some levers which could be deployed to minimize these constraints and thereby enhance LEIs survival and development prospects.

Being similar to SMEs, LEIs are beset with many of the same difficulties and problems, albeit in a more acute form. In the course of the past century the economic, political, and administrative environment has developed a distinct bias towards large, hierarchical organizations and systems. Setting up and operating a small enterprise in such an environment can be an unduly trying experience replete with frustration.

Characteristically LEIs are, at least at the beginning, extremely fragile undertakings often very much dependent upon a supportive environment. Having opted for self-employment, often out of

necessity, these neophyte entrepreneurs are understandably not necessarily conversant with the creation and management of an enterprise and thus in need of intensive practical advise, possibly some sharply focused training, and a broad range of indiviualized supports, e.g. psychological encouragement, easy access to financial, technical and other specialized resources.

Beyond tailor made assistance, many of the more unconventional LEIs may need a changed economic and labor market policy framework to escape marginalization and develop into viable undertakings. To date, some of the very characteristics which have enabled LEIs to maintain some of the jobs in threatened enterprises and to create new ones in sectors and locations where conventional approaches have failed, (e.g. unconventional organizational structures such as self-management and collective ownership, priority of employment creation over economic and financial performance, the untypical profiles of the enterprise founders and their enterprises) tend to isolate them from both private and public mainstream sources of economic development support. A mixture of traditional mind sets, habits, and attitudes on the one hand, and actual legal, administrative, and financial rules on the other hand, appear to conspire against and block LEIs access to investment funds, job creation and other public economic and social development schemes.

While considerable difficulties and constraints to the development of LEIs were shown to be common, the studies also identified encouraging exceptions. In a number of localities and regions public authorities at various levels and in exceptional cases the trade unions and even industry had recognized that the growth of LEIs constituted a positive response to the failure of traditional solutions to unemployment. Where this recognition had led to the promotion of LEIs as part of diversified approach to economic development this support appeared to be an important lever for their survival and development.

The diverse nature, range, and degree of local level involvement in the encouragement of LEIs within and among European Community countries seemed to indicate that there was considerable scope both for widening and intensifying the role of local authorities in spearheading attitudenal changes towards and practical support for LEIs.

2.2 European Community Policy on LEIs

The enormous amount of information gathered by independent researchers on the phenomenon of local employment initiatives, their basic characteristics, needs and contributions to job creation had an almost immediate impact on Community labor market policy. In June 1984, only a few months after the Commission's "Communication" on the results of its exploratory research on LEIs (European Communities, 1984a), the Council of the European Communities adopted a "Resolution on the contribution of local employment initiatives to combating unemployment" in which it

- "recognizes the contribution that these initiatives can make to the objectives of the fight against unemployment and the revival of economic activity ... (and)
- considers that the development of these initiatives should be supported and stimulated by the Member States' policies accompanied by specific measures at Community level." (European Communities, 1984b).

With regard to action at the Community level, the Council mandated the Commission to support the development of LEIs through, inter alia:

- further consultation and exchange of information and experiences on a community level,
- evaluation and research designed to provide guidance for future policies and actions,

- specific studies to help assess the most apt methods of providing finance, legal and fiscal encouragement or other support for the establishment and development of LEIs.[2)]

2.3 A Second Research Phase - Approach and Structure

2.3.1 Issue Oriented Studies

On the basis of the findings of the first research phase and the Council's mandate regarding further research and actions, a more systematically structured and issue oriented approach to local employment initiatives research became possible. Thus the identification of problems, needs, and opportunities such as

- that appropriate support structures were crucial to the emergence and development of LEIs,
- that local and regional authorities could play a key role as animators and catalysts of local development,
- that lack of private or public funding arrangements suited to the needs and aims of LEIs posed a constant threat to their survival,
- that "novel" organizational structures, such as cooperatives and other self-managed enterprises, common among LEIs needed to be better understood both in terms of their internal functioning and their external interactions,
- that traditional legal, fiscal, social and administrative institutions were not always in harmony with LEIs and thus can seriously constrain their development,

led to the commissioning of a second series of studies, focusing upon these issues.

Of the issue oriented studies commissioned in 1984-1985, the most important in terms of potential policy impact appear to be the following (for complete list of second phase research studies see Annex 3):

- Financing Local Employment Inititatives
- Legal, Fiscal, Social and Administrative Contraints to the Development of LEIs
- The Role of Local Authorities in Promoting LEIs
- Cooperatives and Other Self-Managed Organizations
- Role and Training Needs of Development Agents in the Process of Local Employment Creation.

The task of most of these issue oriented studies is to analyse in detail the nature and functioning of certain types of constraints (i.e. administrative rules) and/or incentives (i.e. supportive local authorities) to the development of LEIs, identify and describe good practices, (i.e. innovative financing arrangements) and review the scope for future policies and actions aimed at reducing constraints and increasing encouragement to locally initiated job creation.

2.3.2 Further Clarification and Evaluation Research

Whilst the Commission's "Communication" on the results of its exploratory research on LEIs was positively received and its recommendations regarding support and stimulation of LEI development in principle widely accepted, there has also been some criticism pointing to the need for further clarification and evaluation research. Thus for example, the Community's Economic and Social Committee while "recognizing the increasing activity at the grassroots in LEIs arising from entrepreneurial or social community-based motivations", nonetheless criticized that "the Communication is not clear in its definition of LEIs, their role in the labour market, and their possible contribution in relation to training and net job creation." (European Communities, 1984c: 2-4) In the Committee's "Opinion" LEIs were not a homogenous group, despite the common characteristic of locality, so that dealing with them as a whole presented real difficulties (Ibid).

The validity of the Economic and Social Committee's observations and criticism appears confirmed in practice. With all due respect to the complex nature of LEIs and the pitfalls of too early concretization of new and still evolving phenomena, the understanding of LEIs as encompasing all local undertakings impacting on employment (i.e. from very small enterprises with a traditional profit motive to socially motivated community-based enterprises to a variety of small collectivist or large cooperative organizations etc.) potentially reduces the notion to a catch-all, difficult, if not impossible, to operationalize for purposes of analysis and assessment of labor market effects.

Thus while the conceptually wide-open and intentionally exploratory research approach to LEIs was certainly appropriate for the initial task of identification and basic characterization of the LEI phenomenon, it does appear, at least for purposes of evaluation and further policy design, too indiscriminantly inclusive, the empirical data thus accumulated too diffuse and unstructured to permit sufficient differentiation between traditional local enterprise and LEIs on the one hand, and different types of LEIs, with their respective job creation approaches and achievements, on the other hand.

In accordance with its mandate to continue evaluation and research designed to provide guidance for policies and actions in support of LEIs and in recognition of the need for a better operational definition of LEIs and a more substantive assessment of their societal significance and labor market contribution, the European Communities Directorate for Employment commissioned a follow-up clarification and evaluation study.

3. THE QUANTITATIVE AND QUALITATIVE SIGNIFICANCE OF THE EMERGENCE OF LOCAL INITIATIVES FOR EMPLOYMENT CREATION

3.1 Research Approach and Method

Irrespective of certain unavoidable limitations, the initial European Communities research on LEIs unquestionably produced an invaluable data base upon which subsequent research on unconventional ways of combating unemployment can build.[1)]

The issue oriented studies which have been commissioned to deal in-depth with constraining and supporting factors impacting on LEI development constitute an example of one type of follow-up research. Their approach: a policy relevant issue identified as such in the first research phase, is pursued in greater detail and depth in the follow-up phase, whereby the major focus lies on the generation of new data with respect to the identified issue and relevant policy approaches.

3.1.1 Literature Analysis

The Study on "The Quantitative and Qualitative Significance of the Emergence of Local Initiatives for Employment Creation" represents another type of follow-up research. It has been commissioned on the assumption that the systematization of the accumulated empirical findings with a view of identifying "characteristic" types of LEIs, their respective purpose, structure, process and products, could overcome, or at least reduce, the criticized conceptual confusion with regard to LEIs and permit a more substantive assessment of their quantitative and qualitative significance for employment creation. The primary research focus in this study is thus not the generation of new data concerning LEIs, but rather the systematic re-organization of the accumulated findings towards a new research aim, in this case: the assessment of LEIs' quantitative and qualitative significance for employment creation.

Incidental Remarks
Advantages and Some Unavoidable Limitations

The advantages of this research approach lie in the maximization of existing knowledge, the savings in research time and money, and the speedy identification of remaining knowledge gaps. The disadvantages lie in the unpredictability and limited control over the attainment of the research aim.

With regard to the study at hand, it must be recalled that, for reasons detailed earlier, the quantity, quality, and thrust of the data on LEIs, accumulated in the first research phase tends to vary considerably both within and among the European Community countries and with respect to the various undertakings subsumed then under the concept. Such limitations of the preliminary research findings are bound to affect the follow-up study, rendering the quality and integrity of the latter dependent, to a certain degree, on the former. Thus the accuracy and validity of the typology and conceptualization of LEIs to be developed in this research phase are neither entirely predictable nor controlable. The same applies to the subsequent assessment of LEIs'significance.

In the face of such limitations other research approaches may seem more satisfactory in terms of scientific certainty. However, in view of the dramatic unemployment situation throughout the European Community, it is imperative, even under conditions of imperfect knowledge, to push ahead with the development of policies aimed at combating unemployment. The development of a typology of LEIs leading to an assessment of their significance can, even when not entirely complete or accurate, enhance policy makers' ability to target support to those who create jobs, instead of wasting time and money on those who will not. Thus, despite some unavoidable limitations, the chosen research approach seems justifiable.

3.1.2 Supplementary New Data from On-Going Research

While retaining the central advantage of the secondary research approach - quick results through recourse to existing data - a way has been sought and found to reduce somewhat its main disadvantage, i.e. dependence on an inadequate data base. In addition to examining the relevant European Communities and other published studies on LEIs, a concerted effort has been made, with the Commission's support, to obtain and incorporate the new data being generated by the issue oriented studies running parallel.[2] To be sure these studies have their own specific goals, respective questions, and data needs. Nonetheless, as their subject matter is in every case some specific issue regarding LEIs' development, some of their data constitutes a useful supplement to, and an updating of, the older published information.

3.1.3 Field Contacts

Due to the need for quick results, the limited availability of research funds, and the expectation that a re-examination and re-organization of existing empirical findings would produce the needed insights into the significance of LEIs, field research and original data gathering were not actually budgeted for.

To avoid the well known pitfalls of a one dimensional research approach to social phenomena, the desk research has been supplemented by direct contacts with LEIs throughout Europe. In many cases, the second series of European Community sponsored LEI "Consultations" provided the opportunity for a two to three day long immersion into the LEI environment of a particular country. Further contacts and a profounder understanding of specific issues vital to LEIs' development were gained through participation in workshops composed of LEI practioners and experts in such fields as finance or local development.

On the whole, such field contacts, while not intended or used as a research tool - no structured interviews, written or oral, were conducted, no systematic data collection attempted - proved to be invaluable in sensibilizing the researcher towards the subject matter, raising her critical capacity towards the published data, and establishing a network of contacts for the acquisition of further information.

3.2 Central Theories and Hypotheses

On the basis of the insights gained from the above described field contacts and a preliminary analysis of the published findings on LEIs, the most appropriate hypotheses and criteria for the systematization and assessment of the empirical findings were deduced from the available theories. Of the rather diffuse and sporadically conducted theoretical discussion on a new sector of the economy variously labeled "informal", "alternative", "associational", "social", or "third sector", the conceptualization regarding the last mentioned seemed furthest advanced and at the same time best suited for relating LEIs to the rest of the economy and de-coding their characteristic structure and processes.

The ground work for a theory of the rise of a "third sector" may be traced back to Daniel Bell's formulation of the coming of "post-industrial society" (Bell, 1964 and 1973) or even to Galbraith earlier "affluent society" (Galbraith, 1958). However, as the purpose and goal of this study is unequivocably pragmatic and employment policy oriented, the theoretical discussion will be kept to the absolute minimum necessary to understand the relationship between LEIs and the so-called "third sector" of the economy and the arguments put forth to predict its growth and potential contribution to employment creation.

In a paper entitled "The Posibilities for Employment Creation in the 'Third Sector'", Franco Achibugi (OECD, 1985) draws attention to the major structural changes in present-day industrial econo-

mies which he views as inherently conducive to the creation of new jobs in a "third sector". A summary of the relevant portions of his reasoning leading-up to an operational definition of the third sector is presented here as the guiding theoretical consideration of this study.

3.2.1 Changes in the Structure of Demand

Archibugi diagnoses a radical transformation in the structure of consumer demand and thus production whose salient features and labor market consequences he outlines and substantiates as follows (OECD, 1985: 172-185):

1. A situation of abundance and quasi saturation with respect to industrially produced goods, particularly consumer durables, is causing structural upheavals in the industry of most Western Countries. While affecting virtually all sectors producing tangible goods, it has assumed crisis proportion in heavy and "basic" industry;

2. The narrowing of the markets geared to consumer durables, encourages attempts to control the diminishing outlets and/or to stimulate the "need" for new goods involving often a considerable wastage of resources (Galbraith, 1958);

3. The substantial increase in smaller and medium-sized enterprises, catering to the new demand for less mass-produced, quality goods, counterbalances partly the diminishing weight of large enterprises. While the readiness to accept lower profits and/or wages in exchange for other rewards is contributing to the survival and numerical growth of these SMEs, technological progress, in particular electronics, is making them less marginal than hitherto (Birch; 1979; Piore, 1983);

4. The continuously growing demand for services which, by their nature and quality, do not encourage the development of conventional profit-motivated enterpreneurship in the private sector, has stimulated an enormous growth in the public sector and a commensurate rise in financing difficulties (Boltho, 1979);

5. These changes in the structure of final consumption and production (a relative saturation of demand for high productivity industrial products and a rising demand for low productivity public services) imply and induce further changes in attitudes, life-styles and work patterns, lead to a growing importance of non-traded activity, and an expansion of the non-market sector (Schiray and Vivaner, 1980);

6. The resultant narrowing of the field of activities obeying the rational "higher productivity equals higher profits", has led to a diminishing sense of entrepreneurship (where profit is the spur) and a decline in the "entrepreneur investor-model" associated with the present day flow-of-funds system;

7. The demand for labor, traditionally expressed by enterprise, is now hindered by structural problems from expanding. Entrepreneurial outlets are shrinking: in the traditional sectors because of declining demand for these goods, in the new sectors because of lack of investors' interest in these inherently, low productivity goods and services.

8. The demand for manpower in the sectors corresponding most closely to the new structure of needs and final demand for goods and services, i.e. education, science and research, cultural activity, recreational and all manner of social, political and personal interchange activity, has grown enormously. However, as most of these types of activities are traditionally concentrated in the public sector, a number of major factors militate against increasing labor demand there, i.e. government fiscal crisis (O'Conner, 1973), inherent diffi-

culties in monitoring efficiency and insuring a just distribution of services, (OECD, 1981) the dissatisfaction of users with impersonal public services once a minimum level of tangible need satisfaction has been achieved (Hennester, 1983);

9. The changes in needs, which have caused the described radical transformation in the structure of consumer demand, goods and services production, and consequently labor demand, have also transformed labor supply. The more the satisfaction of primary and secondary needs can be achieved with but limited recourse to paid employment, the more labor supply's propensity to work tends to be guided by free and highly personal choices such as specific aspirations with regard to the nature and quality of the work.[3)]

10. A considerable, and probably growing, proportion of the better educated, "officially" available labor supply tends to reject industrial and commercial work as too impersonal and narrowly profit oriented. The demand for so-called "rewarding" forms of work and the emphasis on occupational identity, generally proves ill-matched to most firms' manpower needs even in a situation of renewed economic expansion. Notwithstanding the employment crisis, the normal relationship between demand and supply on the labor market thus no longer operates.

3.2.2 The Emergence of the "Third Sector"

While Archibugi's analysis of the structural nature of the present unemployment crisis is no longer very controversial, the conclusions he draws from it with regard to the appropriate course of action, are sufficiently challenging to deserve serious attention. "The only way to achieve effective employment growth" maintains Archibugi, "is for labor demand - the determining factor in this growth - to assume a new form and adapt to the conditions and constraints which would seem to characterise labor supply." (OECD, 1985: 175)

More challenging still is Archibugi's assertion that, the changes he and others ascertained in the structure of needs and final demand for goods and services appear to contribute positively to this type of transformation: "The historical and structural conditions for matching labor supply and demand are present. What are missing are the appropriate instruments and policies with which to promote this match." (OECD, 1985: 175).

The key to the development of instruments and policies capable of promoting the historical transformation of labor demand is to be found in understanding the changed nature of the goods and services for which social demand is steadily growing. Archibugi's central analytical "discovery", the theoretical key to a more promising approach to employment creation is intriguingly simple. In his view:

> "... two needs which heretofore were expressed seperately are now expressed in combination. On the one hand, there is the need to individualise and differentiate consumption and hence the product, a need which until now could only be met by the free enterprise sector. On the other hand, there is the need for a non-output-oriented and non-commercial philosophy with regard to the provision of goods and services which so far only the public sector has shown itself capable of attaining.

Factors Retarding Employment Growth

> Neither of the two traditional sectors - the free enterprise sector (whose rules of behaviour are enshrined in classical political economy which is essentially a capitalist enterprise theory) operating "in the market" and the non-profit-making public institutions sector operating "outside the market" (whose rules of behaviour are codified in the public economy which has attempted to define an area of collective utility as such) - has proved capable ... of producing the goods and services for which there is claimed to be a new, stronger consumer demand. The expansion of this "new consumption" and hence the production of these new services has thus been retarded. This has had a negative impact on employment, since manpower savings ... being made on an ever-increasing scale in the sectors producing tangible goods (agriculture and industry) as well as in the services lending themselves to quantitative automation (banking, communications, etc.) ... (are) insufficently offset by new job creation in the traditional sectors ..." (OECD, 1985: 176-177)

To summarize and develope further the point being made: while goods, services and jobs continue to be produced efficiently in great abundance in the free enterprise and government sectors, neither of these sectors has actually been able to adapt its production and delivery methods to meet the "new" demand for goods, services, and jobs characteristic of "post-industrial" societies. The result of the relative failure of the two traditional sectors has been the much lamented structural unemployment and the little noticed emergence of a "third sector"of non-profit and non-public enterprises "incorporating those characteristics of the two traditional sectors which are still relevant, while discarding those which are no longer valid and operative" (OECD, 1985: 177). As the third sector has emerged in response to real, identifiable needs "the creation of new jobs" in this sector, so Archibugi's conclusion, is "a development which is both natural and feasible".

3.2.3 The Theory of Market Failure

Archibugi's theory of the emergence of a "third sector" may be seen as part of a wider development and elaboration of the "theory of market failure" (Friedman in OECD, 1985b: 28). In the context of this study the development of this theory is important for a number of reasons:

1. It provides a rational for the emergence of local employment initiatives and an explanation for why they can be expected to grow and add wealth to the economy;

2. The theory is based on free market notions, but also involves the theory of limits of the free market economy and thereby allows scope for the development of policies directed towards correcting market failures;

3. It acts as a bridge between more traditional economists who tend to accept or reject the market economy in toto, and a new wave of economists who look at markets as imperfect institutions capable of improvement.

4. Finally, it acts as a link between free enterprise theory and notions of public economy and collective utility.

For all these reasons the theory of the emergence of a third sector may prove a milestone towards the development of policies intending to counterbalance contemporary labor market imperfections.

3.2.4 An Operational Definition of the "Third Sector"

While theoretical and anecdotal evidence suggests that the creation of new jobs in a third sector is both natural and feasible, the widespread realization of this possibility is by no means inevitable. On the contrary, as has been variously noted, a number of factors constitute a major hindrance to the development of the third sector and thus to the creation of new jobs (European Communities, 1984a; OECD, 1985,: 177).

Very broadly, these factors have been classified as:

- the lack as yet of a definition and conceptualization of the third sector, hence
- the lack of adequate regulation of its activities and institutions, and consequently
- serious difficulties in identifying sources of support and obtaining the needed resources, in particular financing, to be enterprising.

On the basis of what has been written on the third sector since the notion was first introduced by Delors and Gaudin (European Communities, 1978), and his own theoretical reflections, Archibugi has formulated a definition of the third sector which he intends to be functionally better suited for the generation of proposals and measures for action than past "essentially academic" conceptualizations.

"While the complex nature of the phenomenon must be recognised", writes Archibugi, "it would seem timely to attempt to 'de-code' the structural changes in the production process and in the economic processes generally, so as to identify - by recourse to a kind of taxonomy - the birth and development of a 'third sector' along different, 'alternative' but not necessarily incompatible lines inasmuch as it coexists in large measure with a first and second sector.

Specificity of the Third Sector vis-à-vis the Profit-motivated Private-enterprise Sector

As compared with the business economy which operates within the market, the distinguishing features of the third sector would seem to be, first that the profit motive is not the main catalyst in combining factors of production and second, that other advantages than profit accrue to 'entrepreneurs'.
The 'co-operative movement', which along with voluntary activities (of a charitable or cultural nature) is rightly considered as the 'proud parents' or 'forefathers' of the third sector, is still part of this sector today providing that it retains the movement's initial non-profit making character.

Specificity of the Third Sector vis-à-vis the Public Sector

As compared with the public sector, the third sector may be defined by the fact that its activities are not government-inspired but spring essentially from private initiative. The notion of the third sector cannot thus be confined to the forms of organisational, operational and even administrative decentralisation of the public services introduced by the government with exclusively public economic resources. (To) be classed in the third sector (such activities) must also be endowed with autonomy and economic responsibility." (OECD, 1985: 178)

3.2.5 Hypotheses and Criteria of Assessment

From the theory of the emergence of a third sector and the insight gained from preliminary research findings and field contacts a series of hypotheses and criteria for the systematization and assessment of the available empirical data on LEIs were deduced.

The central hypothesis of this study is, that LEIs constitute an integral part of the emerging third sector as defined and related

to general economic activity above. The consequences of this assumption for the clarification of LEIs nature and scope, the development of their typology, and the assessment of their significance for job creation, appear considerable.

First of all - to the key elements characterizing LEIs, their local origin, their self-initiated, entrepreneurial approach, and last but not least, their objective of job creation, must be added the "specificities" of the third sector (see above definition) vis-à-vis profit-motivated private enterprise on the one hand and the public sector on the other hand. Put more bluntly and briefly: not every locally initiated job creating enterprise qualifies as a LEI under the new assumption, neither does every locally initiated job creating public service.

What distinguishes a third sector LEI undertaking from both mainstream SMEs and locally originated public job creation projects is the will to respond creatively to the "new" structure of needs of both consumers and labor suppliers. Concretely this means to be prepared and progressively able to produce and deliver goods and services which by their nature and quality are currently generally public and which in their manner of production and delivery are highly differentiated and individualistic and thus currently generally private. Furthermore it means that while the production and delivery of goods and services are "enterpreneurial" in character (i.e. endowed with autonomy and economic responsibility), the objectives of creating and working in an enterprise, the organization of its activities, the choice of its products, the distribution of its benefits, etc. will reflect the needs, priorities, goals etc. of those engaged in the enterprise rather than being determined primarily by economic considerations as in mainstream SMEs.

One of the major tasks of this study will thus be to verify empirically that LEIs are an integral part of the third sector for whose goods and services there is claimed to be a growing consumer demand and for whose methods, motives and goals of production

there is claimed to be a growing labor supply. This will be done by operationalizing the available description and definition of the third sector into a set of criteria in reference to which LEIs may be examined and compared for congruence.

The key elements (criteria) distinguishing the third sector and its enterprises from the two traditional sectors - the free and the public enterprise sector - were argued to be the following:

1.	origins	activities are not government inspired but spring from private initiative
2.	motives	profit motive is not the main catalyst in combining factors of production
3.	benefits	other advantages than profit accrue to "entrepreneurs"
4.	structure and control	must be endowed with autonomy and economic responsibility
5.	products	responsive to "new" consumer needs for public type products produced and delivered in a private type (individualistic) manner
6.	production process	responsive to changed labor supply's need for "rewarding" forms of work
7.	objectives	responsive to "new" structure of needs of both consumers and "labor suppliers"

Implicit in these key distinguishing elements are a number of other criteria which must be added to complete the characterization of the third sector. If the origins and the motives for which enterprise are created are different, so will most likely be the initiators of the undertakings and the way they go about organizing their production and/or other activities. And if the

originators and the organizations are different from traditional commercial or public utility undertalings, so will be the relationship between them and traditional institutions. Finally all of the differences characterizing third sector enterprises will bear upon their need for and their ability to obtain the social and economic support without which enterprises cannot become or remain viable.

Combining the explicit and implicit elements characterizing the third sector with the goal of reducing overlapping and the overall number of criteria and keeping in mind the main characteristics of LEIs as established in the first EC research phase and other studies on LEIs, the following set of criteria suggest themselves for the development of a typology of LEIs and the empirical verification of our central hypothesis, namely that LEIs constitute an integral part of the third sector:

- origins and originators
- motives and objectives
- organization and control
- products and services
- benefits and performance
- relationship with environment.

While it is certainly possible to organize the data under a shorter, a longer or a somewhat different list of categories, and indeed a range of characteristics and criteria have been identified in other studies, the above selection was made with the view of being able to provide answers to the following questions: who are the originators of third sector type LEIs, what are their motives and objectives, how do they organize and control their activities, what are the results (products, services) of these activities and who benefits from them, how successful are they in terms of their own objectives, and what role does their interaction with their environment play in determining success on failure.

The last criteria mentioned leads to the second central hypothesis of this study: the significance of local initiatives for employment creation may be analyzed and measured on three levels, the grass-roots level, the support structure level, and the official, regional and/or national policy level; for local initiatives to have a significant qualitative and/or quantitative impact on the current unemployment situation and its accompanying negative socio-economic effects, progress on two of the three levels appears essential. A strong movement at the grass-roots which fails to stimulate a sufficiently positive response either at the intermediate support level or the national or regional policy level is as likely to lose its momentum in the longer-, even the middle range, as a national drive without response at the grass-roots or intermediate level.

In contrast to the first hypothesis which foots on both theory and some anectodal/empirical evidence, the second hypothesis is being formulated on the basis of the preliminary data produced in the first phase of EC research. Its actual empirical verification forms the second major task of this study and necessitates a national/regional frame of reference in addition to the typological one discussed in relation to the first hypothesis.

The overall research and presentation approach of this study will thus be to identify and assess, in accordance with the criteria established as characterizing the third sector, major types of LEIs within their national framework.

To avoid tedious redundancies it appears reasonable, on the basis of existing knowledge, to proceed on the assumption that while in most countries a great variety LEI types may be found coexisting, one or two types, in exceptional cases more, are particularly well developed and thus characteristic of and particularly significant in a certain country. Thus for example, the nature of cooperatives, their real and potential significance may be studied and presented with greater profit in reference to Italy or France than in West Germany or Greece, while self-managed, alternative enter-

prises, a key type of LEI in West Germany, appear less significant in the UK framework where community enterprises, have been developed with a vigour and imagination not found elsewhere in the EC. In other words, each characteristic LEI type will be presented in detail only in the national framework where its relative significance is noteworthy.

The proposed "characteristic national LEI type" approach permits first, the ascertainment of LEIs significance within an individual country and subsequently, by drawing together the different characteristic LEIs, the presentation of the scope of major LEI types in the European Community and their significance for employment creation.

4. LEIs IN THE FEDERAL REPUBLIC OF GERMANY

4.1 Introduction

Though the expression LEIs has come into use in the Federal Republic only very recently, activities of the kind subsumed under this concept by the OECD and EEC have been part of this country's social and economic fabric for nearly a decade.

As appropriate to a phenomenon one of whose fundamental characteristics is that it arises locally in response to a combination of local needs, opportunities and capacities, German LEIs differ, and in a number of ways are quite distinct, in their origins, forms of organization and development from the LEIs common in other countries. Thus for example local governments, a cooperative movement or a supportive national policy which have played an important role in shaping the development of LEIs in the United Kingdom, Italy and France respectively, have had no part in the emergence or formation of LEIs in Germany. And whereas in the United Kingdom, indeed in most EC countries, the identification with the name and the concept of local employment initiatives is positive or at least unproblematic, many West German initiatives object to the expression because of its, in their view: excessive focus on employment effects, insufficient evocation of the innovative intent of their initiatives, and inadequate distinction from technocratic, top down employment programs (Effinger, 1985: 6).

Such differences in available support for, and attitudes of LEIs reflect not only historic experience and institutional structures but even more importantly the fact that most German local employment initiatives eminated from a social and cultural protest movement in which they are still strongly embeded. This has tended to isolate them from the very environment which could have been supportive and undermined their development probably considerably below potential.

At the start of the OECD/EC collaboration on a programme of research and action on local initiatives for employment creation in 1982, there was very little official knowledge in West Germany about the nature and scope of the self-help economic activity that had developed here or elsewhere in the wake of rising unemployment. The transfer of information on LEI activity in various countries brought about by the OECD/EC programmes, the resultant awareness of the innovative approaches that were being persued in certain countries to encourage and assist the development of LEIs and last but not least, the pressure of high and rising unemployment and the necessity to do more to combat it have stimulated a growing interest in the job creation potential of local initiatives.

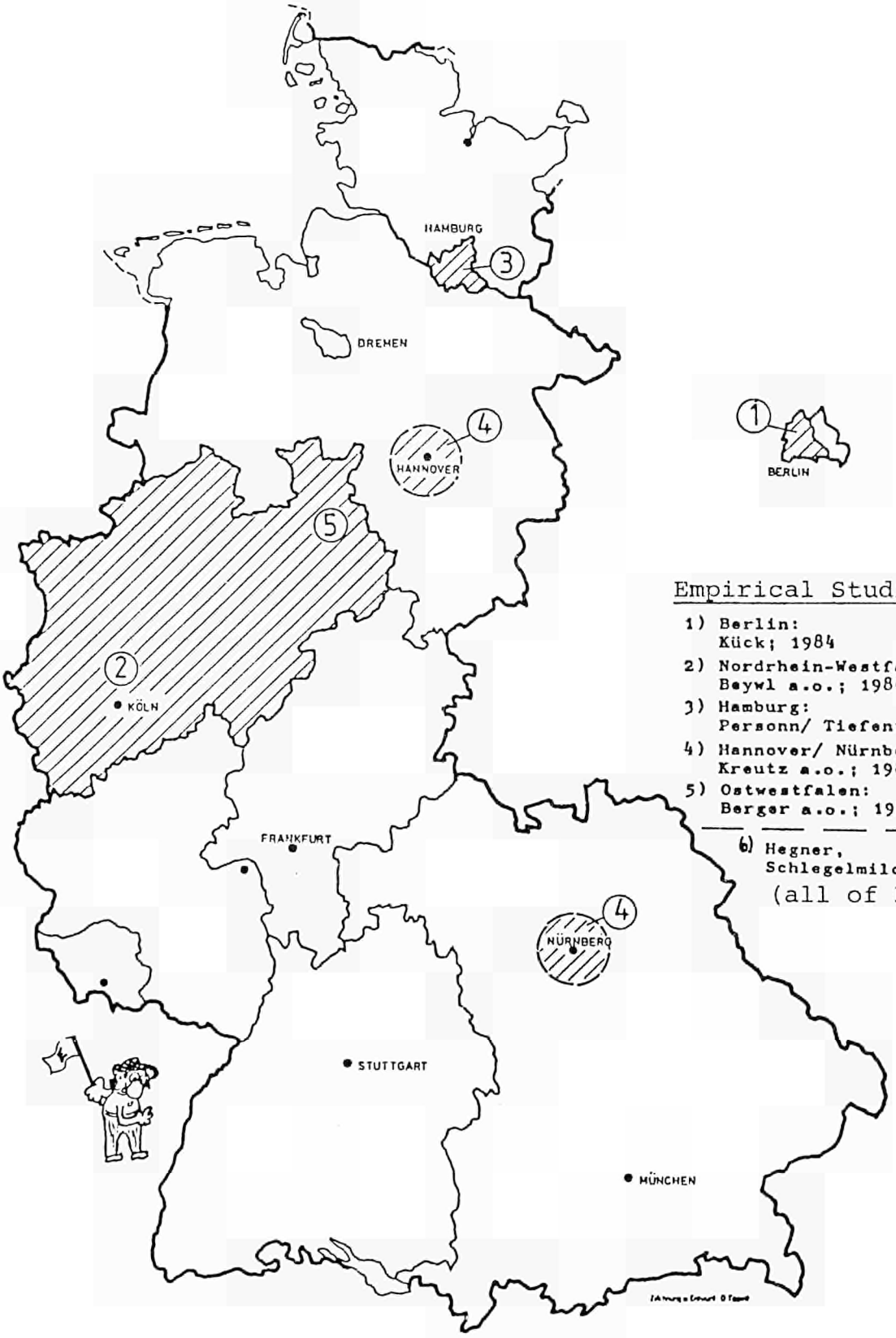
While the official attitude is still one of restrained skepticism, a number of empirical research studies have non the less been commissioned to take stock of and assess the job creation potential and the social challenge of alternative economic employment experiments. Thus whilst until 1983 only a great deal of self-descriptive material and some theoretical reflections were available on LEIs in the Federal Republic, to date a half a dozen empirical documentations can be drawn upon for purposes of analysis, prognosis and policy formulation.[1)]

Before entering upon a detailed discussion of LEIs in the Federal Republic, a few remarks must be made with regard to these empirical studies from which much of our information will be drawn. All but one of these studies are regional or metropolitan area studies (see Chart 4.1) with only limited and rightly cautions attempts at national level generalization. A further common characteristic of these studies is their general lack of historical data. With but few exceptions only horizontal data is available on most questions so that many development trends can be discussed only in terms of plausibility, rarely empirically.

Chart 4.1

LEIs - FRG

Researched Regions



Empirical Studies:

1) Berlin:
   Kück; 1984
2) Nordrhein-Westfalen:
   Beywl a.o.; 1984
3) Hamburg:
   Personn/ Tiefenthal; 1984
4) Hannover/ Nürnberg:
   Kreutz a.o.; 1985
5) Ostwestfalen:
   Berger a.o.; 1984

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6) Hegner,
   Schlegelmilch; 1983
   (all of FRG)

4.1.1 The LEI Spectrum: Limited and Lopsided

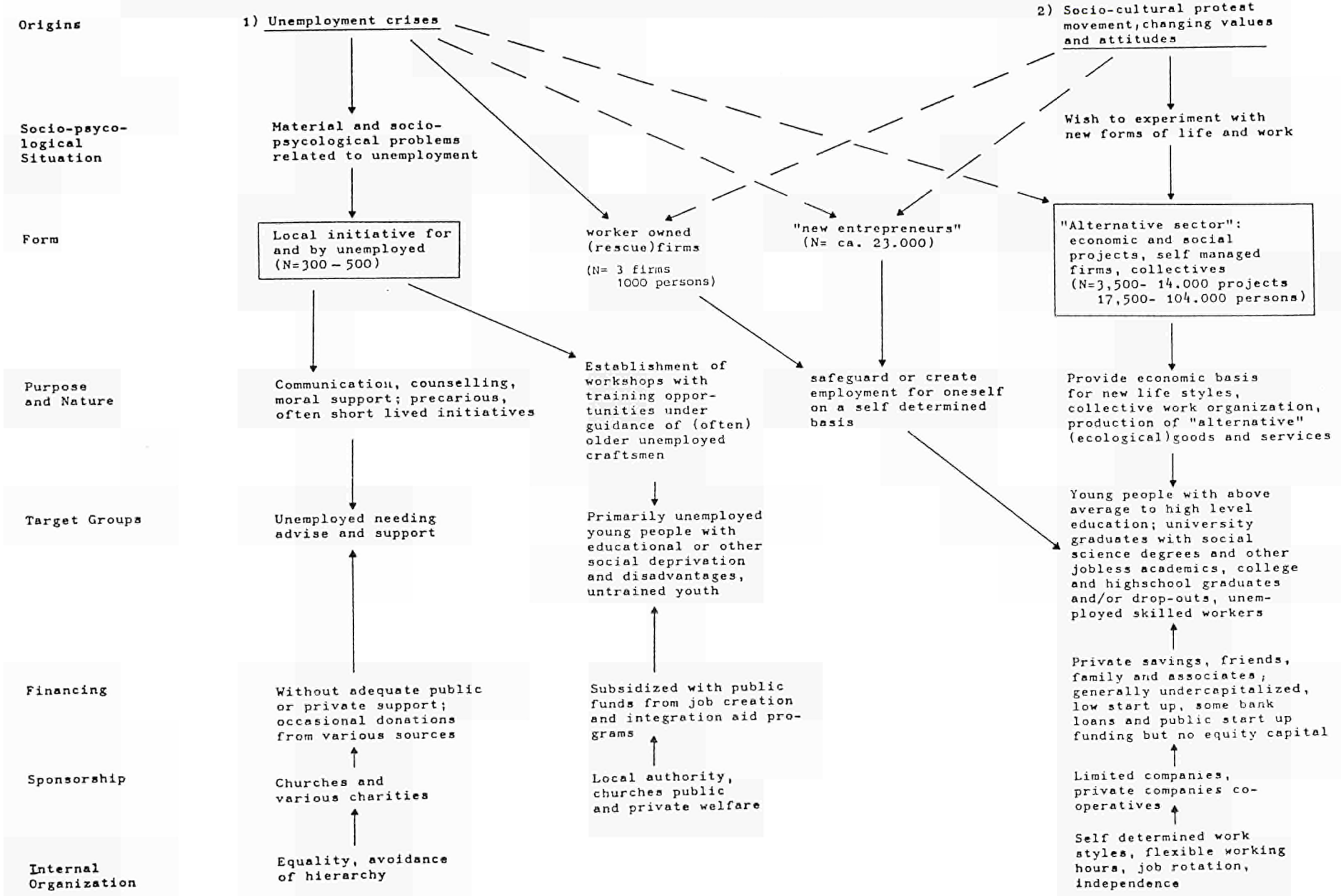
The first systematic study (Hegner and Schlegelmilch, 1983) that set out to discover whether anything like the local employment initiatives identified in France and the UK had emerged in the Federal Republic, localized two significantly diverging types and a third group of initiatives with mixed characteristics in between the two "extremes". On the basis of this study a map depicting the range of initiatives and charting their origins, motives, purposes, forms of organization and their relationship to one another was developed (Kaiser, 1983). Chart 4.2, which constitutes a slightly revised and up-dated form of this map, is presented here as a visual aid to the subsequent description of the LEI spectrum in West Germany.

In a very broad sense, the economic and historic origins of German LEIs differ little from those of their more developed counterparts elsewhere in Europe. The coincidence of increasing unemployment and a socio-cultural protest movement against traditional life styles and work patterns has induced very divergent groups of people to seek new, sometimes unorthodox ways to create jobs or other means of providing a livelihood for themselves. Depending upon whether continuing joblessness was the only reason for embarking upon a search for non-traditional employment venues or whether factual or threatening unemployment coincided with a bundle of motives, such as dissatisfaction with the real or imagined quality of available jobs, the desire to try out new work patterns and/or more integrative, wholesome life-styles, different types of LEIs emerged.

Curiously, unemployment pressures alone did not trigger the emergence of grass-roots local employment initiatives on a significant scale in Germany. Most of the estimated 300-500 LEIs that have evolved solely in response to mass unemployment are initiatives taken by churches, charities and/or communities(Hegner, Schlegelmilch, 1983:8; Kaiser, 1985). Strictly speaking, the majority of these LEIs should be called initiatives for the unemployed, where-

LEIs - FRG

Origins, Motives, Forms, Target Groups, Financing, Sponsorship, Organization



Source: Kaiser, 1983 up-dated

by a differentiation may be made between those initiatives with only very insufficient and insecure financial backing and those supported by public funds and thus offering, at least for a limited period, a minimum wage, social security, in some cases workspace and/or training facilities and seemingly more realistic chances of moving individually or as a group from temporary, publicly subsidized work to new jobs or self-employment.

Initially these church, charity or in exceptional cases community sponsored initiatives were created to help buffer the negative psychological and social effects of unemployment, offer a place for communication, councelling and moral support. Increasingly however, the provision of workshops, training facilities, small learning firms offering an opportunity to learn new or maintain old skills became a common, though by no means a routinely achieved goal. The Protestant Church, the most active private sponsor in this area, now "runs" 70 employment initiatives where altogether 2-3000 difficult to place unemployed are working or being trained in workshops while earning a publicly subsidized minimum wage (Hutter, Diakonisches Werk, personal communication, July, 1985).

Where privately sponsored LEIs cannot supplement the income they obtain from contributions, and to some degree from the sale of goods and/or services, with public resources, their existence is often rather precarious (OECD, April 1984: 10). Such mostly privately (church) sponsored initiatives in reality constitute an extension of social work with an employment component in it. By contrast the largely, or in exceptional cases wholly, publicly funded initiatives may be viewed as an extension of temporary work programmes as a large proportion of their financial resources stem from the Employment Promotion Act (AFG). Through this Act the wages of marginal groups in the labor market may be subsidized for a period of one or two years, provided the activity is "non-profit making", "in the public interest", and "additional" to the tasks normally fulfilled by public authorities and institutions. The sponsoring organization of such LEIs are mostly local communities or welfare associations (ibid: 12).

In so far as local employment initiatives are by definition concerned with the creation of permanent, self-sustaining jobs, the categorization as LEIs of both the precarious, privately sponsored and the publicly funded initiatives discussed thus far must be viewed as problematic: in the case of the former the income tends to be so limited and uncertain that the whole arrangement is viewed often as transitory until some kind of "right" job can be found, and in the case of the latter, the employment is by law temporary, and while the intent of the wage subsidy is to improve the beneficiaries' prospects of gaining access to or creating new permanent employment, under the present circumstances of high unemployment on the one hand and the rarely innovative approaches pursued in these initiatives on the other hand, this goal is in fact seldom reached. Thus while the psychological, social, and material help these initiatives offer to the unemployed must not be undervalued or disparaged, their degree of success as creators of viable, permanent jobs remains unclear as does their status as LEIs.

Whether in the future these initiatives for the unemployed can develop into launch pads or bridges to permanent jobs will probably depend to no small degree on whether public policy and private institutional infrastructures can be created in Germany which are more favorable to easier, more gradual transitions from unemployment to part-time, temporary, full, or self-employment and the inevitable concomitant mix of transfer, wage, and self-employment income, than is the case today. A prognosis to this effect is however not possible. While there are indications in the Federal Republic that public and private institutions are increasingly taking note of LEI developments abroad and adopting similar approaches, the change in attitude is at best just beginning (see also section 4.2.6).

If the somewhat more favorable climate with respect to LEIs does take on concrete forms of encouragement and practical support, the existing initiatives for the unemployed are likely to play a central role in the development of a more broadly based approach to LEIs. In view of the possibility of such development, it

appeared appropriate to include in the spectrum of LEIs the existing initiatives for the unemployed and describe the situation which might become the breeding ground for future LEIs.

Just how difficult it was and still is in the Federal Republic for unemployed or about to be unemployed persons with nothing but the motivation to escape unemployment to create their own jobs is best demonstrated by the consistant failure of workers' attempts to save their jobs by taking over firms threatened by closure. In the absence of any kind of public, union, or private infrastructure in support of employee rescues, the established legal and financial institutions, which are oriented exclusively towards creditor interests, operate against such employee initiatives, indeed, as amply documented, render them "chanceless" (ZERP Vol. II: 60-62). Where employee rescues did succeed against all odds (ZERP documents 3 partial successes in 1983-1984 involving 1,000 persons), it was in every case because owners and/or managers supported the employees' actions and community or state loans or loan guarantees could be mobilized.

In comparison to the limited scope and number of LEIs created in response solely to unemployment, the LEIs which eminated largely from a socio-cultural protest movement and were and are being founded for a variety of motives are decidedly more numerous and significant in the Federal Republic. Changed attitudes towards work and life-styles, a resultant incompatibility with established work environments, and often qualifications which were no longer in demand were the godparents of LEIs such as the so-called "new entrepreneurs" and the "alternative enterprises" which in terms of employment creation are easily the most significant.

The "new entrepreneurs" resemble small enterprises in most aspects except the social and educational background of their founders in which they very much resemble founders of alternative enterprises. Generally it was the lack of adequate job and/or career opportunities for their particular type of qualifications coupled with a desire for independence and the opportunity to organize ones own

work which led them to create their own enterprises, for the most part in a service sector requiring little formal qualification or capital.

As these "new entrepreneurs" outwardly resemble SMEs rather closely, they are well nigh impossible to identify and count. Estimates which assume that they amount to about 1 % of all self-employed and thus number 23,000 are clearly highly speculative (Hegner, Schlegelmilch, 1983: 6; compare also Kaiser, 1985); in fact they may number significantly less or more.

A further important problem is whether these "new entrepreneurs" may be considered as genuine third sector LEIs, changing in a significant way what and how goods and services are produced and delivered and thereby influencing in an enduring way the demand for labor. In the absence of serious research on this new category of enterprise founders, it is not possible to state with any kind of certitude what these "new enterpreneurs" signify other than that they have succeeded in creating their own jobs in an environment which has been, with but few noted exceptions, indifferent or even hostile to their endeavor.

The relatively best documented German LEIs and the quantitatively and qualitatively easily most significant are the so-called alternative enterprises, most recently also referred to as alternative, self-managed enterprises.

Having briefly reviewed the rather limited and lopsided LEI spectrum it should be apparent that the significance of LEIs in the Federal Republic can be best judged on the basis of a detailed review of the dominant LEI type. It is to this task that the main part of this chapter will be devoted.

4.2 Alternative, Self-Managed Enterprises: The Dominant German LEI Type

The position taken in this study is that as far as genuine, grass-roots local employment initiatives are concerned, only one significant type has emerged in the Federal Republic thus far, namely: the so-called alternative, self-managed enterprise form. Created as a rule for a variety of reasons of which factual unemployment may or may not have been one, the distinguishing characteristic of this LEI type is the importance attached to cooperative work organization and alternative forms of disposition over property.

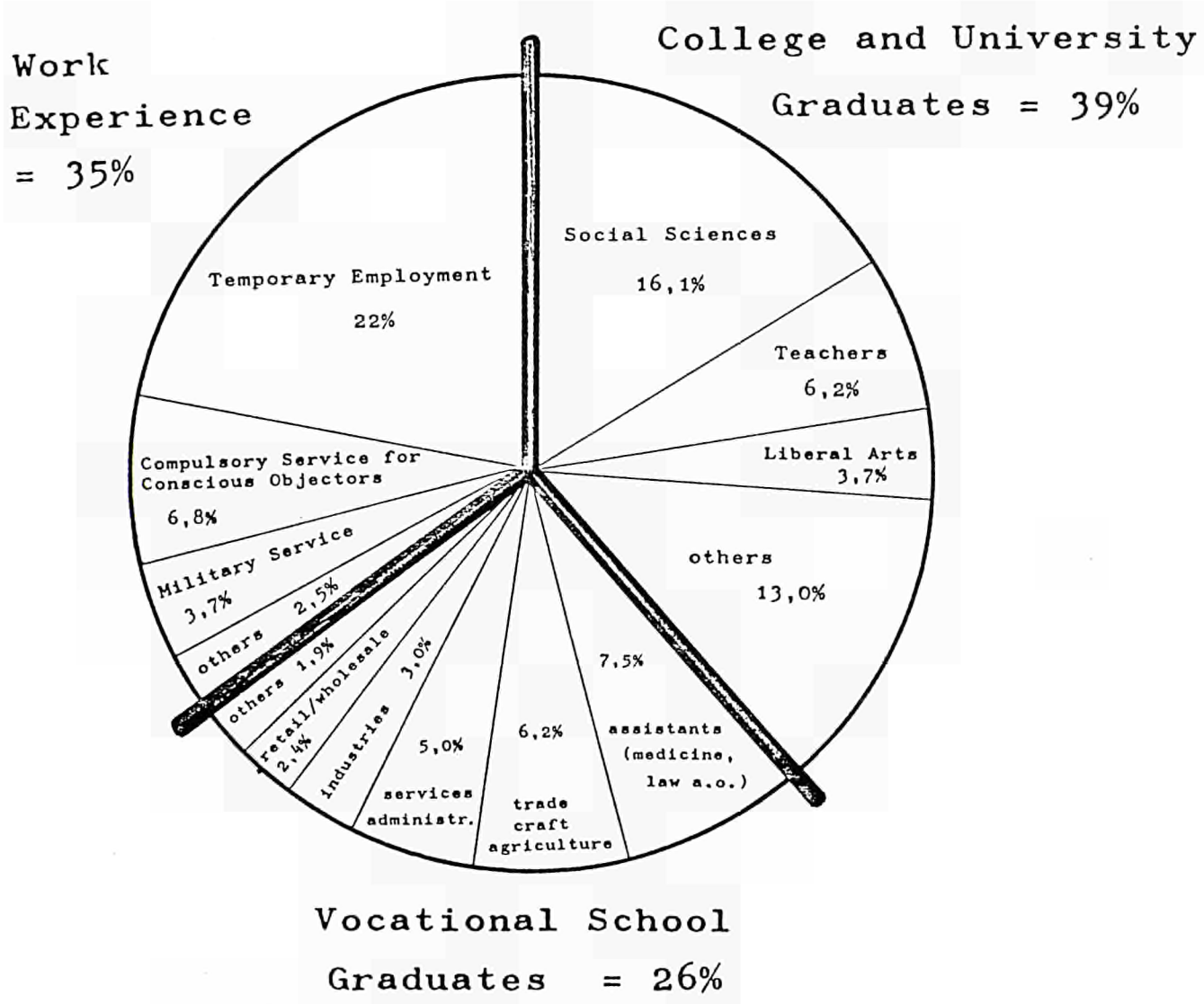
4.2.1 Origins and Originators

One of the more noteworthy features of the dominant German LEI type is the by traditional business standards, unusual background of its enterprise founders (see chart 4.3). According to a recent empirical study, nearly 40 % of the Federal Republic's alternative enterprise founders has a college or university background; the majority comes from the social sciences and teaching, fields that normally do not lead to entrepreneurship (Kreutz, 1985: 162-5). Another 35 % of these LEI originators comes from a background of odd, mostly temporary jobs, again hardly a classical preparation for entrepreneurial activity.

Many of the early founders were motivated by a desire to escape technocratic social services and educational institutions or conventionally competitive private sector jobs and to put in place in their stead organizations and practices more amenable to their social goals and personal needs.

To the extent that unemployment was not an immediate concern of some of the originators, which was relatively often the case in the 70s, initiatives did tend to resemble social and cultural projects more than entreprises. In such cases at least part of the required financial resources tended to come from other gainful

Background of Enterprise Founders



Source : Kreutz, 1985, p.164

employment, spouses' incomes, and/or public and charitable contributors sympathetic with the initiatives' objectives (Huber, 1980).

With the general deterioriation of the economic and employment climate in the early 80s, a shift in motives and practices was inevitable: the more hobby-like initiatives had to be abandoned, the more business-like one's made economically self-sufficient (Beywl, Brombach, Engelbert, 1984: 8). In the process, some reformatory practices, if not goals, were sacrificed at the altar of economic realities. Non the less, motives other than unemployment continue to exert a powerful influence on the dominant German LEI type.

Considering the atypical origins of these LEIs and the, by traditional business standards, idiosyncratic backgrounds of their founders, and last but not least their relative youth (majority is between 25 and 35), it should not surprise that these LEIs' organizational structure and areas of activity differ significantly from the norm in the Federal Republic.

4.2.2 Motives and Objectives

Though unemployment increasingly has become an important motive for getting involved in local initiatives, it is to this day not the primary motor for the creation of self-managed enterprises. Irrespective of whether the enterprise is engaged in trading or the production of goods, in the delivery of mundane or unusual services, its raison d'être is to provide those involved in it with the economic basis to pursue alternative social goals and life-styles.

As the objectives of these enterprises are not economic in the traditional sense, i.e. profit oriented, they have been and are still generally referred to as alternative economic projects or alternative projects when training and other social services undertakings are included. More recently the term alternative,

self-managed enterprises has been favored because the concept underscores the most characteristic ideal.

While over time the names given these projects have varied, changing both with the internal evolution of the projects and the external interests in them (i.e. sociological, cultural, employment, organizational etc.), the epithet alternative has remained a constant, and rightly so. A discussion of LEIs' motives and objectives in the Federal Republic must thus inevitably begin with a clarification of the meaning of alternative.

Generally, the term is used extremey heterogeneously. Originally "alternative" was just a new positive term to replace "left" or "progressive". Gradually, however, it came to be associated with the negation of both the conventional market and the central planning economies, their oversized industrial and technocratic systems, their uneven economic performance, their recurring bouts with unemployment in the case of the former and supply shortages in the case of the latter. On the positive side, the term alternative reflects an utopian longing for a humane society in which non-material needs and values would be explicitly recognized as legitimate criteria for the allocation of resources and the structuring of work.

Sociologically speaking, alternative self-managed enterprises are groups whose members aim to earn their livelihoods within new kinds of self-determined structures in which life and work are intergrated and in harmony with such values as ecology, equality, cooperation, small scale, simplicity, and in some cases spirituality.

Economically speaking alternative self-managed enterprises aim at more than providing a livelihood for individuals and groups with a specific set of values. They have a reformatory intent and generally see themselves as a hands on experiment in democratically organized work structures and social utility oriented production. Politically speaking, alternative self-managed enterprises aim to

present practical proof that a different, juster, healthier, more humane economic model is possible than either the conventional market or the central planning economy.

4.2.3 Organization and Control

As one of the central motives for creating an alternative, self-managed enterprise is to establish a working environment reflecting specific values and goals, the organization and control of the enterprise constitute a focal point of interest. In fact it is in these areas that German LEIs differ most from conventional small enterprises, social or cultural undertakings.

The list of organizational principles and goals self-managed enterprises aim to adhere to is long and varied. Some of the most frequently mentioned are (Huber, 1981: 111-121; Beywl, Brombach, Engelbert, 1984: 22-25; Kück, 1985: 3-6):

- self-realization and autonomy
- democratic, non-hierarchical decision structures
- job rotation and flexible working hours
- equal, need oriented pay
- no differentiation between intellectual and manual labor, between male and female tasks
- "neutralization" of capital (no individual or collective ownership of productive capital, the enterprise belongs, so to speak, to itself and is run by its worker trustees)
- cooperation instead of competition between enterprise members.

In addition to the above internal organizational principles, self-managed enterprises aim to adhere to a series of principles structuring their interaction with and behaviour towards their human and physical environment. Among the most significant in this respect are:

- ecologically responsible production
- decentralized production for local markets
- small scale units or autonomous groups within larger units

- labor intensive, artisan type quality goods made as much as possible of natural materials
- communicative, rather than trade, relationships between producers and consumers
- cooperation rather than competition with other self-managed enterprises.

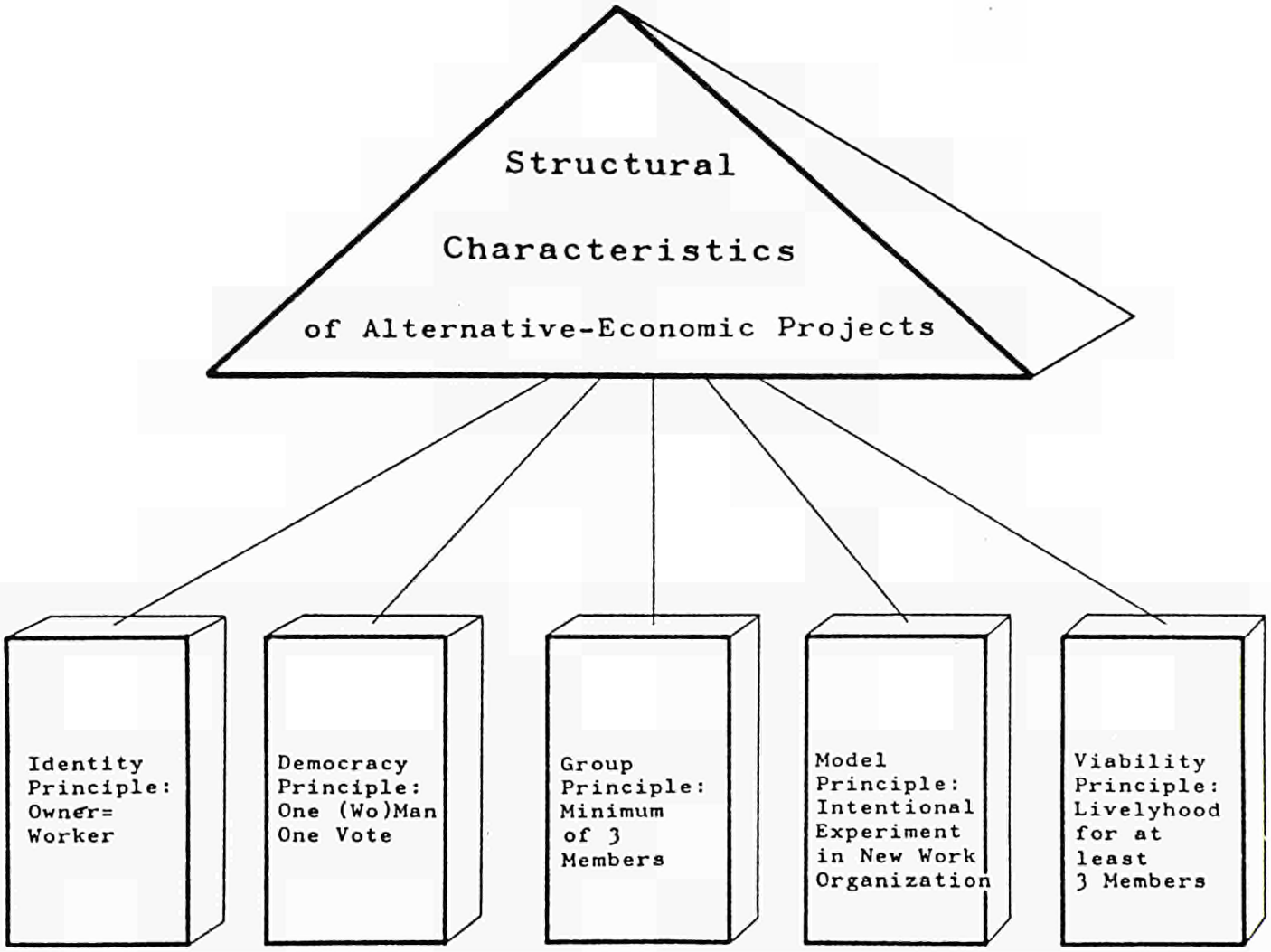
Though these organizational and control principles are widely endorsed, they are by no means adhered to completely nor persued with the same fervor everywhere. In fact it has come as no surprise to anyone that most of these good "intentions" are not being realized entirely anywhere (Kreutz, Fröhlich, Maly, 1985; Personn, Tiefenthal, 1984; Hegner, Schlegelmilch, 1983 etc.).

Empirical evidence is inconclusive whether anything like a core of organizational principles and goals can be identified which all adhere to; however, self-management, non-hierarchical, collective work, and respect for ecology appear most widely accepted as is the related logical conclusion that self-managed enterprises must be self-sustaining to warrant the realization of their principles and goals.

In view of the variety of practices, it is not surprising that different criteria are used in the literature to distinguish alternative self-managed enterprises. For Kreutz, Fröhlich, and Maly the subjective claim to be pursuing alternative goals suffices provided the enterprise is self-initiated and intend on providing at least one person with a livelihood. Beywl, Brombach, and Engelbert by contrast insist on five structural characteristics or principles which in their view constitute the minimum criteria that alternative self-managed enterprises must meet (see Chart 4.4); they call these criteria:

o the identity principle - meaning the identity of enterprise worker and owner

o the democracy principle - meaning each enterprise member has one vote in all major decisions



Source : Beywl a.o. 1984, p. 23

- o the group principle - meaning the enterprise must have at least three members to be considered a collective
- o the model principle - meaning the enterprise has to be an intentional experiment in new forms of organizing work
- o the viability principle - meaning the enterprise must generate at least subsistance income for its members.

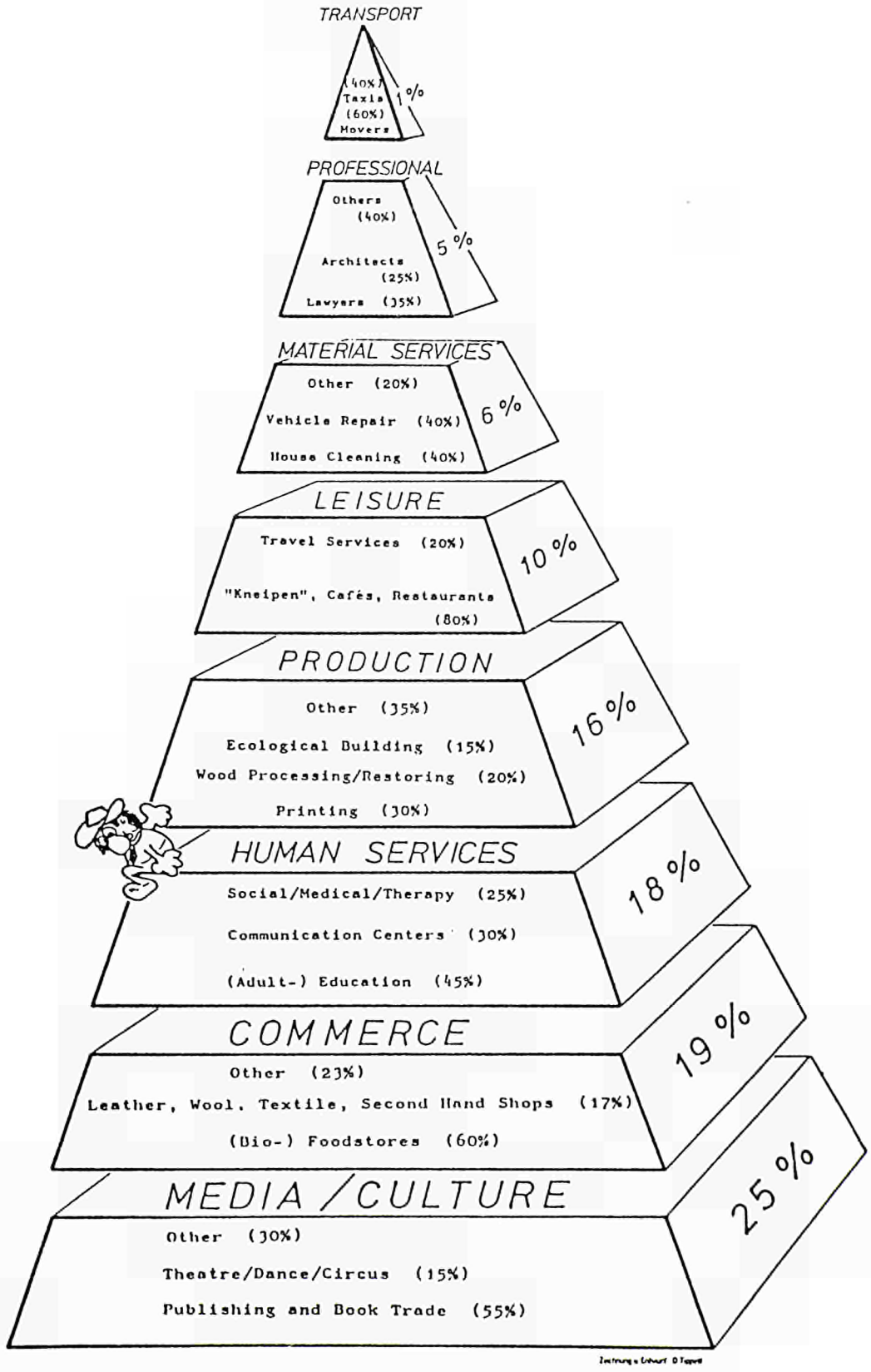
4.2.4 Products and Services

In contrast to the organization and control of self-managed enterprises, where the goals are idealistic and the realities considerably more prosaic, the area of products and services corresponds favorably with alternative goals and principles.

Though all of the empirical studies analyze the production and services of alternative enterprises, the following presentation is based primarily on Beywl, Brombach and Engelbert's review of eight hundred enterprises with an average of five members each in the state of North-Rhine-Westphalia. While not representative for the Federal Republic (as neither are any of the other studies), this analysis has the virtue of being the most meticulous in its breakdown and classification of activities. By departing from the standard economic sectorial breakdowns, this classification succeeds in bringing to light the specific nature of production and services of alternative enterprises.

As can be seen from Chart 4.5, which depicts the major sectors of alternative activity, media and culture, including first and foremost publishing and the book trade, account for a quarter of the enterprises. This sector has the longest tradition, dating back often to the politicized early 70s and the creation of new media products to spread the message. Because of its relative

Major Sectors



Source : Beywl a.o., 1984, 49

longevity and the stable demand for its products among alternative groups and considerable numbers of sympathisers this sector is generally viewed as comparatively consolidated.

The second largest sector is commerce, where biofood stores alone account for over half of the shops, followed by leather, wool, textiles and a variety of second hand boutiques.

Almost as significant as commerce is the human services sector, where publicly financed adult education plays a major role followed by social and medical therapy often financed (not subsidized) by public and charitable organizations. Because of the private nature of many of the human services, i.e. psychotherapy, women's houses, etc. and the dependency on public financing, which often means taking on a non-alternative stance, the size of this sector may be larger than recorded.

The production sector, with a mere 16 % of total enterprises, plays a much less significant role than in the traditional economy and engages in totally atypical activities. The largest single production sector is printing followed by wood processing, carpentry and furniture restoration work, activities which have become known as classicly alternative because they combine a series of qualities and/or conditions particularly suited to alternative enterprises. Printing for example, can count on orders from a sizeable alternative media sector, the initial capital investment is relatively small, the necessary skills can be learned gradually, and last but not least because it is a craft it enjoys high status in the alternative value system and is thus considered very rewarding work. Similar judgements and conditions have favored the popularity of all kinds of productive work with the natural product wood, with ecological food processing, and to a lesser degree because of constraining laws ecological building.

Despite its attractiveness on a number of grounds, the production sector has remained comparatively small. This is generally attributed to the lack of financial resources for capital investment

and frequently also the lack of the required qualifications among those persons interested in alternative, self-managed enterprises.

In contrast to an often held prejudice, the leisure sector does not play a major role. Of the 10 % of the enterprises engaged in leisure related work an overwhelming share entails cafés, tea rooms and restaurants.

The more menial services such as cleaning and transport are very minor in importance as are the technically more demanding services as mechanical or electrical repairs. The restriction on the latter stems often from the lack of qualifications required in the Federal Republic to pursue such activity in self-employment.

4.2.5 Benefits and Performance

In reviewing the benefits and performance of alternative self-managed enterprises it is essential to keep in mind the background, values and goals of enterprise founders and to take these into account when evaluating benefits and performance. Thus for example while the number of jobs created is of course of importance, in terms of the spectrum of aims for which the enterprises were created it is but one measure of benefit among others.

A second factor which must not be lost sight of is that enterprises do vary considerably in terms of degree of utopian and business orientation, self-management and acceptance of hierarchy, economic success and failure, and last but not least degree of integration with other alternative enterprises and/or traditional economy. General statements regarding benefits and performance are thus just that, they may be quite off the mark in terms of the performance of any specific enterprise.

Thirdly, it seems necessary to point out that we are dealing with a still very new and at the same time very dynamic process, one in which characteristic goals, practices and thus performance have in

fact been consistantly changing over time while our empirical data is generally cross sectional and does not take account of performance developments.

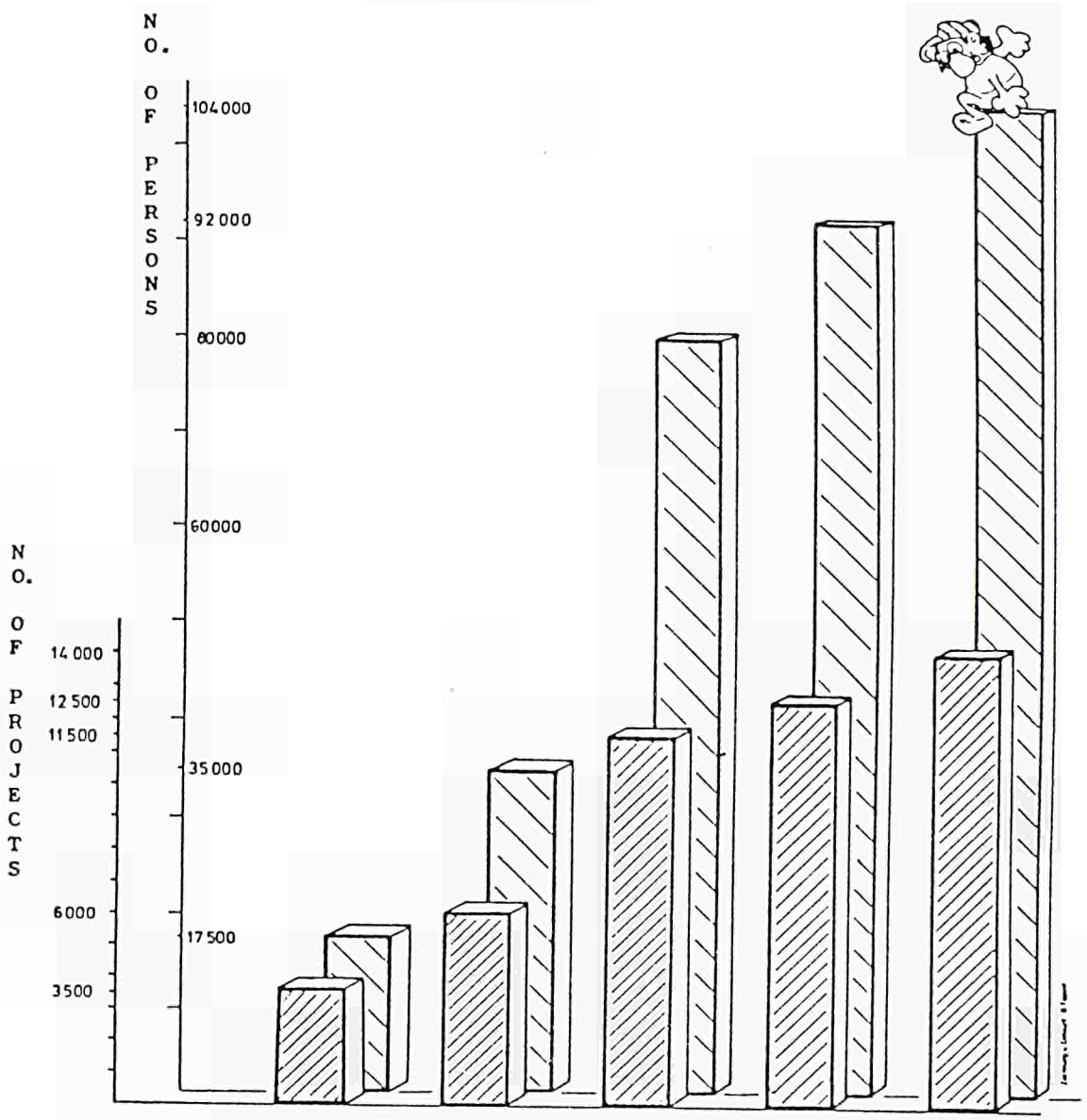
With these qualifying observations in mind and in view of the fact that all of our empirical evidence is based on regional or metropolitan area studies (see pp. 39 and 52) using different selection criteria for LEIs and applying these with different degrees of exactitude, it shouldn't surprise that estimates as to the number of jobs created in the Federal Republic range from 14,000 to 104,000 (see Chart 4.6). In the smallest number are included only those enterprises which satisfy five rigorous criteria of alternative self-management (see Chart 4.4, p. 53); the larger figures tend to relate to all self-initiated, subjectively alternative enterprises that try to provide at least one person with a subsistance income on a permanent basis.

A recent, very critical analysis of all the available empirical studies comes to the devastating, but not unjust, conclusion that "from the available data it is quite impossible to deduce anywhere near an exact notion of the quantitative size of the self-management economy in the Federal Republic" (ZERP, Volume III, 1985: 6). Taking into consideration the variety of the criteria used and the degree of imprecision in its application, the author concludes further that "there would be little point in choosing or recommending any one of the studies or estimates over the other" (ibid: 25).

Taking a less rigorous stand it seems, with all due reservations, possible to say that the studies which chose the laxer criteria and thus arrived at estimates of around 100,000 jobs in alternative, self-managed enterprises should be considered as an acceptable operational compromise for the purpose of this study, since these laxer criteria are quite sufficient to qualify an enterprise as a third sector LEI.

Diffusion

(Estimates)



SOURCE:	Beywl, Brombach, Engelbert 1984 p. 56	Hegner, Schlegel-milch 1983 p. 11	Huber 1980 p. 29	Kreutz, 1985 p. 48	Grottian, Kück 1984 p. 221

Projects

Persons

While 100,000 jobs created in LEIs is widely accepted in Germany as a reasonably valid figure, it is non the less generally not considered to be a significant contribution to employment creation when compared with 2.3 million unemployed or with the size of the labor force in the Federal Republic in relation to which jobs in local employment initiatives amount to less than 0.5 %.

This judgement does not stand up however, when the job creation performance is viewed in terms of its effects on specific sectors of the labor force, or when the training and qualifying benefits are taken into account, or when the significance of subjective job satisfaction is not deemed entirely irrelevant, or when it is considered, as it definitely should be, that these jobs and qualification benefits were created virtually without any public or private support or encouragement but very nearly alone with the assistance of friends, family, sympathizers and "sweat equity".

Thus before accepting the verdict that the job creation of self-managed enterprises is quantitatively negligible it is worth recalling that 25 % of the enterprise founders are social science, liberal arts or teaching degree holders (see Chart 4.3, p. 48), a group of individuals that has been having undeniably serious difficulties in finding employment for some years now, a group of individuals for whom the self-made job in an alternaive self-managed enterprise may be the only alternative to unemployment.

Another very large group, 35 % of total enterprise founders, has done only odd jobs or was in military service, that is had never been regularly employed, before creating a LEI. It is unclear whether this category of individuals couldn't be placed or simply didn't wish to work in the occupations they were trained for (Kreutz, Fröhlich, Maly, 1985: 165). Very few in fact report having been unemployed before deciding to work in a self-managed enterprise, on the other hand 44 % had been registered as looking for employment.

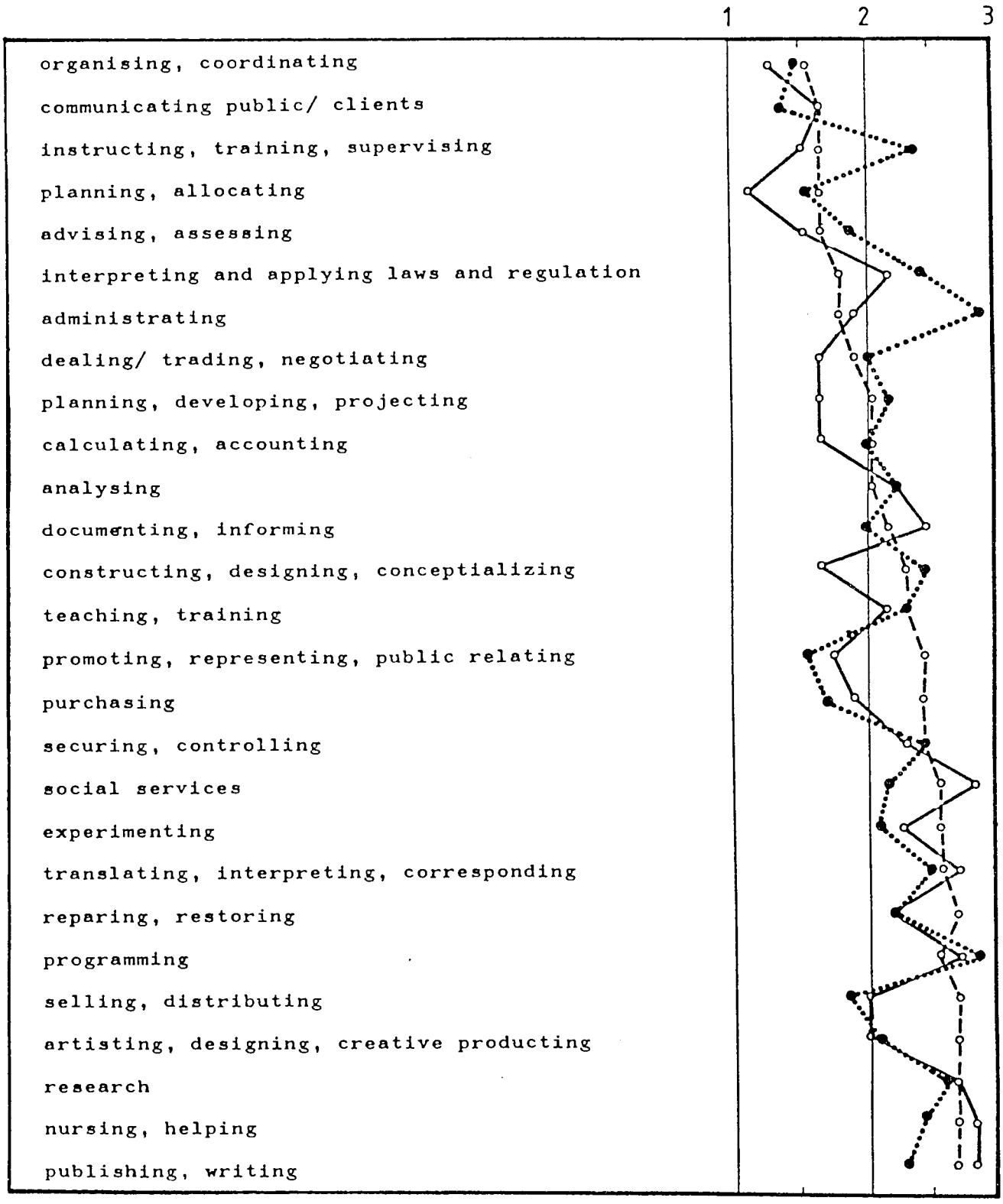
It appears thus that for newcomers to the labor market, especially those in fields where job opportunities have been scarce in the past years and for individuals in insecure, unstable, or uninteresting jobs, the alternative self-managed enterprise sector presents a practical opportunity for escaping unemployment or odd jobbing. In relation to these groups the employment effects are obviously much greater than in terms of the overall labor force.

Critics of this form of job creation question whether jobs in the alternative sector are worth having or should even be considered as real jobs by contemporary standards. Indeed findings of all the empirical studies confirm that in terms of monetary rewards these jobs cannot be considered terribly satisfactory. About a quarter of those working in self-managed enterprises earns less than 600 DM per month; 70 % is in the 600-1,800 DM per month range, a wage considerably below of what is earned with similar qualifications in public or private jobs; only about 2 % earns incomes comparable to those earned by young academics elsewhere.

But there are other benefits and sources of satisfaction. The major sectors of activity correspond closely to what in terms of post materialistic values constitutes valuable work. Media, arts, culture, and human services account for more than 40 % of the enterprises (compare Chart 4.5, p. 55). The production sector is dominated by fields with an artisan character, i.e. printing, wood working, or with ecologically valuable goods, i.e. biological food processing, furniture restoration. Flexible working hours and a maximum of self-determined work add to the feeling that more humane, individual centered work styles are possible (Kreutz, Fröhlich, Maly, 1985: 98-99). Indeed a comparison of the actual activities engaged in by LEI members, self-employed persons in conventional enterprises and dependently employed persons revealed that LEI members' activity profile corresponds positively with self-employment activity patterns (see Chart 4.7). Self-management thus it seems may not be viewed as an empty vision, but as a way of working which is being actively pursued, albeit not without difficulties or considerable conflicts, in alternative type LEIs.

LEIs - FRG

Characteristic Activity Profiles



Independently Employed

Dependently Employed

LEI Members

Activities Performed :

1 = frequently

2 = partly

3 = hardly ever/never

Source : Kreutz a.o.,1985

Another very important and satisfying aspect of work in self-managed enterprises is its "wholeness". By necessity as much as ideology, specialization is reduced to a minimum. Since most people do not work in an area they have been previously trained in, everybody has a chance to learn by doing. Though frequent job rotation is more goal than reality (only 5 % of the enterprises still practice it extensively, even though 50 % think it is in principle feasible), the number of different activities pursued by LEI members is far greater and the job experience far more varied and richer than in comparable job situations elsewhere (Kreutz, Fröhlich, Maly, 1986: 83).

The effect of a richer mix of activities is not only more job satisfaction but considerable value added in terms of qualification. The discrepancy between entrance qualifications and the specific job and more general entrepreneurial skills needed to sustain a self-managed enterprise are considerable (see Chart 4.8).

Nearly two thirds of LEIs' members learns the required professional or technical skills on the job. For another third acquiring adequate work attitudes, in particular the ability to take on responsibility, constitutes a valuable, perhaps even a decisive learning experience. To a certain degree thus, every self-managed enterprise is, indeed has to be, a qualification and training initiative in order to be a viable employment initiative.

Whether the often subjectively satisfying experiences and qualifications acquired in a self-managed enterprise can be of help in another work context is inconclusive. An analysis of where people who left LEIs have gone to showed that

- 27 % joined another LEI
- 27 % obtained conventional employment
- 7 % went on to university or other training
- 15 % became housewifes and mothers
- 24 % do unspecified things or could not be reached.

Qualification / Skills

	Entrance Qualifications	Learning on the job
Technical and Professional Skills	13	59
Work Moral	29	29
Alternative Consciousness	58	12
	100	100
	(n= 100)	(n= 198)

Even though an alternative consciousness is expected at the beginning, the most important learning process is the professional qualification.

Source: Kreutz a.o. 1985, p.167

For those who went on to conventional jobs, the pre-LEI qualifications or those obtained parallel to working in a LEI were decisive. Kreutz, Fröhlich, and Maly (1985: 172) thus conclude that for the majority work in a self-managed enterprise constitutes a transition phase.

Judging from the relative employment stability of self-managed enterprises - the average life span is more than five years and after ten years 30 % of the enterprises still exist - it can be a fairly "secure" transition period. The creation of jobs in self-managed enterprises is an extremely arduous task due to the considerable financial and administrative constraints (ZERP, Vol. I, 1985). However, once a self-managed enterprise and jobs have been created every effort is made to keep it going and to retain jobs (Bischoff, Damm, 1985: 16 ff.) People leave LEIs and enterprises contract because of conflicts, stagnation is much more common than growth, but forced departures are against the ideology, as is the private acquisition of profit. Whatever money is left, after covering costs, is ploughed back into the enterprise and used for capital expansion or job creation or both.

The answer to whether jobs in alternative enterprises are worth having cannot be answered any more objectively than with regards to any particular type of conventional jobs. Quite obviously some 100,000 persons working in LEIs must think they are worth having at least for a transition period and in any case seem to prefer them to unemployment, many even to conventional jobs. In the frankly subjective, but well informed opinions of Beywl, Brombach, and Engelbert (1984: 84) "Work in the alternative economic sector is collective, poorly paid, but subjectively satisfying. It is not reduced to the function of income procurement but a central component of an individual's life style." In so far as self-managed enterprises take account of changed attitudes towards employment and the desire for innovative work organization they "contribute to mitigating qualitative inbalances in the labor market" (OECD, April 1984: 24).

In addition to providing a sector of the labor force with recognized employment difficulties with subjectively satisfying work and an objectively valuable employment experience, alternative self-managed enterprises have developed some innovative products and services and have been fulfilling needs which conventional markets have overseen or not found profitable enough and the public sector has not been able or willing to finance. Resources conserving products and processes, the rediscovery and popularization of supplanted natural products and forgotten crafts, the re-individualization and personalization of human services are but some of the areas where LEIs have made well documented contributions, provided socially useful goods, and fulfilled publicly valuable functions.[3)]

Particularly significant and worthy of note is LEIs contribution towards the satisfaction of the product and service needs of special groups for whom the conventional markets have simply not been providing (compare Beywl, Brombach, Engelbert, 1984: 84). In the fields of media, art, and culture for example, the provision of wanted, but formerly unavailable, special products and services for groups with non-mainstream intellectual, cultural and lifestyle orientations has led to a sizable, stable market share in these sectors and relative economic success. If one adds the printing sector to these fields (see Chart 4.5, p. 55), the area of group specific information processing accounts for nearly a third of the alternative economy.

Very important in terms of provision for special needs are also the small repairs and restoration services, the simple and cheap energy conservation methods, and the varied second hand sectors. For students, unemployed persons, old and retired people, in fact for all low income groups and all technical and practical illiterates, the renewed availability of small repair services, also on odd days and/or hours, the availability of used appliances or clothes has meant a real rise in living standards. For the economy it has meant that such services and products no longer needed to be bought on the black or grey markets, nor to depend on the

imponderabilities of informal exchange or be done without altogether.

A further benefit to society and individuals accrues from the fact that LEIs incorporate a disproportionate number of individuals with above average placement problems, i.e. handicapped, long-term unemployed or otherwise disadvantaged in terms of employment. To the degree that some of these individuals are temporarily subsidized with public funds from the employment services, there is no immediate effect on public transfer budgets.[4] There is however, at least one essential benefit and potentially more. Working for a small income, as is generally agreed, is considerably better for an individual's sense of self-worth and social integration than being a recipient of transfer payments; skills are at least maintained, often new ones are acquired and existing ones enhanced, and most importantly, the chances of future integration into the conventional labor market or into a self-managed enterprise on a non-subsidized basis tend to be markedly improved.

4.2.6 Relationship with Environment

Until quite recently alternative self-managed enterprises were publicly regarded as a somewhat bizarre outgrowth of an overtly rich welfare society and an education system that had overreacted to its authoritarian past and become all too indulgent, not to say downright permissive. The enterprises themselves behaved like utopian enclaves in the midst of a society from whose mainstream thinking and life-styles they seemed by choice utterly removed. Many cultivated a stance of aggressive defensiveness and reaped in return society's wholehearted contempt (see SPD, July 1985: 6).

It would be overstating the case to maintain that all has changed. Sustaining distrust, reciprocal disparagement and sometimes downright ill will continue. Non the less enough has happened in the past two to three years to justify if not a prognosis so at least the hope that the relationship between alternative self-managed

enterprises and their social environment may improve sufficiently to encourage the developmend of a more supportive public policy towards these LEIs and a better chance for the realization of their job creation potential.

A number of factors are responsible for the beginning of a change of attitude and behaviour on both sides. In no particular order of priority, there is for one the persistantly high and still rising rate of unemployment of 9.3 % and the seldom officially voiced, but non the less unmistakenly spreading realization that macro-economic policies haven't been and aren't doing much to turn the situation about nor will grass-roots LEIs if left entirely to their own devices. There is for another, a growing awareness, due primarily to the OECD and EEC programmes of Research and Actions on Local Employment Initiatives, of the wealth and variety of support measures in other countries for local employment initiatives and of their contribution to job creation and to local economic and social revitalization. And there is of course, growing pressure on both sides - established institutions and conventional businesses on the one hand, and LEIs on the other hand - to overcome their different ideological stances and in the interest of the unemployed join forces to create more jobs.

These and similar changes in perception and attitudes have begun to have an effect on the relationship between self-managed enterprisses and their social enviroment. In the course of the past three years the Federal Ministry of Labor, the Federal Agency for Employment and the State of North-Rhine-Westphalia have sponsored research studies on alternative, self-managed enterprises. Though such activity doesn't amount to much of a commitment, it does constitute a first official recognition of the existence of LEIs and the willingness to entertain the notion of non-conventional approaches to job creation.

If nothing else, the officially supported studies did break the ground for further interest and activity regarding LEIs. The Social Democratic Party which either ignored or disparaged alter-

native self-managed enterprise relinguished this attitude in the fall of 1984 and set-up a high level working party on cooperatives and self-managed enterprises. After holding a hearing on the subject and producing an 84 page strong, very informative, background brochure entitled "Self-determined Work - Materials on Cooperatives and the Self-Managed Economy", the working party went on record encouraging the renewal of old cooperative ideas and the collaboration of traditional coops with alternative self-managed enterprises and other self-help initiatives.

> "We do not entertain the hope that we can solve the unemployment problem through our work. At best we can make a contribution toward the fight against it... But we take very seriously the opportunities for reform the new projects of the self-management economy offer." (SPD, Aug. 1985: 3)

In the words of the working party, the SPD supports the creation of production, consumer and service cooperatives

- because they contribute to job creation
- because they improve the provision of social services, help protect the environment, and encourage innovations
- because they, as experience in other countries has shown, can rescue sometimes enterprises threatened by closure
- because they experiment with new participatory forms of organizing work and thus give impulses to worker co-determination and the democratization of the economy
- because they represent an alternative to the privatization of public services envisioned by conservatives (ibid: 18).

In practice this benevolent view of the role of cooperatives and self-managed enterprises has led, on the national level where the SPD party is in opposition, to little more than further declarations of intent and good will. Thus, the working party has set itself the task:

> "to identify in collaboration with traditional and new initiatives ... concrete policies at the community, state, and federal levels for assisting already operational projects and new initiatives" (ibid: 3)

and it has come forth with a preliminary catalog of actions recommending:

- the establishment of special funding sources and methods of delivery which take into account the reformatory goals of cooperatives,
- the reform of those cooperative, business, and tax laws which are constraining the development of self-managed enterprises and new cooperatives and the take-over of failing firms by their employees,
- the foundation of a national research and consultancy association for cooperatives and regional education and training centers for coop members and their advisors (ibid: 18-19).

Where the Social Democratic Party has the power to do more than produce proclamations and propose programmes, i.e. in some states and in many communities, she recently has put into place very small financial packages for the support of self-managed enterprises and other employment initiatives. The largest in terms of financial volume is the 14 million DM fund earmarked by the Hessian parliament for alternative self-managed and cooperatively run enterprises; the farthest along in practical terms is the 1.2 million DM budgeted and nearly spent on loans to local employment initiatives by the small city state of Bremen. The political and administrative difficulties and entanglements which encumbered and encumber the provision and distribution of both budget lines demonstrate poignantly how far from normality the relationship

between traditional political and economic powers and institutions and alternative self-managed enterprises still is in the Federal Republic.

Because potential founders of alternative self-managed enterprises generally do not have equity capital or the kind of background expected of enterprise founders they normally fail to meet the standards for public support funds available to business starters in the Federal Republic. To ameliorate this situation the SPD government in Hessen set up in June 1984 with the support of the Green party a "Special Programme for the Support of Alternative Economic Forms and the Creation of New Jobs and Training Places". The 14 million DM budget set aside for 1984 and 1985 for consultancy fees, investment subsidies, start-up credits, research and development subsidies for new production methods and for above standard environmental practices was blocked for over a year by various traditional economic interests, in particular the powerful chamber of commerce and industry, who condemned the programme for being discriminatory and took its objections before the European Community (Frankfurter Rundschau, 7.9.1985).

On the receiving end of the programme, there was no lack of conflicts and problems as well. Many of the self-managed enterprises find the distribution criteria two narrowly economic and lacking in sympathy for "alternative life and work styles"; others complain that the social and cultural undertakings have been sold down the river because they haven't been provided for in this special programme. Even as the first official applications were being processed towards the end of 1985, the demands to change the grant selection criteria, indeed the whole programme, continue unabated (Frankfurter Rundschau, 7.9.1985, Contraste, November 1985).

The much smaller and less ambitious programme of the city state of Bremen, a 1.2 million DM revolving loan fund for all types of economically viable local employment initiatives including self-managed enterprises, has provoked less dramatic opposition but

undenianbly also stirred up excessive political friction before it finally could be put to benefit. Like the programme in Hesse, it too was set up by an SPD state government in June 1984 and had to overcome considerable resistance from traditional interests, in particular organized labor's fears that its hard won achievements in the area of wage policies and social benefits could be undermined by the low, equal pay practices common in LEIs. Ultimately, the development of rigorous selection standards, the offer to the unions of an advisory position on the grant selection committee, and the government's position that it was better to support the creation of new, even unconventional, jobs than to finance unemployment with transfer payments, did prevent the conflict from getting out of hand and blocking the programme (Bremen, Erfahrungsberichte, 1985).

On the receiving end of the programme there was widespread bitterness about the draconian conditions attached to the loans in particular the requirement to produce one job per 6000 DM support granted (Netzwerk Bremen, 1985).

Despite the acrimony involved, the statistical results reported by the Bremen programme in the late summer of 1985 appear impressive:

- nearly half of the loan applications could be approved,
- 800,000 DM had been loaned to 24 LEIs,
- 120 jobs had been created immediately and 45 further ones were expected within three years,
- more than half the new jobs were filled by unemployed persons,
- over half of the applicants had academic degrees in areas with considerable employment difficulties,
- 80 % of the persons involved were between 25 and 35,
- of the 24 LEIs supported nine were involved in either artisan or technical activity, the rest in a variety of services ranging from the cultural to the technical,

- in terms of size the enterprises ranged from 1-10 persons, with 2-5 person enterprises having a clear majority,
- 10 were employee owned firms or cooperatives, 10 traditional type SMEs and 4 were not-for profit companies.

In an executive report evaluating the programme, Bremen claims to be fully satisfied with its first year experience and proposes to continue the support at the present level of around 100,000 DM per month. "The contribution of these enterprises towards the reduction of mass unemployment should not be overestimated, but under no circumstances underestimated" concludes the report (Bremen, Erfahrungsbericht, 1985).

While Bremen is preparing to turn its special small financial package in support of LEIs into a "permanent" albeit, very small part of the state's overall measures combating unemployment, other SPD governed states, in particular North-Rhine-Westfalia and the Saarland are developing their own regional special programmes and support structures. In both instances the emphasis of the programmes appear to be going in the direction of support for special advice and consultancy organizations, the creation of loan guarantee funds, and the opening-up of existing economic development assistance programmes to LEIs (SPD, July and August 1985, Contraste, Sept. and Nov. 1985). This trend partly reflects the more difficult financial situation of these states and partly the negative experiences made with direct loans and subsidies in Hesse and to a lesser degree Bremen where traditional economic forces opposed what they considered the undeserved preferred treatment. While on a community and state level attitudes and actions with respect to LEIs have begun to improve, as the cited examples show, and the Federal Government has taken a first tiny step forward by changing the Employment Promition Act (AFG) so as to permit the continuation of unemployment benefits to enterprise founders for a period of up to three months, the established economic interest

groups - banks, chambers of trade and industry, labor unions, and even the old cooperative associations - by and large continue to disapprove of unconventional job creation approaches such as alternative self-managed enterprises and to block the development of significant support programmes to encourage their growth. Individual positive attitudes and uncommon pilot experiments which might be cited, constitute but exceptions to the overall spectrum of organized institutional opposition or at best reserved tolerance.

In the Federal Republic both sides of the economic spectrum, business interests and labor unions, maintain that the job creation of LEIs is insignificant and at the same time react as if their fundamental positions were being challenged by the very existence, not to mention the growth of LEIs. Cost covering approaches to enterprise, need oriented product development, a mixture of economic and social goals as pursued by alternative self-managed enterprises are considered unrealistic and totally unbusinesslike by traditional businesses, large and small. At the SPD Party hearing on "Local Training and Employment Initiatives" in March 1985, the German Industry and Trade Association (DIHT) accused alternative enterprises of being "able to survive only by virtue of subsidies, ... avoidance of tariff-wages and benefits ... and distortion of competition especially in the service and trade sectors where they tend to be concentrated" (SPD, July 1985: 27 and 126). With such and similar unproven and inconsistent arguments, the powerful business interest group went on record opposing any kind of adjustment in or expansion of the conventional, national business and economic development programmes to accommodate LEIs (ibid).

While organized labor too suspects self-managed enterprises and other LEIs of undermining hard won and long established wage and benefit structures, it has been less vociferous in public on that score lately, taking instead the line that such small scale approaches bear the danger of diverting attention away from the need to develop further traditional labor market instruments (SPD, July 1985: 11).

By further development of traditional instruments the German Trade Union Association (DGB) understands overall increased community, federal, and social partner responsibility for the creation of jobs supplemented by "regionalized approaches to qualitative growth ... through focused investment in labor intensive areas such as environment ... new socially useful goods ... (etc.)" (ibid: 15-16). As concrete examples of union developed models of regional labor market approaches the DGB cites its "Development Center Dortmund" and the Metal Workers Union (IGM) Nürnberg "Center for Work, Technology and Environment".

Both centers have been, or more correctly are being developed as alternatives to traditional, industry oriented economic development approaches and the new (high) technology centers springing up everywhere in Germany as in other parts of Europe; their professed intent is to promote job creating, regional economic development by focusing on local manpower, training, and technological resources and involving all local interests in this effort. (SPD, July 1985: 15 and 137; IG Metall, April 1985.) As both centers are still in the founding stage nothing can be said about their prosects of fulfilling these undoubtedly justified goals.

One thing is quite clear, however, an alternative to the jobs created by LEIs, the unions' regionalized labor market approaches are presently not.

4.3 Conclusions with Regard to the Quantitative and Qualitative Significance of LEIs in the Federal Republic

The review of the spectrum of LEIs in the Federal Republic has shown that both in terms of scope of approaches and the number of jobs created the FRG was more laggard than leader.

Of the private sector, the churches were the most active and had extended their traditional social work to include employment concerns. Yet in the absence of more broadly based support, their efforts didn't reach beyond the creation of a few hundred centers

for the unemployed offering largely communication opportunities, moral support, and at best very precarious jobs.

By contrast, the business community and labor unions were for all intents and purposes abstinent - either out of ignorance and thus indifference towards new possibilities for job creation or out of opposition towards such unconventional approaches which in the view of the former only detracted from the necessary structural adjustment, while in the view of the latter they unnecessarily threatened wage and benefits achievements.

In the public sector, concern for unemployment was of course considerable, but policy emphasis continued largely along traditional paths. The Federal Government increased somewhat the overall volume of its wage subsidies for special problem groups and expanded the aids available to traditional business start-ups, but otherwise stuck to its faith in macro-economic policy; the state and local governments continued their competitive game of trying to attract sizable outside investment to their area and even began to outdo each other in the race to establish the most impressive information technology and/or other "high-tech" center.

Of course, there exist various minor exceptions to the described situation and as has been shown the pattern is beginning to change, but on the whole, there is no way of getting around the fact that a public policy with respect to unconventional local job creation approaches cannot be said to exist in the Federal Republic.

In the absence of specially focused supportive measures, the traditional, legal, administrative, and fiscal systems and informal practices operate to constrain the development and growth of unconventional approaches such as local employment initiatives which simply do not fit into the pattern of how society has become accustomed to organizing itself (for an extensive analysis of bonstraining factors see ZERP, Vol. 1, 1985). Perhaps the best example of the power of traditional structures to restrain the development of LEIs is the persistent failure of all but a handful

of employees' attempts to take over failing firms and thus save their jobs (see ZERP, Vol. II, 1985).

In the face of undeniable constraints on the one hand and the virtual absence of any direct tangible or even intangible support on the other hand, it may perhaps be regarded as somewhat of a miracle that one significant LEI type did emerge in Germany and against all odds created an estimated 100,000 jobs. This noteworthy feat has been accomplished by the so-called alternative enterprises most recently also referred to as alternative, self-managed enterprises.

It is worth recalling at this point that, in a very broad sense, the economic and historic origins of German LEIs differ little from those of their more developed counterparts elsewhere in Europe. The coincidence of increasing unemployment and a socio-cultural protest movement against traditional life styles and work patterns has induced very divergent groups of people to seek new, sometimes unorthodox ways to create jobs for themselves. Depending upon whether continuing joblessness was the only reason for embarking upon a search for non-traditional employment venues or whether a bundle of motives, such as dissatisfaction with the real or imagined quality of available jobs, the desire to try out new work patterns, more integrative and wholesome life-styles, coincided with factual or threatening unemployment, different types of LEIs emerged.

Whether the lack of broad based support for LEIs coupled with the inherent constraints exercised by traditional institutions are the only reasons for the rather slow development of this phenomenon in Germany remains inconclusive, in any case, the limited number of analyses available have shown that unemployment pressures alone did not trigger the emergence of local initiatives on a significant scale.

By contrast LEIs which eminated largely from a socio-cultural protest movement and were and are being founded for a variety of motives of which unemployment may or may not have been an import-

ant one, are decidedly more numerous and significant within the Federal Republic. Perhaps it was the ingredients of changed attitudes towards work and life-styles, a resultant incompatibility with established working environments and often qualifications which were no longer in sufficient demand that provided the necessary impetus to embark upon unconventional routes to employment creation and to persevere in an essentially indifferent, even hostile environment.

Two types of LEIs, the so-called "new enterpreneurs" and "alternative enterprises" have resulted from the above described set of motives and circumstances. Of these two that have "made it" in that they have and are creating permanent, largely unsubsidized jobs, the alternative enterprises are empirically the relatively best documented and according to present knowledge both quantitatively and qualitatively the most significant.

Though alternative, self-managed enterprises have created an estimated 100,000 jobs and therefore around four times as many as the estimated amount of the second most successful LEI type, the new entrepreneurs, their contribution to job creation in the Federal Republic is non the less widely considered as quantitatively rather insignificant or as sometimes figuratively said "a mere drop in the ocean" (OECD, April 1984: 24).

It seems possible to agree as well as to disagree with this contention. To be sure 100,000 jobs in relation to an employed population of 22 million is less than 0.5 percent and thus hardly impressive; and while in relation to the total number of 2.3 million unemployed, 100,000 new jobs do constitute, to the mind of this author, more than "a mere drop in the ocean", there is no denying that alternative enterprises are quite clearly not solving the unemployment problem.

Without wanting to overemphasize quantitative aspects, it appears non the less worthwhile, to consider LEIs quantitative achievements in relation to other attempts to deal with the unemployment issue as well as in relation to the specific groups LEIs' efforts

are addressed at, before passing final judgement. Thus for example in comparison to the Employment Creation Measures (ABM) of the Federal Office for Employment, on which over 2 billion DM in wage subsidies are spent annually for 70-80,000 temporary jobs, the 100,000 jobs created by alternative enterprises, particularly when taking into account that they were created with almost no subsidies, hardly seem insignificant (compare Olaf Sund, President of the Labor Office of North-Rhine-Westfalia, cited in Contraste, Dec. 1985: 6).

Finally the judgement quantitatively insignificant doesn't stand up, indeed seems grossly incorrect, when alternative enterprises' performance is viewed in relation to its effects on specific sectors of the labor force: the over half a million young unemployed, the teachers, the social science and liberal arts graduates, and the various other newcomers to the labor market in fields where job opportunities in the past years have been scarce. As socio-demographic analysis of LEI founders have shown, these groups are quite attracted to self-managed enterprises, prefer them not only to unemployment but in many cases to conventional jobs, so that with regard to specific sectors of the labour market the contribution of LEIs to reducing unemployment must be viewed as very positive even in the Federal Republic.

Actually, many experts tend to agree that the quantitative significance of LEIs is considerable in certain sectors of the labour market and their frequent public pronouncements to the contrary may be based on reasons other than judgements regarding LEIs' quantitative achievements.

With regard to LEIs' qualitative significance, there exists quite a bit of disagreement concerning the value of the jobs created, the usefulness of the products and services provided, the practicability and efficacy of resource allocation, in short the worthiness of the endeavor as such. Not seldom different evaluations of LEIs qualitative significance reflect incompatible political and philosophical points of view. To make the issues and the biases transparent it thus seemed practical to split the evaluation into

two separate considerations: one concerning the qualitative significance for LEI members, and another concerning the qualitative significance for society.

For both parts of the evaluation it is important to recall the unusual background and qualifications of alternative enterprise founders, their post-materialistic value orientations and their goal of creating an unalienated life and work environment for themselves characterized by cooperative, non-hierarchical work organization, alternative forms of disposition over property, the production of ecologically sound goods and socially useful services. With this in mind, it seems apparent that we are dealing here with more than merely a new job creation strategy but with hands on experiments, so to speak pilot projects, in social organization and the satisfaction of human and social needs.

Against this background, the often criticized substandard material compensation of work in alternative enterprises must be viewed as too narrow. For one, self-managed work should be judged by self-employment and not dependend work standards so that material restraint, particularly in the early business phase and/or as a trade-off for other values such as independence is not at all unusual. For another, work in alternative enterprises, as has been shown, is subjectively rewarding: major sectors of activity by and large correspond favorably with members' concepts of what constitutes valuable work; flexible working hours, a high degree of self-determination and a minimum of specialization, while not necessarily economically efficient, convey the feeling of self-actualization; and last but not least, the richer mix of activities, naturally leads to considerable gains in terms of diversification of skills and overall higher qualification.

The last mentioned individual gain constitutes of course also a gain for society. At a time of considerable demographic pressures on training facilities and first job opportunities, pressures which will continue well onto the 90s, the practical work experience and thus higher qualification offered by LEIs to new-

comers to the labor market uncontesstably represent an objective gain for society.

The occasionally made critique, that training and work experience gained in alterantive enterprises is dilettante because qualified teaching personell and other needed experts are lacking and the physical equipment tends to be rudimentary, often quite obsolete, is factually correct and yet quite off the mark. In the first place, training and work experience in alternative enterprises constitutes learning by doing, and in the second place it hardly seems rational or fair to criticize people for helping themselves to perhaps sub-optimal training and job experience as long as so-called "better" conventional training facilities and jobs remain in very short supply.

In addition to providing a sector of the labor force with recognized employment difficulties with subjectively satisfying work and an objectively valuable traning and employment experience, alternative enterprises have developed, as careful analyses of their activities have shown, some innovative products, many a socially valuable service and in fact have been and are fulfilling needs which conventional markets have overseen or found unprofitable and the public sector has not been able or willing to deliver and finance through traditional channels.

Perhaps the best proof of the objective value of alternative enterprises' capacity for product innovation and their in many respects avant-guarde approaches in the social sevice and cultural sectors is provided by the fact that commercial producers and tradesmen have gone full force into some formally alternative dominated markets such as untreated foods, natural textiles, recycled paper, and forgotten handicrafts while public authorities, West Berlin being the most prominent example, regularly turn to them for auxiliary social and cultural services. It is in the latter area, in particular in their work with youth, the aged, and a variety of other clientel, where their ideas and practical developments have earned them the accolade "the vanguard of the self-help movement".

5. LEIs IN THE UNITED KINGDOM

5.1 Introduction

Looking at local employment initiatives' scope and accomplishments in the UK from Continental Europe, one easily gets the impression of a veritable mecca of activity. In terms of the sheer variety of LEI types and the complexity of LEI networks which often span and encompass local governments, private and voluntary organizations as well as central government policies, the UK presents a picture of intense involvement and breathtaking innovativeness in local approaches to combating unemployment.

Some of this activity constitutes an entirely new approach, so for example the intense direct involvement of some big corporations in the stimulation and nursing of small, even micro-business formation in economically declining communities. Other, no less original UK approaches, can be traced back to different strands of the political culture, so for example the community controlled enterprises which, for all their complexity and innovativeness, rely heavily on local governments' traditional sense of responsibility towards and responsiveness to their electorates' concerns. Finally the considerable role of voluntary organizations in initiating employment creation schemes may be viewed as the logical contemporary manifestation of the well documented Anglo-Saxon self-help tradition.

Last and least there is the role of the central government which though not an initiator of any new, direct approaches to the creation of permanent employment, non the less has not been able to withstand the pressures from below to at least help those who are trying to help themselves. Thus despite its well advertised stance of non-interferance in the economy, a number of very useful measures have been installed by the central government which in fact provide some of the fuel needed to get initiatives moving.

In trying to apply our two tiered analytical approach to the assessment of LEIs in the UK, we face a double problem; firstly,

there is no typical, most significant LEI type in the UK, but a handful of more or less equally significant and typical types, and secondly it is often very difficult to sort typical UK LEIs into grass-roots and intermediary, capacity building categories. Indeed a good case can be made for the assertion that the most prevalent single characteristic of UK LEIs is their consortial approach: the coming together of different local organizations, public and private, or voluntary and public, or all three to stimulate, set-up, in some cases even run a new undertaking with the goal of creating additional viable employment.

The subsequent presentation will thus be based on the assumption that typical UK LEIs such as community businesses or enterprise agencies are of the inermediary rather than the grass-roots type while the grass-roots category is generally set-up as a cooperative enterprise or a more or less conventional SME, forms which are not in anyway unique or typical of the UK. The chapter on UK LEIs will thus concentrate on the intermediary, capacity building forms and discuss the grass-roots categories in terms of their overall job creation significance but not in terms of their origins, motives etc.

With regard to the intermediary LEIs themselves, one final general observation needs to be made. As observed above one central characteristic of UK LEIs is their consortial approach to enterprise and employment creation. This, however, does not exclude the possibility or even the likelihood of one of the joint venture partners' taking the lead in creating specific types of LEIs. Thus for example, there are LEI types in which the private element is generally stronger than the public, i.e. enterprise agencies, and LEIs where the reverse is often true i.e. community business.

In the subsequent presentation the "leadership factor" will be used as a structuring element, that is those intermediate LEI types that bear a strong business imprint will be presented as a group followed by those in which the local authorities and/or the voluntary organizations or interest groups have been and are the leaders and most prominent moulders.

5.2 Corporation Supported LEIs: The BSC(I) Approach and Its Imitators

While there are numerous examples in mid-1980s Europe of direct business involvement in local employment initiatives, the British Steel Corporation's activities in this area still constitute the best starting point for considering the role of business in unconventional job creation strategies at the local level. Not only was British Steel the first major corporate organization with enormous economic clout to formulate a specific job creation objective and install a subsidy mandated to persue this single aim, it also developed a style and a system of intervention in the local economy which has since become somewhat of a model for business involvement throughout the UK and increasingly in other parts of Europe.

5.2.1 Origins and Originators

In 1974, the nationalized British Steel Corporation, a major economic force in the UK by any standards, began its decade long retrenchment of plant and workforce capacity. In the process 140,000 of the firm's former 225,000 jobs were lost and uncounted numbers of persons in BCS dominated areas made redundant (BSC(I), 1985).

"To help create jobs in the areas of Britain particularly affected by the reshaping of the steel industry - closures and demanning caused in the main by technological change and progressive decline in world wide steel demand" - the British Steel Corporation (Industry) Ltd., BSC(I), was established in 1975 as a wholly owned subsidiary of the British Steel Corporation (BSC(I), 1983). With its own board of directors, which included in addition to the chairman of BSC and other BSC management, representatives of other industries as well as Trades Unions, BSC(I) was given the unenviable responsibility to create jobs in, at first 8, eventually 18 steel closure areas of England, Wales, and Scotland.

5.2.2 Motives and Objectives

Corporate involvement in the community is not without history in the UK. Individual large firms have contributed to charitable organizations and given donations to community services both on a national scale and in the local community around their factories and offices. While some of the most important contributors have not sought publicity, others have made the most of their "social conscience" for their corporate image; only a handful has gone so far as to adapt a social responsibility policy at Board level (LEDIS/B14, 1983).

The BSC case is a mixed bag of motives, the most important of which is probably not entirely voluntary. In many of the areas where BSC(I) has set up operations, the steel industry had been the major source of employment and the effects of plant closure on the community were devastating.[1)] As a nationalized company BSC not only needed to worry about salvaging some of the value of the obsolete plant and equipment, but even more importantly devise a way of relieving the economic and social harm the plant closures and layoffs were causing in mono-industrial areas.

Establishing a firm policy to deal responsibly with unemployment constituted thus a practical, political, and social imperative. The way this inevitable and unavoidable task was actually broached, however, has set standards, become pace setting.

5.2.3 Organization and Control

BSC Industry started its operations in eight steel closure areas and is presently active in 18 such areas. As an entity it considers itself first and foremost "a marketing organization" (BSC(I), 1983). It promotes to business, industry and individuals the benefit of starting up, relocating or expanding in any of the BSC Industry "opportunity areas" as the distressed former steel communities are now called.

Initially the company opened offices in designated steel closure areas staffed with executives recruited from within BSC, assisted by secondees from banks and other institutions. During the last three years increasingly BSC Industry initiatives have been merged into broader-based local Business Opportunity teams, mainly independent Enterprise Agencies (see below, p. 96ff) which bring together public and private sector resources into one united effort to regenerate these areas.

The way BSC(I) originally approached its task was quite conventional. It engaged in extensive advertising campaigns, printed a wide range of brochures praising its choice locations and the availability of both UK government and European Coal and Steel Community monies to enterprises willing to locate in its development areas. Only after such forms of promotions failed to attract large firms did BSC(I) turn its attention to smaller enterprises, would-be enterpreneurs and the development of its own philosophy and strategy for job creation in the afflicted areas.

Though efforts to attract external investors have continued, the primary emphasis since the late 70s has been on utilizing local resources - people, buildings and equipment - and on devising a series of practical and imaginative support services to help turn these resources into new jobs. The local logic manifests itself in staffing. The central office in London has a staff of no more than twenty people. In the local operation areas by contrast fifty persons are employed directly by BSC(I) with another 200-300 experts forming a network of permanent support (personal communication BSC(I) London, 1985).

Between 1975, the date of establishment and April 1984 BSC(I) has received 40 million from BSC of which the major portion was spent on development activity and a smaller portion on investments which BSC(I) hopes to recuperate. Since April 1984 BSC(I) has been operating on a self financing basis through income from renting workspaces (see below), interest on loans made and some public grants, i.e. funds for building conversion (EIU, 1984, and personal communication BSC(I) London, 1985).

5.2.4 Products and Services

While BSC Industry's methods of operation, services and products vary some from local area to local area, there are certain main elements which form something like a specific BSC(I) style of operation and which each local team of promotors applies autonomously as appropriate to the needs of a specific area.

The main elements of BSC(I) activities and services have been extensively described in the Economist Intelligence Unit report on "Creating Jobs in Europe". The subsequent presentation constitutes a distilation of the relevant parts of the 1984 report and an updating based on personal communication with BSC(I) London in November 1985.

a. Working with existing enterprises to help them grow

To understand the ways of business in a particular locality, the BSC(I) team first contacts existing businesses, explores advantages and constraints promoting or inhibiting business growth in the area. Whatever the constraints, marketing, finance, space or management capacity, BSC(I)'s team set their skills to developing area specific solutions to the problem: if finance, for example, is the problem, BSC(I) uses its relationships, pre-established from BSC, with local banks, to seek additional funding. This might require helping the individual to prepare a professional financial forecast, prepare a formal request for money or apply for resources from ECSC programmes. As a last resort, BSC(I) in some cases uses its own resources to bridge the gap. This is done mainly by means of unsecured loans. In all cases, BSC(I) sees itself as the helping hand to existing small businesses, and seeks to put itself across as the friend on his side with the formal structure of local and national government, the banks, and the quasi government institutions 'on the other side'. If the individual businessman does not have the confidence or experience to tackle them, BSC(I) will do it for him.

b. Encouraging new businesses to start-up

The second main strand is to encourage the foundation of new businesses. To this end BSC(I) deliberately developed an independent approach, separate from existing bureaucracies. A redundant steel worker - for example, a skilled fitter - might have the technical experience to set himself up and earn his living as a private fitter, but in most cases he could not bring to bear the necessary skills in finance, marketing and business negotiations which he would need to make a successful start as a private company. Moreover, he would feel that the psychology between himself and the local authority, or between himself and the local bank manager, was wrong and unhelpful. In such cases BSC(I) acts as the bridge between the would-be entrepreneur and the authorities and organizations with which he has to deal. Where he lacks skills, such as in preparing a written business plan, or in talking to the planning authorities, or in applying for government assistance, BSC(I) provides it.

The vital aspect of BSC(I)'s approach is therefore, the all round assistance from the local team, and the final injection of finance by BSC Industry, to fill a financial gap and make the project happen.

c. Providing Starter Workshops

One of the most obvious needs for starting new companies is that of suitable premises. Most small companies need small amounts of space, and BSC(I) quickly discovered that the commercial market usually failed to provide that space. Typically, the smallest industrial unit was 2,500 sq ft, while the new one to two man business needed perhaps 100-200 sq ft. Typically, the terms of commercial leases were a rental period of five years and upwards and the new businessman had no inclination to commit himself to lengthy lease as his business might fail in six months time.

The provision of suitable premises for new starters was thus of critical importance to the promotion of start-ups and one of the major contributions of BSC(I) to job creation strategies is the development of the workspace concept, an arrangement which has since been copied and expanded upon throughout the UK and other parts of Europe.

As early as 1978 BSC(I) identified the need for providing a very special kind of space for start-ups which would satisfy a number of complex physical, psychological, and social criteria:

- To get started, new businesses needed small, basic units of cheap space.
- While they had to be adequately serviced, such units could be relatively low standard and thus be had commercially by converting old, redundant, private or public facilities into work spaces of 100 to a maximum of 2,000 sq ft.
- Space needed to be provided for the full range of activities, from 'clean' industries such as light manufacturing and assembly, through office, professional services, and high technology venture space, to 'dirty' heavy repair work space.
- Leases needed to be simple and comprehensible, typically a one page licence, which could be signed in a day, a one month deposit paid, a short period of notice given, and the unit occupied the following morning. BSC(I) helped to give birth to the 'easy in, easy out' concept of renting small units as a home for new businesses.
- The environment in which this type of space was located was perceived to be of great importance. The new businessman required not only space, but could benefit greatly from being part of a community. Unsure of himself and, from a commercial standpoint, in a highly risky and volatile state, the new entrepreneur needed a unit of space where he had 10 or more neighbours all in

the same boat, with whom he could talk over problems and swap experiences. Such opportunities could make a major contribution to his moral and his capacity to survive.

- The existence of common services on the site, for example, a small business providing secretarial, reception, telex, photocopying, message taking, postal word processing and computer services could mean that each new business could avoid high fixed costs in its formative period. Similarly, meeting rooms for business conferences, and a canteen, provided both a valuable service, and a forum for meeting one's neighbours.

The first physical complex created according to the above criteria was the conversion between 1978 and 1980 of the former Clyde Ironworks, a complex of 20 assorted buildings on 16 acres of ground south-east of Glasgow, into the now "famous" and successful Clyde Workshops.

The 63,000 sq ft of net lettable space with a total of 82 units of various shapes and sizes had little difficulty in finding tenants. On the average 75 units have been regularly occupied housing such varied activities as electronic, mechanical, process control and electrical engineering, repair companies, tradesmen such as plumbers, joiners, shopfitters, caterers, welders and other metal workers, printers, photographers, picture framers, clothing manufacturers, whisky barrel or horse box makers etc.

There are many features which have gone into the success of the Clyde and other BSC(I) Workshops. According to BSC(I) the most important of these are the following:

- practical business advice on site, for example, help with tax problems, book-keeping, and applying for investment and other incentives;
- inter-trading between the workshops;
- the deliberately simple and red tape free procedures on site;

- the cheap nature of the space itself, and the privacy and independence afforded to each tenant despite being in a generally supportive environment;
- the speed with which the individual was able to turn his idea, even his daydream, into a business and a livelihood;
- the unquantifiable benefits of being part of a community rather than being isolated.

5.2.5 Benefits and Performance

The importance of Clyde Workshops is generally judged to be far greater than its product of 300 plus new jobs. It was the first application of the BSC(I) principles of providing the right type of physical space, and the earliest practical demonstrations of the managed workshop complex in the UK. From this model, BSC(I) and many others have developed and expanded the concept, and even convinced some public authorities and private developers to provide very small units in new built schemes.

And just as the importance of Clyde Workshops reaches beyond the number of jobs created there, so does the performance and the benefits derived from BSC Industry's initiative reach beyond the conversion of redundant facilities into workspaces for neophyte entrepreneurs. Indeed BSC(I)'s taking the initiative to stimulate new enterprise formation and to create jobs at the local level bears significance for EC countries and even beyond, because it is the first example of a major corporation taking positive action to counteract the economic and social damages being caused by structurally induced, industry-wide contractions.

The most impressive example of BSC(I)'s achievements in eight of the most devastated steelmaking regions has been their rescue of the Northamptonshire steel town of Corby. Closure of the dominant steelworks there five years ago cost 12,000 jobs and pushed local

jobless figure from 8 % to 22 % overnight. BSC Industry managed to mobilize half a billion pounds (Sterling) in investment funds and EEC and UK government grants and so expanded the number of companies offering employment in Corby from 70 before the closure to 350 today. Over 6,000 new jobs have been created, and unemployment in Corby was reduced to 16 % (OECD/ILE/85.13, 1985).

While not all of BSC Industry's efforts have been a straightforward success story, on balance their overall record is generally considered positive. In concrete terms BSC(I)'s programme of practical, comprehensive support to business creation, consolidation, or expansion has since its inception assisted 2,000 firms - from one person to medium sized companies in all manner of manufacturing and service activities except retail (personal communication, BSC(I) London, Nov. 1985). Five million pounds have been invested in converting redundant facilities into workshops or business incubators as they are also sometimes called. Another ten million pounds was spent on loans, 90 % of which were less than 25,000 pounds, 65 % even under 10,000 pounds (Die Zeit, No. 41, 1985). In all, through workshops, direct or indirect financial support or leverage in obtaining grants and other assistance from public or private sources, BSC(I) will have helped to create 30,000 jobs at an average cost of 1,400 pounds per job by the end of 1985 and expects to help establish 20,000 additional ones within the next two years (personal communication BSC(I), Nov. 1985; OECD/ILE/85.13, 1985).

And while these results are undeniably insufficient when compared with the 140,000 jobs lost through BSC contraction, they are equally undeniably substantial in particular when one takes into account their demonstration effect. Perhaps the most important single BSC(I) achievement, is the practical proof it presented and presents that new jobs can be created out of local resources even in the most dramatically debilitated circumstances when people are not only encouraged to create their own jobs, but given the right kind of support to do so.

5.2.6 Relationship with Environment

Most of the persons assisted directly by BSC(I) are not former employees. Only 9 % of the 2,000 businesses helpd directly by BSC(I) are owned and/or managed by a former steel workers. The object of BSC(I) involvement is to help create new employment opportunities in areas negatively affected by steel closures. Once an economic revival has been initiated BSC(I) feels, its primary and secondary effects will help former steel workers as well. The Trades Unions, who have two representatives on BSC(I)'s Board, have consistantly supported this policy. (Die Zeit, No. 41, 1985)

It has been frequently noted that BSC(I)'s impact has been out of proportion to its immediate concern and actual achievement. If that is the case, it is due to no small degree to the fact that BSC(I) has not only been widely imitated, but perhaps more importantly has gone a long way towards widening its own approach to job creation by entering into partnerships with other businesses and local authorities as well as maintaining a close working relationship with the ECSC and the EEC, in particular the European Social Fund.

Several other large British firms - United Biscuits, British American Tobacco, and the glassmaker Pilkington Brothers, for instance - have also moved to offer surplus premises, financing, and comprehensive business assistance to small firms in the wake of plant closings (transAtlantic Perspectives, 1985: 5).

The most recent addition to the "club", a close imitator of BSC(I) as well as a builder on its experience, is the National Coal Board Enterprise Limited NBC(E), a subsidiary of the National Coal Board and like BSC(I) established for the sole purpose of stimulating new employment creation in nine closure areas. Founded in 1984 NCB(E) is already engaged in ten workshops and wants to expand its involvement to 20. The new LEI claims to have already created one thousand jobs in its first year and intends to quadruple its job creation rate in the coming year (Die Zeit, No. 1, 1985).

But NBC(E) is not an indiscriminate imitator of BSC(I). It has looked very carefully at some of the pitfalls of Britain's steel industry schemes and while it is also providing equity or loan finance to aspiring entrepreneurs, and offering rent subsidies and accommodation in its own converted premises for start-up businesses, it is also monitoring the recipients' progress much more carefully than has been the case in the past.

To prevent non-viable schemes from being launched indiscriminately with the aid of NCB financial incentives and the miners' own redundancy compensation awards it is devising a series of cheks, trying to identify new product areas into which it can steer its entrepreneurs, and attempting to shape its retraining effort to match the various regional skills shortages that are being identified for it by the government's Manpower Services Commission. (Financial Times, Jan. 30, 1985; OECD/ILE/85.13, 1985)

In addition to stimulating corporate imitators and improvers upon its schemes BSC(I) has spun-off independent smaller job creation enterprises of which the for-profit Job Creation Limited (JCL), started by three former BSC(I) executives in 1980 is the best known and most successful.

JCL's principal activity is to convert redundant facilities into attractive environments for new small businesses. Its clients - private corporations and government, often in partnership - finance the acquisition and conversion of the property. JCL conducts feasibility studies, oversees renovation, and then manages the workshops. Due to their function of nurturing young businesses and their neophyte owners, the workshops are often referred to as "incubators". There, entrepreneurs can rent individualized space, share common facilities and services within a complex where many other small firms are also operating. Leasing terms are attractive: tenants are usually committed only to short-term leases, often three months or less. There is generally an experienced manager on site and access to professionals who can offer free or low-cost technical assistance and psychological support (transAtlantic Perspectives, 1985: 5).

If the pattern sounds familiar, it should. It is modeled entirely on the BSC(I) workspace concept with but one important difference: JCL is a comparatively small, very dynamic commercial enterprise and as such very much closer to the tiny start-ups it tries to support and develop, than many of the well meaning, wealthy, but often internally bureaucratic corporations who despite their good will and determination are often quite helpless when it comes to relating to small neophyte businesses.

Even though, or more likely because, it is run as a profit making business JCL's workspace or business incubator approach has proven so successful that JCL has developed into an international group of joint venture companies with activities from Norway to Zimbabwe and Michigan, USA to Kassel, West Germany. JCL's stake in the business incubators it has created world-wide in the past three years, is a bonus for each job created in the facility and sustained over the critical first two years (personal communication JCL, London, Aug. 1985).

The JCL phenomenon not withstanding, the workspace concept has, by and large remaind a business initiated and supported local employment creation approach intended and generally operating as a not-for-profit capacity building tool. Even when a workshop is run by a community business or by a local authority, the business influence in the operation remains a central one.

After BSC announced that it would cease funding BSC(I) by April 1984, BSC(I) sought ways of ensuring that job creation incentives would continue even without local BSC(I) offices and teams in all of the operation areas. To this end BSC(I) has actively pursued the development of enterprise agencies, another type of business moulded intermediary LEI (see below) in its operational areas. At the end of 1985 BSC(I) was running eight local offices and workshops directly and operating through joint local authority and established business enterprise agencies in its remaining ten "opportunity areas". The newer mode of operation has increased BSC(I)'s interaction with a wide range of community forces even further.

While BSC(I) is pulling back from its solo-operations and working increasingly in partnership with others on new approaches, its workspace concept is continuing its conquest of the UK. In June 1985, representatives of more than 50 managed workspaces met for the first time in Liverpool. A report on the meeting gives four reasons why local government authorities should consider supporting managed workspaces: they are an excellent way of involving the private sector; they are best situated in redundant buildings, thus both improving them and releasing land for other purposes; they can provide a visible focus for a council's often diffuse attempts to regenerate the local economy; and they can provide people who, on leaving the workspace, will fill vacant advance factory units or other Council accommodation. ("Managed Workspace", in Local Government Policy Making, Vol. 12, Nov. 1985: 21-26)

5.3 Local Enterprise Agencies (LEAs)[2)]

In addition to the single corporation supported LEI model as created by the British Steel Corporation and others, the proliferation of concerned business reactions to structural dislocations and high unemployment has led to the development and rapid spread of a collaborative business community response and a specific approach to economic revitalization and employment creation, the local enterprise agency.

Since the late 70s a network of 216 independent local enterprise agencies has been created in the UK forming what is sometimes referred to as the "local enterprise agency movement" (CEI/BIC, 1985: 7, and personal communication BIC, Dec. 1985). And while these agencies vary in numerous respects, they do have common philosophical roots as well as similar practical goals. First and foremost they are based on the belief that all interests and resources within a community, private as much as public and voluntary should be mobilized to tackle the community's unemployment problem. Furthermore they belief that a healthy small business

sector is an essential ingredient of a healthy economy and should thus be encouraged and supported as a means of combating unemployment. Last but not least they recognize that you cannot force people to become self-employed, but you can provide a spectrum of practical technical, professional and moral supports to help smooth the way to self-employment.

Initiated usually by a group of business people in the community, often in partnership with local government, local enterprise agencies are comparatively independent, professional business advice organizations, created for the specific goal of promoting local small-scale business activity by assisting, generally free of charge, new businesses to get started, established ones to stay viable and if possible grow.

5.3.1 Origins and Originators

The first significant development of a collective business approach to community involvement dates back to the establishment of the Action Resource Center (ARC) in 1973 by a group of large national and multi-national companies. ARC specialized in arranging the secondments of managers to community projects - at first mainly to voluntary/charitable associations, later on also to local initiatives (LEDIS/B14, 1983).

In the late 70s the nature and intensity of individual and collective involvement of private enterprise in local employment initiatives spread as some large corporations increasingly had reason to be concerned about the impact employment cut backs were having on their community.

At approximately the same time as the British Steel Corporation was setting up its first workshops (see p. 88), another major corporation Pilkington Glass distinguished itself by initiating one of the first local enterprise agencies. When technological change

introduced at Pilkington's St. Helens glass factory allowed the company to cut its 16,000 work force by half, unemployment in the Lancanshire company town doubled (Engellau, 1984: 16, and OECD/ ILE/85.15: 12). As alternative unemployment opportunities were extremely rare, Pilkington set up St. Helens Trust in 1979 as an instrument to help some of the redundant workers to become self-employed. Soon other agencies began to be launched on the basis of large scale support in the form of grants and seconded staff from companies such as Shell, BP, and Marks and Spencer (CEI/BIC, 1985: 8).

The rapid growth of corporate support for local enterprise initiatives has coincides with a favorable public sector climate. The present conservative government elected in 1979, gave and gives high priority to small business support and is committed to self-help, public and private sector partnerships and leverage of private finance for public and community projects (LEDIS/B14, 1983). Hardly installed, the new government gave its blessing to the formation of local enterprise agencies and appointed a working party chaired by Sir Alastair Pilkington to consider what role the private sector might play in community affairs and local economic development (ibid).

The eventual outcome of the working party was the setting-up, in April 1981 of "Business in the Community" Ltd. (BIC) as a national body concerned with the encouragement and organization of private sector involvement in local economic development. Since BIC made the promotion of local enterprise agencies into its principle activity, the number of LEAs has grown phenomenaly, from 23 in 1981 to 216 by the end of 1985 (personal communication BIC, Dec. 1985). More than 100 leading industrial, commercial and banking firms have joined up since foundation to express in varying degrees their "corporate social responsibility" (OECD/ILE 85.13: 12).

5.3.2 Motives and Objectives

The speed and scale of UK industry job losses awakened a number of big employers to the fact that public infrastructure in their company towns was not up to dealing alone with the enormous disruptions that mass unemployment was creating. While some involvement in job creation schemes may just be a public relations gesture, others are acting strictly out of self-interest, realizing that it is now crucial to stop "industrial deserts" from being created around their factories (OECD/ILE, 85.13: 1). The overriding reason why big companies have turned to job creation is that their own cuts are forcing them to. It is probably no coincidence that the inner city riots of 1981 added momentum to the work of BIC and similar forms of business involvement in the community.

Another important motive behind local enterprise agencies and the promotion of small-scale businesses is the realization that central government job creation while not always very effective, has always been very expensive. In the UK figures have been quoted to the effect that public job creation schemes cost anywhere from 4 to 7 times as much as private enterprise job creation (ibid: 2). Thus while corporate paternalism may be reviving in the face of dramatic job losses, the more important motive is corporate managements' belief that private enterprise is much better equipped to stimulate and successfully assist would-be entrepreneurs and established small businesses in trouble than government departments.

By and large enterprise agencies tend to be reserved about altruism and dislike being looked upon as charities. Their purpose is to help people to support themselves through self-employment and to assist existing businesses to stay viable. Thus they have a strong tendency to stress their commercial side and their role in helping fulfill the self-interest of their sponsors both business and local government (Engellau, 1984: 17).

What these interests and objectives are, is probably best expressed by "Business in the Community", the umbrella organisation of over 200 local enterprise agencies:

- To help business enterprises to contribute to the health of the local communities in which they operate.
- To create and support business-led local partnership groups. The purpose of the partnership is to identify opportunities for local economic development and to take responsibility for designing and implementing programmes to develop them.
- To contribute to local job and wealth creation, and to encourage companies to apply resources to activities such as small business promotion, training and education, housing development and cultural and leisure pursuits. (CEI/BIC, 1985: 49)

5.3.3 Organization and Control

Enterprise agencies are local partnerships between local business and local government initiated almost exclusively by business people in the community for the purpose of assisting and councelling small business enterprises both starting up or already established.

Sponsorship of these commonly non-profit organisations ("company limited by guarantee" is the British legal form) show considerable variations in the mix and respective weight of support - there are instances of minimal involvement by local authorities or by the private sector; however, typical agencies exhibit a pattern of support in which the major funding, in kind (seconded personnel, premises and/or equipment) though not necessarily in cash, comes from the private sector with smaller contributions from local authorities and central government agencies. (Engellau, 1984: 8-9; CEI/BIC, 1985: 18). If the value of secondments and free

advice is added to their total cash income, the largest contribution - 48 % - to LEAs comes from the private sector, 27.5 % from local authorities and 24.5 % from government (BIC Press Release May 15, 1985).

Four thousand UK companies now sponsor enterprise agencies, an increase of 50 % since last year (ibid). Sponsoring companies may be either local firms or national companies with a local base such as major retail chains and clearing banks. Of the public funders city, county or district councils are the most significant, but other bodies such as central government agencies (e.g. Manpower Service Commission, the Scottish and the Welsh Development Agencies) and local educational institutions (e.g. technical colleges and universities) may also be involved to some extent (EIU, 1984: 19). In addition to resources obtained from sponsors some agencies generate revenue from activities such as running training courses or providing premises, though income from these sources is generally quite small (CEI/BIC, 1985: 19). The main services of the agencies, the business councelling and related professional advice, generally are provided free of charge, though some agencies find it advisable to charge a nominal fee for some services.

Also the number of sponsors can vary widely ranging from single sponsor agencies to multi-sponsored agencies with up to three dozen sponsors (for details consult CEI/BIC Survey of local enterprise agencies of March 1985). The level of sponsorship clearly affects the resources available to the agency and consequently staff and activities of agencies vary considerably. Some agencies are large engaging upwards of a dozen people on a full time basis, whereas others consist of a single advisor. Managers as well as professional staff may be paid out of agency budgets or be secondees on the payroll of the sponsoring organization. There are agencies where the entire staff except for secretaries consists of seconded personnel. Typically, most enterprise agencies operate on a year to year shoe string budget both in terms of cash and staff resources.

Although secondees vary greatly, according to one study they generally can be assigned to one of three main categories:

- the "mid-career high-flyer" type, an ambitious person on the rise in a corporation who expects his agency experience to be of help in his career,
- the "terminal secondment", people who for age or other reasons are on their way out of the company
- the "junior executive" type, seconded to acquire general and basic business experience (Engellau, 1984: 27).

Whatever the type, secondees who generally come from large companies initially have difficulties adapting to the small business situation where they are confronted and expected to deal with all business problems rather than being able to rely an in-house experts for every specific issue.

One of the more frequently voiced criticism of the enterprise agency staffing is thus not surprisingly that the in the majority large company secondees do not understand the problems and pressures of small enterprises. The evidence from the limited research available on this issue is inconclusive. While it seems plausible that large corporation executives may find it hard to relate sympathetically to tiny start-ups and to smallish market-oriented operations, it seems equally plausible that corporation employees are in a better position than most to assess start-up proposals (compare discussion in OECD/ILE 85.13: 9-14).

An even more serious flaw of the enterprise agency organizational set-up are its "inherent limitations" in meeting the different enterprise development needs of the "less conventional types of enterpreneurs and employment initiatives" (CEI/BIC, 1985: 6).

5.3.4 Products and Services

The services of the agencies vary from scheme to scheme, but there are certain basic activities which all are involved in and a broad series of additional services which are very ununiformly spread. An adequate description of the basic services most agencies offer may be had from any one of a number of brochures published by enterprise agencies. The following rather typical description of basic functions may be regarded as representative.

> "The enterprise agency offers a confidential, free advisory service to anyone setting up in business for the first time by discussing their ideas, evaluating their commercial viability and suggesting appropriate ways of progressing them to reality. This advice will cover sales, marketing, finance, accountancy, personnel, tax and planning permissions, as well as other specialists areas of which new entrants to business must be aware today.
>
> Help in preparing a proposal for presentation to bank managers is an important part of the service as well as information about the various Government aid schemes for small businesses."

(cited by Engellau, 1984: 2)

In addition to such core activities as councelling and consultancy, provision of information and "signposting" to where additional help is available, and marketing/promotion services, which all the agencies offer, the following "rarer" services are provided by mostly larger, well funded agencies:

- special training facilities for start-ups from one day introductory seminars to a series of more intensive week-end courses,
- "nursery" premises of various sizes to test out business ideas before taking the plunge,
- "business clubs" and other communication opportunities for entrepreneurs,
- "marriage bureaux" for coupling people with ideas but no money with people interested in small investments or for matching companies needing temporary manegerial help with retired or redundant executives,

- direct access to small agency own loans or indirect access for special local authority or industry financial assistance,
- in-house computer facilities for modelling of business plans and/or cash flows,
- youth training programs in relation to various Manpower Service Commission schemes,
- business exhibitions, competitions and other promotion schemes.

Actually there are practically no limits as to what local enterprise agencies can do to promote small-scale businesses and job creation and in fact most agencies find that they can usefully expand to new areas of business support to the degree that their financial situation permits. According to BIC there is an increasing trend for agencies to expand their function and broaden their palette of business supports. Of the various "newer" activities of larger full service agencies the organization of equity funding is one of the most important (BIC personal communications, Dec. 1985).

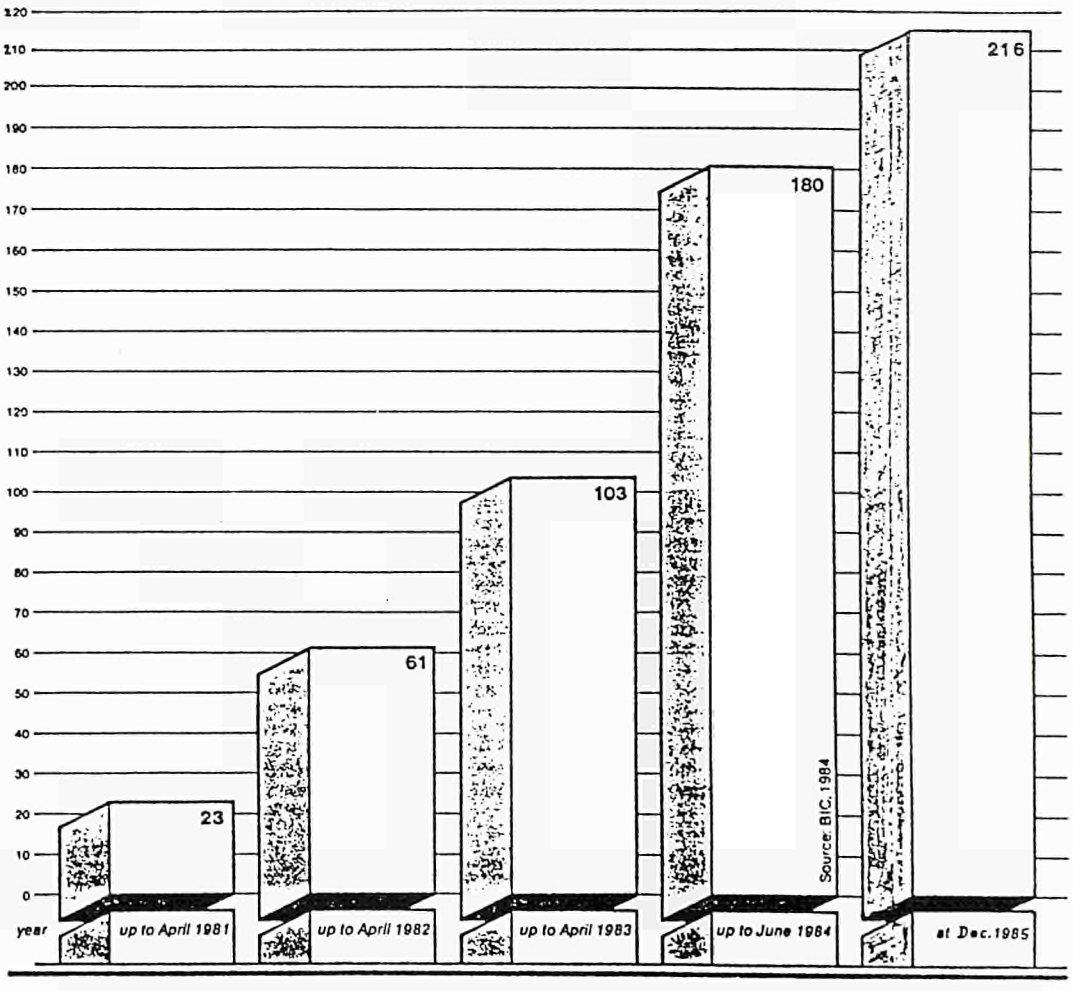
While agencies deliver the goods locally, BIC does the evangelizing and the organization of services to help agencies to fulfill their functions. Of the various concrete activities BIC performs for agencies the following deserve special mention:

- the development of a model legal structure for LEAs,
- the organization of regional seminars and development programmes for LEA directors,
- the publication of a "Directory of Entreprise Agencies", a "Guide for Enterprise Directors" to assist new appointees, as well as a regular newsletter identifying amongst other things successcul initiatives,
- research and evaluation to review agencies' activities and suggest needed improvements.

5.3.5 Benefits and Performance

The enormous growth in the number of local enterprise agencies to over two hundred (see Table 5.1) in the past four years suggests that at least its sponsors, the business community, but also local authorities and the government, see them as an effective instrument for job creation. While "in 1981 there was only a handful of enterprise agencies, now virtually every community in the country has one" BIC's chief executive reports (BIC Newsletter Nov. 1985) and proudly adds "Enterprise agencies are involved in 16 1/2 per cent of all new jobs created and financial support for them has been growing by about £ 5 million a year" (ibid).

Table 5.1: **The growth in numbers of local enterprise agencies since 1981**



Source: CEI/BIC, 1985:9 up dated

Indeed BIC seems to see no difficulty in documenting its effectiveness in hard figures. At the organization's Annual General Meeting in November 1985, BIC claimed that LEAs are currently creating jobs through business start-ups at a rate better than 50,000 annually and securing the retention of 25,000 jobs annually through work with existing small businesses (BIC Press Release Nov. 14, 1985).

And since unemployment in the UK is still growing relentlessly, BIC is determined to do even more in the future. The national network of enterprise agencies is projected to expand to 250 and support for them is targetted to rise by £ 9 million to 30 by the end of 1986 (BIC Newsletter, Nov. 1985: 2).

While it is obviously important to know what agencies are accomplishing in terms of jobs, at the same time one needs to be aware of the difficulty of ascertaining the meaning of such quantitative data assuming its statistical reliability. As wisely pointed out in the often cited study by Engellau, it is not possible to establish how successful or unsuccessful an agency client might have been without help and advice, or how to evaluate a salvaged operation in which of 25 jobs 15 could be saved but 10 were lost. Can a sympathetic advisor really be credited with the success or blamed for the failure of a small-scale entrepreneur?

A good deal more meaningful than such "hard figures" is the more qualitative data on direct impact collected by the Center of Employment Initiatives (CEI) on 12 selected agencies. Rather than just taking anyone's word for the number of jobs created, CEI asked agency clients to judge such issues as "additionality" (e.g. the extent to which the agencies' actions produced outcomes that would not otherwise have occurred), relative performance of agencies as compared to other business advice bodies, public and private. As the data on clients views shows (see Table 5.2), the agencies efforts are clearly valued. The majority of the clients surveyed judge that "agencies had made a significant contribution to the creation/growth/survival of their businesses and levels of

Table 5.2: Impact of Local Enterprise Agencies

Additionality

Two questions were used to assess clients' judgement of additionality.

The first question asked clients:

"what would have happened if the agency had not been there?"

The answers received were almost entirely within three categories:

- *"would not have started/would have gone bust"* (indicating complete additionality);
- *"would have taken longer/been more difficult"* (indicating partial additionality);
- *"would have done it anyway"* (indicating zero to limited additionality);

The responses were as follows:

- **10% of respondents would not have started** without the involvement of the agency or felt that their enterprise would have folded. (11% of new starts/9% of existing companies);
- **for 44% of respondents, it would have taken longer**, or they would have found it more difficult to achieve what they have achieved, in the absence of the agency (53% of new starts/32% of existing companies);
- **45% of respondents felt that they would have done it anyway**, without the agency (36% of new starts/57% of existing companies).

The second question asked clients:

"what is your assessment of the agency's role in helping to create or save jobs (in your enterprise)?"

In addition clients were asked to quantify the jobs so created or saved.

Clients views on the direct impact of agency actions and their effect on employment levels

clients' view of agency's role	new starts		existing firms		totals	
	percentage of respondents	number of jobs created	percentage of respondents	number of jobs created/saved	percentage of respondents	number of jobs created/saved
crucial	23%	54	15%	79	19%	133
useful	42%	168	32%	188	38%	356
marginal	15%	13	12%	3	14%	16
irrelevant	20%	-	41%	-	29%	-
totals	100%	235	100%	270	100%	505

The responses are shown in Table 7, which indicates that:

- **19% of respondents** felt the help they had received from the agency was **crucial**, in creating or saving a total of 133 jobs (23% of new starts/15% of existing firms);
- **38% of respondents** rated the agency's help as **useful**, in creating or saving 356 jobs (42% of new starts/32% of existing firms);
- **14% of respondents** felt the agency's help to have been **marginal** (15% of new starts/12% of existing firms);
- **29% of respondents** regarded the agency's role as **irrelevant** in helping to create or save jobs (20% of new starts/41% of existing firms).

Source: CEI/BIC, 1985: 22-23

employment. Indeed a number of them felt that without the assistance received they would not have succeeded in what they attempted" (CEI/BIC, 1985: 4).

Such clients views plus the fact that agencies also scored highly in assessments of their performance relative to that of other local business support organisations such as banks, chambers of commerce or local professionals, led CEI to conclude that "the performance of local enterprise agencies ... fully justifies continued public sector encouragement and support" (ibid: 5).

While the overall performance of agencies as substantiated by the CEI and other studies is positive, there are significant gaps between what clients ask for and what agencies offer. Among the more important limitations are:

- insufficient direct and indirect help in financial matters, i.e. raising capital, obtaining loans and grants etc.,
- too few adequate start-up premises in relation to need,
- insufficient staff sympathetic to more unconventional entrepreneurs and grass-roots initiatives.

In addition to such specific client related limitations, there are a number of more general problems such as

- lack of continuity in agency work due to short terms of seconded staff - one to two years generally,
- shoe stiring budgets on a year to year basis rendering planning and development impossible,
- size of geographic area serviced by an agency in relation to resources leading sometimes to too thin coverage and limited effectivity.

Despite such and other limitations identified in various studies, the work of the agencies is helping unemployed or about to be unemployed persons, willing to try self-employment, to take the plunge and to raise their chances of survival above the average. One of the least contested benefits of agencies' work is their ability to bring down the mortality rate of new businesses. Whereas the national average is one in five failures within the first twelve months, the rate for firms started with enterprise agency help drops down to one in twenty (OECD/ILE 85.13: 12). Of course it might just be that the clients who consult an agency are in themselves more circumspect, stronger candidates.

5.3.6 Relationship with the Environment

Attitudes towards enterprise agencies are by no means uniform. By far the most supportive are large national and multinational corporations with a widespread local presence. The most frequently cited examples here are the four largest UK banks and the Marks and Spencer retail chain. Another type of company which tends to be rather positive is the large producer of consumer or producer goods interested in maintaining a good public image. Typical examples here are brewing companies or the good corporate citizen types like IBM or Shell. Last but not least, there is a type of large company support which relates to specific problems in the area where the company has a plant. Large scale lay-offs such as those by Pilkington Glass in St. Helens, or British Steel in several locations are prominent examples.

Small companies willing to give direct help to agencies tend to be of the kind who hope for some direct spin-offs for themselves, i.e. professional firms of lawyers, accountants, consultants, real estate brokers.

Other types of small local firms tend to be more ambivalent, even hostile. Such firms are rarely so well off to feel that they can be generous to others. Also existing small businesses may regard

the establishment of new businesses with agency assistance as unwanted, even unfair competition. Some critics charge that job creation and business start-up schemes foster projects of border line viability and may even crowd-out other, better ventures.

Trade unions too are hardly enthusiastic about agencies. For one the small businesses created or aided by agencies are not unionized and for another they tend to reinforce the free market system. Of the twelve agencies examined in the CEI study, the "involvement of local trades unions and trades councils was notable in its almost complete absence" (CEI/BIC, 1985: 18). However, as the agencies may help create jobs for unemployed union members, the official union position is what might be called "guardedly supportive" (Engellau, 1984: 26).

The public sector, too, is a mixed bag of reactions. Politicians who need to be seen doing something about unemployment are supportive, almost independent of party affiliations. The view point taken by bureaucrats in government agencies tends to be more complicated. National agencies are by and large supportive, but local level agencies may regard enterprise agencies as competition even threatening as there is always the "danger" that they may prove more effective job creators than the public agency who is also supposed to be doing the job.

Independent of all partisan and particularist interests, there is some general public criticism of agencies' approach to the unemployment problem. Suspicions are sometimes voiced that local enterprise agencies provide a vehicle for large companies who have been responsible for major job losses to quiet their conscience and polish up their public imagines with nominal contributions for LEAs without in fact having to produce any concrete results in terms of replacing jobs (EIU, 1984: 25). More concretely the criticism is that large companies are dismissing in thousands while agencies are creating jobs in dozens.

Other criticisms focus more on the quality of the approach than its quantitative results. The long term unemployed maintains the

Action Resource Centre - "are not susceptible to the relatively simple solutions provided by small business advisory centers - there is much more to assisting the community than small business start-up schemes" (OECD/ILE/85.13: 13).

5.4 Community Business

> "A community business is a trading organization set up, owned and controlled by its local community. Its aims are to create jobs for local people and to use any profits made from its business activities either to create more employment, to provide local services, or to assist other schemes of community benefit. Ultimately a community business aims to be self-supporting, but in its start-up years it relies on external finance and advice on products and development."
> (Community Business in Scotland, 1984 Directory)

A careful reading of the above characterization of community business reveals key elements that distinguish it from other types of LEIs:

- control of the enterprise rests ultimately with the local community, and
- benefits accrue alone to it, that is may not be distributed to private individuals or groups.

What the characterization does not reveal, indeed disguises by its elegant formulation, is the fact that community business vary enormously in all other characteristics and on top of it are structurally more complex than any other LEIs. They may be genuinely grass-roots enterprises or intermediary promotional type structures, or trading spin-offs of charitable organizations. Community businesses may aim to and gradually become self-supporting or because of the nature of disadvantage of those who are employed within it, or of the product or service they provide never generate sufficient revenue to cover costs.

Alone the name "community" and "business" reflects a wondersome alliance of idealism and commercialism. It is perhaps this very mixture of seeming incompatabiles which nurtures the hope that this may be the tool to spark the economic and social regeneration of the most depressed, "no-economy" areas of the UK.

Because community businesses aim to create jobs and provide badly needed services for the most disadvantaged in de-industrialized urban and de-populized, no-economy rural areas where private investors generally won't locate, support both financial and organizational from public authorities seems essential. In Scotland, where "public authorities have been showing a strong interest in adopting community business within their social and economic policy" (McArthur, 1984: 2) where advisory and development agencies at various levels (local, regional, national) have emerged (LEDIS/B4, 1983 and A164, 1985), the number of community businesses has grown substantially. Support for community businesses outside of Scotland has been more fragmented but includes at least three independent support units at the local level - in Hammersmith & Fulham, Salford and Birmingham (Supporting Community Business, 1985).

In the subsequent discussion and analysis, specific details both descriptive and quantitative will generally refer to the documentation available on community business in Scotland where both the phenomenon and its documentation are more extensive and substantial than in England.

5.4.1 Origins and Orginators

The idea of community business or community enterprises originated from community workers concerned about the long standing economic weakness of marginal communities - isolated islands and rural areas and deprived urban communities - which manifested high unemployment figures even in the mid 1970s, at a time when unemployment was not a dramatic issue yet. As private sector economic activity was quite clearly inadequate in these areas, the notion

arose of creating jobs in ventures owned and controlled by the community.

In 1977 the Highlands and Islands Development Board (H.I.D.B.) created the first, and for a long time the only, public scheme to promote systematically the development of community co-operatives.In the rest of the UK it was left to local community workers and various other voluntary groups to develop alternative ways of creating employment for disadvantaged areas and groups which had proved intractable in the face of conventional approaches. Throughout the later 70s various development initiatives were able to use different government job creation or urban aid monies to test out their ideas on community-based enterprises.

Easily the most significant initiative with regard to the development and spread of the community business idea was the Local Enterprise Advisory Project (LEAP), set up in 1978 by the Strathclyde Regional Council using Urban Aid money. LEAP's task was to help community groups set up self-help economic initiatives and it is common consensus that its work was largely responsible both for the rapid expansion of the number of community businesses in Scotland and the recognition by public authorities that separate, community business support organizations were necessary to adequately respond to ventures with both social and economic objectives (Community Business Scotland, 1984; LEDIS/B4 and A164, 1985; McArthur, 1984). Presently three community business advisory agencies, one sub-regional network and one Scotland wide umbrella organization, Community Business Scotland (CBS), are engaged in developing community businesses in Scotland and in promoting the concept. Of the three advisory agencies Strathclyde Community Business LTD (SCBL), with a full time staff of 15 including development, training and finance officers, is the largest community business support unit in the UK.

Outside of Scotland the progress of community business creation has been fragmented and uneven. Shortly after the publication of the now almost classic report "Whose business is business" in 1981 in which the importance and relevance of the community business

approach for creating employment in severely depressed local labor markets was empirically documented, it looked as if the recommended purpose-built programme of support for community businesses might be forthcoming (Community Business Ventures Unit, 1981). To this day, however, community businesses in England largely depend on support, advice, and funding from sources which are not suited to their specific structure and needs and which exercise considerable constraints on their development.

Getting a community business started is commonly a lengthy arduous process as it involves much more than the usual business start-up activity of identifying a need or a market gap, checking out the feasibility of the product or service idea, and organizing the premises and funding to start operations. Before any of these business start-up phases can begin, a lengthy process of mobilizing the involvement of community groups and voluntary associations around an entrepreneurial idea must be organized (see Table 5.3 which summarizes the process of community enterprise development based on an examination of ca. two dozen projects in the UK).

Table 5.3: The process of community enterprise development

Stage	Principal Features
Stage VII	enterprise running, ± further development (expansion/new activities) under consideration
Stage VI	start up period; ± 'conversion/refurbishment' work where premises/buildings involved
Stage V	feasibility activity; ± organizational developments to encompass enterprise activity
Stage IV	'enterprise ideas' development
Stage III	involvement in 'easier' employment related activities - principally MSC YTS/CP (under sponsorship - contract) ± organization development to encompass them
Stage II	involvement in other service activities - typically, advice, social welfare, housing, youth work (under a grant-aid arrangement)
Stage I	organization building (self help; voluntary etc.)

Source: unpublished manuscript, CEI, London

In addition to a complicated group mobilization process, community business creation involves an intricate fund raising process. Most community businesses are viewed as too high risks by conventional finance sources so that in the first few years public finance sources are indispensable (see Table 5.4). "There is no standard package of community business finance, and to date each community business has had to put together its own patchwork of funding" (Community Business in Scotland, 1984 Directory: 7).

Table 5.4:

EXTERNAL DEVELOPMENT FUNDING FOR COMMUNITY BUSINESSES AT MID-1984

SOURCE	TYPE OF FUNDING
Local Government (Regional & District Councils)	* Urban Aid Programme (25% local government contribution and 75% Scottish Office) giving 3 or 5 year funding; * Premises and land - often at a peppercorn rent; * Small one-off payments - e.g. to buy stock or commission market research; * Loans * Mandatory and discretionary rate relief
Scottish Development Agency	* Capital conversions of buildings to workspaces, followed by an agreed yearly return on investment between SDA and the community business; * Loans
Manpower Services Commission	* Community Programme - 12 month sponsorship of temporary work schemes which can sometimes be turned into a business enterprise.
European Economic Commission (Social Fund)	* Funds are now available for vocational training for the unemployed, for helping develop local employment initiatives and for certain innovative schemes. All European Social Fund grants must be matched by an equal public sector contribution.
Community Business Development and Advisory Agencies. (Community Business Central, Community Business Scotland, Strathclyde Community Business Ltd)	* Consultancy and start up grants * Some capital grants and loans
Enterprise Trusts	* Consultancy assistance e.g. product development * Occasional grants and loans
Charitable Trusts	* Small grants and donations
Public and Private Sector Companies	* Occasional one-off donations for particular purposes e.g. market research * Occasional secondment of staff * Donation of goods and materials
Banks	* Very conservative lenders to any new businesses, especially community businesses.

Source: Community Business in Scotland, 1984 Directory, p. 8

Theoretically there are a number of different origins and related types of community enterprises. According to "Whose business is business" (p. 38) which surveyed over three dozen community enterprises, the most common routes of entry are:

- Grass-roots enterprises: the coming together of individuals with a common problems and/or interest, i.e. redundant workers, public housing groups etc., to form an entirely new organization;
- Spin-off enterprises: the establishment of a trading facility by an existing charitable or social welfare organization;
- Consortia enterprises: the coming together of a number of local organizations (public, private, voluntary, to set-up a new enterprise).

However, as other studies have shown (compare McArthur, 1984: 21), the grass-roots phenomenon is rare in the worst areas of unemployment where community businesses ideally operate. In fact in urban and central Scotland, where the growth of community businesses has been strongest, the development has relied heavily on community development workers and planners from local government and voluntary organizations. "The disappointing performance of Centers for the Unemployed and their like suggests", according to the Scottish experience, "that unemployment is a rather ineffective way of mobilizing people at the local scale ..." (ibid: 22).

Recalling what has been said above with regard to the complexity of starting a community business and the groups they are targetted at, namely the most marginal of the unemployed, it is not surprising that originators and beneficiaries of these enterprises are generally not identical.

5.4.2 Motives and Objectives

As the UK rate of unemployment rose from 6 % in 1980 to nearly double that figure in 1983 and continued its rise in the following years to over 13 % in 1985, its uneven spread across the country

and in between groups increased the number of severely depressed areas where private sector activity was quite clearly inadequate and the resultant lack of vital services rather than stimulating an influx of new suppliers tended only to reinforce the spiral of economic and social decline. The idea behind and the aim of community businesses is to create employment and provide badly needed services in areas where private economic activity has practically ceased through an alternative route, namely community ventures owned and controlled by the community and operating for the social and economic benefit of the community.

Though structured as enterprises, i.e. activities which derive revenue from the provision of goods and services, community businesses thus clearly have a much broader set of objectives than privately owned commercial enterprises or even workers cooperatives. Individually community businesses are established to create jobs for the most difficult to place unemployed and to provide services for which because of the deprivation of the community there may not be an expressed demand but an easily verifiable human and social need. Collectively the aim of community businesses is to raise local moral, stimulate initiative, build organizational skills, in short spark the human and economic regeneration powers of communities for which self-help may be the only hope for pulling out of a seemingly endless spiral of economic and social decline.

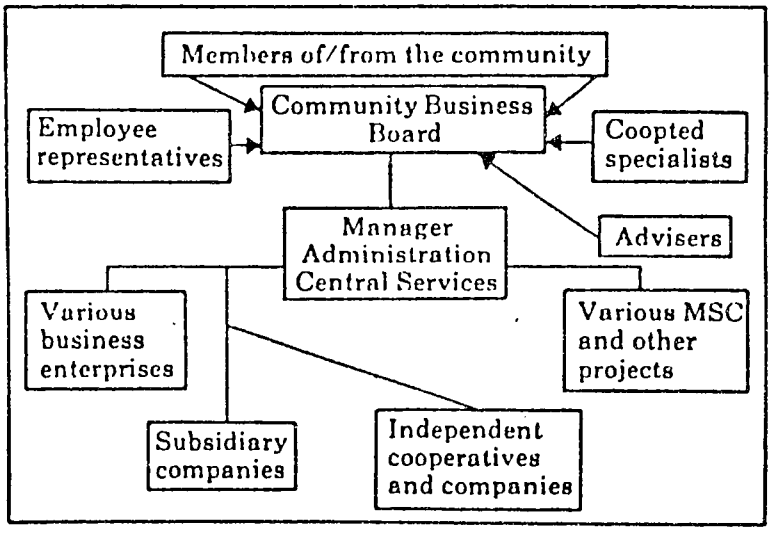
Any profits which may accrue from the businesses' activities may not be distributed to private shareholders but are ploughed back into the business or the community to create more jobs or provide additional local services or assist other projects of community interest. While community businesses aim to be self-supporting, success is measured by the number of jobs created for local people, the number and quality of new services provided and the overall contribution to the living and working conditions of the area rather than by financial profitability alone (Community Business in Scotland, 1984 Directory: 4).

5.4.3 Organization and Control

Although each community business is a product of the specific local circumstances where it operates, the organization and control of all these types of LEIs reflect the broad community basis and community control of these enterprises.

Most community businesses take the form of companies limited by guarantee whereby the majority has also been granted charitable status because their main constitutional objectives include "the relief of poverty". In the Scottish model constitution developed for community businesses, membership in a community business company is generally open to anyone who lives or works in the locality which is defined in the constitution. Other people who are interested in the development of the area may also be entitled to membership provided that they meet the existing members approval, and that the non-local membership never exceeds 49 %.

The members of the community business company elect a Board of Directors each year, to guide the direction of the business. Most community businesses also have outside nominees on their Board - local councillors, specialist advisers, and employee representatives. Once set up, the responsibility for the future development of a community business lies with its Board of Directors on behalf of all its members.



Operational and ownership structure of a community business

As the above diagram shows, most community businesses have a rather complex operational and ownership structure compared with conventional SMEs.

While a typical community business will most certainly be multi-functional operating a variety of different projects and thus bearing very little resemblance to traditional commercial enterprises, others appear on face value quite similar to conventional small businesses. To obtain a clearer picture of what community businesses rearly are, it is necessary to take a closer look at their activities.

5.4.4 Products and Services

In a study on "The Community Business Movement in Scotland" conducted for the Center for Urban and Regional Research at the University of Glasgow, A. McArthur has undertaken a relatively meticulous analysis of what he calls "the various projects currently labelled community business" and grouped them according to four main activity categories. While in fact many community businesses are involved in more than one of the four main types of activities McArthur has identified, his characterization is very useful for clarifying what community businesses are and where their distinctive differences lie in comparison to both more conventional economic activity and other LEIs.

The following constitutes a summary of his major findings with regard to the four categories of activity community businesses tend to be involved in (McArthur, 1984: 4-9):

(a) Providers of Temporary Employment and Training

Community business has often been initiated by, or partly provided temporary employment for, unemployed adults and young people using funds from the Manpower Services Commission (M.S.C.). The use of various M.S.C. schemes has often

been the main way projects have started as these funds allowed people to come together with overheads and salaries underwritten, if only for a temporary period. The types of activities currently taking place include:

- the recycling of donated furniture and other household goods;
- the carrying out of environmental improvement work on land or buildings;
- operating a market gardening scheme, the produce from which is passed on to local groups and institutions on a non-profit basis;
- an energy project which mainly carries out draught proofing for pensioners;
- other handyman and small repair services for the old, disabled or single parents, where the work is carried out free of charge and clients provide the materials.

Although there may appear to be little difference between these projects and other temporary M.S.C. schemes, the difference is that most community businesses regard this method of funding wages for a year as a way to train and learn to manage a workforce, carry out practical market research, and build up a track record to assist them in obtaining other forms of financing.

A number of the older businesses which began using M.S.C. money have achieved the transition from temporary employment and training to operating commercially with greater self-sufficiency. The task, however, has often been difficult and a number of projects have had to be disbanded in the process.

(b) Commercially Trading Enterprises

A number of projects, including the above mentioned which have made the transition, are operating commercially in the market place and trading from a retail outlet similar to "normal" firms.

Goods sold to the public include donated and then refurbished furniture and other household goods - like electrical appliances, second hand clothes and new garments and craft products. The refurbishment or manufacture of these take place either within the same premises or from within a workshop or a number of individual homes physically separate from the shop.

Other community enterprises operate through contract work, secured from other businesses, local authorities, housing associations, or other organizations in the local community. Their range of activities includes removals, printing, sandblasting and graffiti cleaning, and other very specific types of work for individual clients. In cases where community businesses

trade essentially as a retail outlet or focus mainly on one area of contracting activity, they come closest to resembling a conventional enterprise.

Although there is an inevitable tendency to consolidate the market position of the commercial activities chosen, most community businesses, though not all, tend to take on board other activities and become multi-functional enterprises. This may reflect the fact that community businesses currently operate mainly in segments of the market with low growth and profit potential, but it possibly also reflects the greater priority given to maximising the creation of jobs as opposed to maximising a return on capital.

(c) Home Production

Home production provides an input into the operating of community businesses which are trading or hope to do so soon. It is an attractive activity for new and undercapitalized initiatives as workers operate part-time from home and often provide (initially at least) their own materials and equipment so that overheads and wages can be reduced to usually one full-time individual.

There are a variety of approaches taken by community businesses to home production. The sale of goods to the same community in which those who made them live has an important bearing on the potential for income generation. The smaller and poorer the community is, the more this practice inhibits the expansion of home production and community business. As a consequence, community business groups have been looking at ways to sell a greater proportion of home based goods outside their areas and bring new money into the local economy. To overcome the lack of resources and skills individual businesses face in marketing and distributing their wares to a wider community, a community business may be set up principally to carry out this function for a variety of home producer groups.

(d) Micro Development Agency

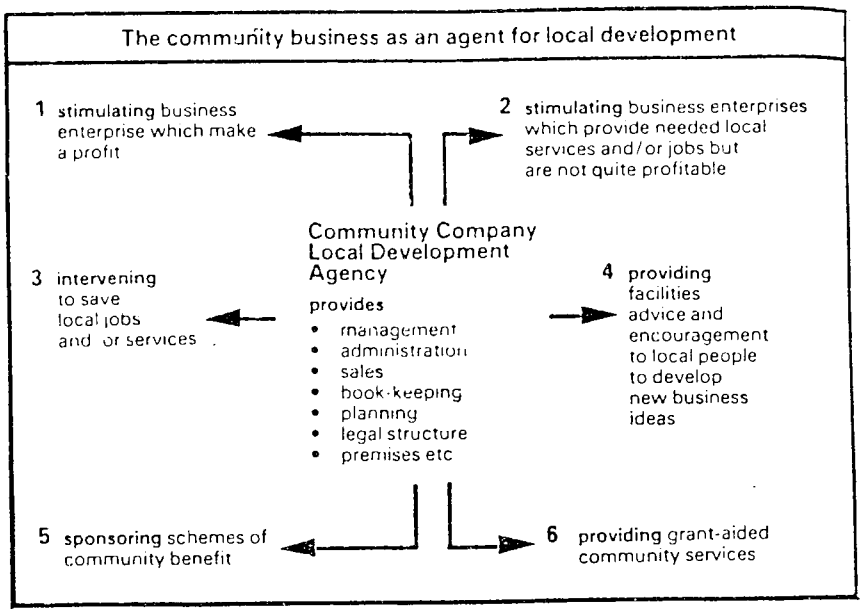
The final category of community business can be termed a micro or local development agency. This group differs the most from conventional enterprise, and probably holds out the best prospects for the generation of new economic activity. The basic characteristic of this type of community business is not to seek the expansion of employment within the business itself but through the encouragement and development of other enterprises or less formal forms of self-help operating with varying degrees of independence.

Community businesses with this basic aim have taken a number of different approaches. In most cases, the key to this type of initiative is the management and provision of premises or workshops to other users in return for a rental income which in turn pays the wages of the community business staff. In two areas of Glasgow - Govan and Garthamlock - old school premises have been renovated to provide modern workshops and office accomodation. In the housing estates of Easterhouse in Glasgow and Forgewood in Motherwell, smaller 'nest eggs' workspaces and retail premises have been provided by converting council houses which would otherwise have been vacant, and in Denny a derelict granary has been renovated in a managed workshop project. New schemes are also emerging, the largest to date being a £ 1.2 m Scottish Development Agency (S.D.A.) financed conversion of a former bakery in Govan to provide 80,000 sq. ft. of lettable space.

Different example of a micro development agency exists in the East End of Glasgow. The main function of this initiative - Poldrait Service and Industrys Ltd. - is to develop ideas for new viable businesses, secure the appropriate resources from banks, enterprise trusts, local authorities and other public agencies needed to launch and support the business, and draw together local people to form a workforce. The aim is to establish as many of these new indigenous enterprises as possible, nurse them and the workers towards viability and then hive them off.

Apart from creating new firms, independent, or potentially so, micro development agencies have also operated M.S.C. schemes. Under this type of community business there seems to be a greater chance of turning at least part of these M.S.C. schemes into some form of continuing enterprise. Micro development agencies are better equipped than other community businesses to help in this transition because they have their own resources (premises, expertise etc.) as well as being able to tap other sources of support.

A fully developed multi-functional community business may provide a range of services for its circumscribed community justifying its being regarded an "agent of local development" (see Diagram below). Since the foundation of the Strathclyde Community Business LTD as a successor of the Local Enterprise Advisory Project (LEAP) in the spring of 1984, the concept of community business as an effective development agent for disproportionately deteriorated employment markets has become a reality.



And while community businesses with as broad a range of services and activities as Strathclyde, which provides all of the services included in the above diagram, constitute an exception, collectively even the micro- and small-scale community businesses of a particular region may embrace quite a respectable spectrum of services and activities. In the Strathclyde Region of central Scotland where support for community business has been both broader and more constant than elsewhere in the UK, the spectrum of products, services and activities of community businesses is already remarkably wide (see matrix Table 5.5).

5.4.5 Benefits and Performance

Interest in community businesses as an approach to job creation in especially difficult and deprived areas has been steadily growing in the UK since the establishment of the community cooperative development scheme by the Highlands and Islands Development Board (H.I.D.B.) in 1977. But outside of Scotland, interest has not always coincided with the development of the support structures to make community business happen so that, as far as can be ascertained, their number has remained rather small and unevenly spread. Even in more favorable circumstances such as the London Borough of Hammersmith + Fulham, where a separate budget line

Table 5.5: MATRIX OF COMMUNITY BUSINESSES IN STRATHCLYDE REGION AND THEIR PRODUCTS/SERVICES

COMMUNITY BUSINESS AND LOCATION / PRODUCTS/SERVICES	ART WORK	BUILDING	BUSINESS ADVICE	BUSINESS SERVICES	CAFE	CANEWARE	CONTRACT CLEANING	CLOTHING ALTERATIONS AND REPAIR	COMMUNITY WORKSHOP	COPYING	CRAFT SHOP	FURNITURE MANUFACTURE	GARDENING	GRAFFITI REMOVAL	HOME REPAIRS	HOUSE BOARD-UP SERVICE	HOUSE CLEARANCE	JOINERY	KNITWEAR	MSC MANAGING AGENCY	PACKAGING "BOMBAY MIX"	PRINTING	QUALITY SECONDS	RECYCLED ELECTRICAL GOODS	RECYCLED FURNITURE	SHOP	SHOPS TO LET	SITE CLEARANCE	STONE CLEANING AND RESTORATION	THRIFT SHOP	TOY MANUFACTURE	TRANSPORT	TYPESETTING	[illegible]	VOLUNTARY SERVICE [illegible]	WORKSPACE
AD HOC CRAFTS AYR											●																									
ARDEN COMMUNITY WORKSHOP THORNLIEBANK, GLASGOW									●																										
BAMBEE PRODUCTS LTD BELLSHILL								●											●																
ERSKINE ENTERPRISE GROUP ERSKINE									●					●			●	●																●	
E.I.B. DEVELOPMENTS LTD ERSKINE			●																			●				●								
FAIRFIELD PRINTERS LTD GOVAN, GLASGOW	●									●												●												
FLAGSTONE ENTERPRISES LTD FERGUSLIE PARK, PAISLEY														●															●					
FORGEWOOD ENTERPRISES LTD FORGEWOOD, MOTHERWELL			●	●	●	●			●										●														●
GARNOCK WORKSPACE LTD KILBIRNIE																																		●
GOODWILL INCORPORATED LTD MARYHILL, GLASGOW																								●										
GOVAN ENTERPRISES LTD GOVAN, GLASGOW																					●													
GOVAN WORKSPACE LTD GOVAN, GLASGOW			●	●																														●
GREATER SPRINGBURN ENTS. LTD SPRINGBURN, GLASGOW																																●		
GROUP KILMARNOCK											●					●						●												
LEVERN ENTERPRISES PRIESTHILL/NITSHILL, GLASGOW															●																			
"MANY HANDS" MARYHILL COMMUNITY BUSINESS LTD, GLASGOW		●											●						●															
POLLOKSHAWS SERVICE & INDUSTRY LTD BRIDGETON, GLASGOW		●					●				●									●			●											
PORT GLASGOW COMMUNITY ENTS. LTD PORT GLASGOW											●	●												●	●									
POSEIL LOCAL ENTERPRISE GROUP POSEIL, GLASGOW																																	●	
PROVANHALL HOLDINGS LTD EASTERHOUSE, GLASGOW		●	●	●																						●								●
SOUTH WEST GREENOCK COMMUNITY WORKSHOP, GREENOCK									●																									
TASS COMMUNITY ENTERPRISES LTD SALTCOATS											●																			●				
VALLEY CRAFTS KILBIRNIE																			●															
"VIA" HOME PROD. SALES ORG. LTD GOVAN, GLASGOW																			●															

Source: Community Business in Scotland 1984 Directory

had been established for community ventures, the allocation was underspent until a separate support structure, which apparently is necessary to help community groups and voluntary organization respond, was set up (H+F personal communication, 1985).

In the industrial lowlands of central Scotland, where the H.I.D.B. example almost immediately (1978) led to the establishment of the first rudimentary support structure, i.e. the Local Enterprise Advisory Project (LEAP), where authorities at various levels from the Scottish Office to local councils were more committed to the development of community businesses, and where as a consequence three community business advisory agencies, including one with a full time professional development staff of 15, gradually had been installed, the development of community businesses has been steadily gaining in momentum. A survey taken in March 1984 established the existance of 25 such businesses in central Scotland (McArthur, 1984: 10), the 1984 Directory of Community Business in Scotland lists 35 businesses established in the past five years, finally the "Strathclyde Colour Supplement" to "Community Business News" (a journal of community business in Scotland) reports in its March 1985 issue:

> "It is somewhat staggering to note that there are currently 60 CB's or CB Groups in Strathclyde. Together the businesses employ more than 200 people, and have indirectly created employment opportunities for several hundred others (e.g. in workspaces). A marvellous achievement by the Community Business movement in a period when economic resources have been so scarce."

Before discounting such no doubt partisan enthusiasm it may be useful to recall that for the most part the "Community" of community businesses is "an area of high and long-term unemployment - often anywhere between 25 and 50 %, an area where the local employment market has become severely depressed, where a major employer has closed down or where local services are painfully inadequate. Major new public or private economic expansion is not

likely to be located in this type of community. Small scale local business enterprise is perhaps the only hope in a bleak economic future - and even this requires considerable investment and commitment." (Community Business in Scotland, 1984 Directory: 3)

To be sure, community business is not making now and may never make a major impact on gross employment figures. What it is now, and with appropriate support can increasingly become, is an alternative way of creating some employment for groups and in areas which have thus far proved intractable to most other approaches.

As a detailed survey of 25 community businesses in central Scotland has shown, these enterprises are creating opportunities and reaching populations that are the most marginalized of the unemployed. Thus the strong bias towards recruiting unemployed people and disadvantaged workers stressed by those running community businesses was endorsed by the questionnaire results (McArthur, 1984: 10-20).

> Almost 93 % of all those employed in community businesses were either previously unemployed, school leavers or students, housewives or on temporary M.S.C. schemes (Table 5.6). More than half (57 %) of all workers seems to have experienced particular disadvantages in the labour market, either having been out of work for a year or more immediately before starting their present job, or having suffered more than one spell of unemployment in the previous four years, or both. 69 % of those unemployed immediately before starting their current job were long term unemployed, having been out of work for an average of almost two years each (Table 5.7). Almost 78 % of all workers had been out of work at least once in the previous four years (Table 5.8). A large proportion of these (32 % of all workers) had a recent history of repeated unemployment having experienced two or more spells of unemployment over the four year period.

By comparing a survey of small firms occupying new public sector premises in the Glasgow area with the survey on community business, McArthur could substantiate that employees in community businesses were as a group significantly more marginalized than those in more conventional enterprises.

Table 5.6: Previous Employment State of Workers

	Number of Workers	% of Total Workers
Employed or Self-Employed	9	7
Unemployed	86	68
School-Leaver or Student	17	13
Housewife	6	5
Temporary MSC Scheme	8	6
T o t a l	126	99

Table 5.7: Duration of Unemployment Experienced

	Number of Workers
Less than 1 year	24
Between 1 and 2 years	38
Over 2 years	12
Over 3 years	2
Over 4 years	2
T o t a l	78

Table 5.8: Spells of Unemployment Over Previous 4 years

Number of Spells Experienced	Number of Workers	Total Number of Separate Spells
1	59	59
2	22	44
3	11	33
4	3	12
5	3	15
8	1	8
T o t a l	99	172

Source: McArthur, 1984: 14-15

> Thus almost one in three of the employed or self-employed in the Glasgow public premises came from a position of employment and of those who had been out of work previously, only 12 % had been unemployed for more than six months. In community businesses by comparison only 7 % came from a position of employment and of the 93 % that had been unemployed before taking up a position in a community business almost all may be classed as long term unemployed (McArthur, 1984: 16).

This data suggests that supporting community businesses could potentially offer better prospects of reducing unemployment and getting marginal workers back into productive activity than policies geared to traditional small firms.

While community businesses, more than other types of LEIs in the UK, offer job prospects to the most marginalized groups of the unemployed, they don't all do this to the same degree nor do the workers employed in them find all community business jobs equally satisfying. Workforce size, the nature of the employment provided, relative labor force satisfaction, and last but not least the job security and growth potential all vary considerably and tend to be related to the type of community businesses (see classification, pp. 119-122).

> The largest employers are those community businesses who provide temporary employment by operating Manpower Service Commission schemes (empirical data is again from McArthur, 1984: 16-20). Individual such operations may involve up to 100 workers. While about half of the workers in such schemes expressed a preference for working in a community business over a similar job in a private firm, it seems significant that almost all (98 %) of those who were dissatisfied and would have preferred a change were in community businesses where M.S.C. employees were dominant. The predominant reason for wanting out was decidedly the believe that prospects for permanent employment, greater job security, more money were better in normal businesses.
>
> In community businesses, where jobs depended more on company's ability to secure work and generate revenues to pay wages, the attitudes of workers' differed significantly from those in M.S.C. dominated projects: only 6 % voiced a preference for a job in a traditional firm while nearly ten times as many, 59 %, were content to remain in a community business. Finally, community businesses entirely independent of M.S.C. rated highest in job satisfaction:

> 85 % wanted to remain in these enterprises, indentified positively with the community business ideal and/or gave general satisfaction with their job and working conditions as reasons for this preference.

Thus it seems quite clear that while M.S.C. funding appears at present an indispensable source of community business financing, it seems equally clear that a better mix of M.S.C. funded and other types of activity is essential for achieving an atmosphere favorable towards a transition from temporary employment to an attitude of greater involvement and ultimately the achievement of employment permanency.

When M.S.C. funded workers are excluded, the average number employed directly in a community business is reduced to five with the largest trading firm employing about two dozen. With the exception of Strathclyde Community Business which now has a permanent staff of 15, the number of jobs in the micro development agency structures is also small. However, when taking into account the work of these organizations in facilitating or initiating the emergence of local indigenous enterprise, the impact on economic activity and jobs is a considerably more significant one. The rehabilitated school in Govan houses 37 small firms, around 60 % of which are new, providing around 100 jobs, and a second workshop scheme provides space for a further 50 firms and 250 jobs. Thus, though the Govan Workspace LTD. employes a staff of only six, it has through its initiative spawned another 350 jobs (Buchanan, 1983; Community Business in Scotland, 1984 Directory: 20; personal communication). And while Govan does not make previous unemployment a condition for leasing workspace, others do and thereby have a direct effect on unemployment reduction. In terms of the number of people effected thus, the largest contribution of community businesses comes from those operating temporary employment or unemployed training schemes and those providing premises for other micro- or small local enterprises.

In addition to giving priority to the unemployed trading community businesses, while emphasizing viability so as to be able to sustain employment, often explicitly accept lower returns than

traditional firms in order to increase the workforce and or improve working conditions. Particularly in the commercially poorly paid jobs like cleaning and home production community businesses tend to pay better and be generally less exploitative than commercial enterprises interested in attractive profit margins. While not all community business resolve the inherent tensions between creating viable businesses and expanding the number of jobs in favor of the latter, McArthur's survey provides some evidence that in the main community business managers tend to view the generation of jobs as their actual criteria of success.

It is essentially this mixture of social and economic goals that makes community businesses a valuable tool of economic regeneration in areas where almost nothing else works.

5.4.6 Relationship with Environment

Community businesses engage in entrepreneurial activity for community benefit, pursue unconventional forms of job creation, combine social and economic objectives. Their overriding purpose is the regeneration of some of the most depressed and deprived areas in the UK. Attitudes towards this most unorthodox approach to economic and social regeneration remain ambivalent, scepticism abounds, and requests for support tend to be treated with reservation by both public bodies and the business community."The need for initial external support funding is often seen as a lack of sound business practice; or alternatively, the wish to become a self-supporting business is seen as contrary to public or charitable funding objectives." (Community Business in Scotland, 1984 Directory)

More concretely, private financial sources regard community businesses as an unacceptable, high risk for all the reasons that they consider other LEIs an unacceptable risk, i.e. no financial track record, little or no equity funds, complex, unconventional ownership and management structures, plus the fact that they are asso-

ciated with volatile social problems, i.e. location in high unemployment, low aminities areas, and business alien objectives, i.e. integration of the most disadvantaged and marginalized unemployed, job generation and community benefit rather than profit orientation.

With virtually no access to private financial resources with the exception perhaps of one shot donations, public support for community business has been and is critical. Where it was noteworthy by its absence community based businesses rarely could be created and faced well nigh insurmountable obstacles in trying to survive. And though the UK has a plethora of funding schemes for the unemployed, for a variety of local and regional development acticity, for urban or rural areas, for young or old disadvantaged, many of these are not always available for the use within a community business framework or if available inappropriate to community businesses' needs or even contradictory to their objectives. Thus, for example, while the majority of community businesses do make use of M.S.C. monies there are several problems associated with these resources, the basic one being that any profits made as a result are not allowed to be retained by the business. This inhibits the enterprises from building up the revenues necessary to sustain themselves and the jobs once the funding stops. Such and other existing rules of public funding often constrain the enterprises from effectively implementing their business plans and achieving the transition from the provision of temporary employment and training to the operation of self-sufficient businesses offering sustaining permanent employment.

Though community businesses have been around since the late 70s and the publication of "Whose business is business?" in 1981 has amply documented their goals and potential, the understanding of their approach and objectives remains rudimentary which may be an important reason for the undeniable inadequancy of support for them. "Few fudning agencies recognize community businesses as a separate category for support or have a working knowledgeof what community businesses are trying to achieve. Criteria for grants

and loans are different for each agency and Region (and) there is much scope for rationalization ..." (Community Business in Scotland, 1984 Directory: 9)

In addition to such overriding difficulties community businesses face in their relationship with their environment, there are some important specific problems such as the issue of their effects on existing enterprises. The possibility of displacement effects makes it extremely difficult for public agencies to provide support for community business on employment grounds unless it can be shown that they are having an additional effect on the stock of jobs and not merely displacing other non-subsidized employment.

While overall evidence with regard to the creation of additional jobs is inconclusive because of the lack of research in this area, a number of important observations seem possible with respect to specific activities. Thus, for example, the creation of suitable small workspaces for small business activity has enabled others to create their own jobs and provide new services in areas where non have been before. While the management of premises and associated property development is normally the domain of private enterprise and public authorities, in numerous cases where the community businesses have taken the initiative, it seems quite clear that the provision of premises would not otherwise have taken place: private sector has in the past not viewed the conversion of old redundant buildings such as schools and council houses etc. as sufficiently profitable and the public sector has simply lacked the initiative despite the apparent high demand from small enterprises.

While certain types of community business activities may be in direct competition with existing activities, the way they are offered is new in the locality and seems to be creating new demand. Approaching households directly to interest them in maintenance and repair work is an example of such new demand and thus job creation. By accepting low profits, operating the business and/or service on behalf of certain disadvantaged groups and showing

greater willingness to respond to individual needs and problems, i.e. providing equipment cheaply or freely, postponing rental payments in the event of hardships etc. some genuine niches have been found .

Indeed many community businesses, in particular those with multiple functions and premises accomodating a broad range of activities act as a focal point for local people and thus may be supported on social as well as economic grounds. Cafes, restaurants, communal workshops which may be used free of charge, and similar facilities which some community businesses are operating in conjunction with more commercial outlets in particularly bleak housing areas, offer socially stimulating focal points for communication and interaction. It seems obtuse to obstruct such multi-functional enterprises or to deny them support on the grounds that one of the activities may be directly competitive with that of a purely commercial firm. Indeed, the porivision of facilities by community businesses which both the private and the public sector has failed to provide, seems as good a reason as any for giving community based entrepreneurialism preferential access to public funds and other sources of support.

After years of intensive lobbying, the Scottish community business movement succeeded in convincing local, regional and national authorities, and their respective development agencies where appropriate, that community businesses needed a separate support organization. Both Strathclyde and Central Regional Councils have since 1984 a "one door" community business advisory agency coordinating information and advice on community business, and in Strathclyde this includes the pooling of resources of certain funding agencies. (LEDIS/A164: 1985)

The growth of community business in Scotland (see pp. 125) and its limited progress elsewhere in the UK seems to indicate that appropriately channelled "commitment from external agencies is the essential partner to the will ... of local people to tackle the economic regeneration of their area through the mechanism of community business" (Community Business Scotland, 1984 Directory: 9).

5.5 Conclusions with Regard to the Quantitative and Qualitative Significance of LEIs in the United Kingdom

The United Kingdom is often viewed as the cradle of the local employment initiatives movement. "The British have been world leaders in industrial collapse", the founder of Job Creation Ltd. is reported to have observed, "so it's only natural we should be in at the start of reconstruction". (International Management, Feb. 1984). While it would be wrong to give credit exclusively to the UK for initiating a movement which in fact has arisen more or less spontaneous throughout Europe, the review of the origins, nature, and achievements of the most outstandig LEIs in the UK has shown that local employment initiatives indeed did arise as early as the late 70s in the UK and since have evolved both vigorous and varied approaches to the problems resulting from structural dislocations and economic decline.

To be sure an unemployment level of well over 13 % constitutes irrefutable evidence to the fact that the enormous employment problems ensuant upon Great Britain's decade long retrenchment from old industries are anything but conquered. Yet the persistence of a high level of unemployment, while socially and economically totally unacceptable, alone says little about the quality and validity of the LEI approaches devised and applied. For one the sheer size and complexity of the unemployment problem defies quick solutions, for another the financial resources needed to expand the new types of approaches to job creation so that they could impact significantly on employment levels have trickled rather than flowed, in some cases remained totally inadequate to this day.

It is thus our contention that the persistence of high unemployment levels is first and foremost a measure of the size of the problem still to be dealt with not necessarily a measure of the "solutions" being tried. These must be judged primarily on the basis of the observable achievements reached under a specific set of circumstances and the potential they may entail for greater

achievements in the future under improved circumstances, i.e. an increase of resources devoted to the development and application of the approaches in question.

As a review of the spectrum of the most outstanding local approaches to job creation has shown, the UK has concentrated rather heavily on the development of a variety of support structures for encouraging the start-up and nursing the growth of small enterprises. Leaders in the conceptualization and realization of these support structures were the very industries and corporations who in foregone decades had been the mein job provides in their communities and who as a result of declining world demand for their products or technological changes or both inadvertently had become major job decimators.

With pockets of unemployment around their factories ranging anywhere from 15 % to 50 %, owners and managers of shrinking industries and demanned plants increasingly became aware that the costs of widespread joblessness, while born primarily by those directly affected, were also imposing intolerable burdens on all of society and potentially eroding the consensus upon which the functioning of industrialized democracies based.

No longer able to provide jobs for the masses, major corporations went into business helping the masses go into business for themselves. Starting out with the provision of small well serviced work spaces, physically and organizationally fitted especially to the needs of inexperienced, first-time entrepreneurs, the British business community quickly went on to develope a new, locally based, small enterprise councelling and assistance structure staffed by experienced businessmen from the community, supported by the local authority and yet independent of its bureaucracy.

With the financial backing of numerous corporations, organizational and financial support from local authorities and central government agencies, over 200 local enterprise agencies, as the new small business advice and support structures are called, were

created between 1981 and 1985. Spread all over the UK these agencies are increasingly pilling up an impressive record of job creation primarily by helping unemployed persons, willing to try self-employment, to take the plunge and existing small businesses to stay viable.

Collectively the some 200 agencies claim to be creating better than 50,000 jobs annually and securing the retention of an additional 25,000 annually by helping threatened small firms to regain control. For the future both an extension of the number of agencies to 250 and a broadening of the range of support services of individual agencies are planned so that the impact on unemployment can be expected to strengthen.

And while in view of the difficulty of ascertaining job additionality it may be wiser to consider the figures provided by the agencies as indicators of the approximate range of new job creation and retention rather than unchallengable facts, this lastly cannot detract from the judgement that the initiatives taken by the British business community to create jobs in areas where the job cuts have been most severe must be viewed as a significant contribution to job creation in the UK.

A more central issue than the exact number of jobs that have been created with the support of enterprise agencies poses itself with regard to who are these job creation efforts reaching and what are the overall prospects of strengthening the quantitative impact of the local enterprise agency approach.

As agencies' records tend to focus on statistical evidence of agency achievements (number of start-ups, jobs created etc.), the data available on client profiles is rather rudimentary so that the results of research on agency clientel appear contradictory. On the basis of interviews with agency directors Engellau draws the conclusion that

> "... enterprise agencies are instruments for help to all classes of society. The picture seems to vary somewhat between different localities. In areas where unemployment is higher, there seem to be more working-class clients, who want to start a business to provide a livelihood for themselves. In areas where the problems are less severe, the middle-class type who already holds a job but wants a change would seem to prevail". (Engellau, 1984: 28-29)

The Center for Employment Initiatives by contrast infers from its research that

> "... agencies currently do not (and possibly cannot) directly meet the needs of the entire range of individuals seeking assistance to set up various types of enterprises, particularly in areas having a limited history of individual entrepreneurship. Local enterprise agencies are not generally structured to be able to deal with the needs of the 'lower level' type of enquirers nor with enterprises which are unconventional in nature or which seek to operate on the margins of the conventional economy:
>
> - filtering processes exclude less obvious or conventional clients needing a more intensive or extensive input of assistance;
> - the background of agency sponsors, directors and staff predisposes them to the more conventional proposers;
> - limited time resources and natural concerns to be seen to 'succeed' and produce 'successes' also tend to cause agencies to concentrate on fields where success is most likely to occur;
> - the relatively 'up market' image of the agencies may be a barrier to some potenteial clients." (CEI/BIC, 1985: 39)

If CEI's observations and conclusions with regard to the nature of enterprise agencies and their clients are correct, this obviously poses limitations upon enlarging their impact on jobs. For one, the masses of conventional unemployed with no entrepreneurial inclinations or talents will not be reached, for another, the unemployed with unconventional, perhaps even quite off-beat entrepreneurial ideas may not receive the sympathetic hearing they deserve.

While the last reflections regarding the flaws and limitations of enterprise agencies are obviously quite hypothetical, as in view of the limited research on the subject they cannot help but be, the overall positive role of enterprise agencies seems reasonably well established. Indeed in terms of quantitative, viable employment creation enterprise agencies collectively appear to be producing more significant results than any other single institution in the UK at present and their increasing collaboration with and involvement in training for entrepreneurship programmes suggests that their impact may still be enhanced.

In less tangible more qualitative terms enterprise agencies are making a major contribution towards helping the UK reduce its detrimental factual and psychological over-dependence on large corporations by encouraging the spread of entrepreneurial activity among wider sectors of the population. Creating one's own job may never and need not be everyone's cup of tea but its resurgence as a feasible route to employment is closely related to the fact that with the advice and support available from structures like enterprise agencies, self-employment has become a more realistic possibility for a greater number and a more varied group of people than before.

The United Kingdom being a mecca of job creation initiatives, support structures of various types have also been devised for less conventional enterprise prepositions and clientel. Multi-functional community businesses and local cooperative development agencies theoretically, if not yet practically, go a long way towards providing for the kind of enterprise development needs genereally not covered by enterprise agencies.

Owned and operated by the community for the distinct purpose of providing jobs and basic services for the most marginalized of the unemployed, community businesses, in particularly the multi-functional ones, have proven themselves as the best alternative approach for creating jobs in de-industrialized, no-economy or depopulized, rural areas where private enterprise has pulled out

or never been. If the achievements of community business in terms of the overall number of jobs created remain very minor indeed, amounting to no more than several hundred jobs in Scotland and probably fewer in the rest of the UK, their significance as a tool for sparking social and economic regeneration in the most deprived areas by anyone's statistics is non the less unique.

Because of the extraordinarily difficult environments community businesses operate in and aim to improve, they are invariable dependent upon public financial and organizational support. Where public authrorities have shown an interest in incorporating community businesses into their overall social and economic strategy and have provided the indispensable support, community businesses have grown in size and numbers. As this has rarely happened to any significant degree outside of Scotland, the potential of community businesses for job creation remains unrealized, much to the detriment of those who need help the most.

More successful in obtaining public funding and thus in providing development support to unconventional job creators have been the local co-operative development agencies (CDAs). With an estimated 100 agencies in the UK, of which half have funding to employ full-time development workers, the CDAs are proving the most important stimulant for the rapid spread of workers cooperatives (ZERP, 1985: Vol III, p. 346). Since the establishment of the National Co-operative Development Agency in 1978 and the subsequent creation of local CDAs, the number of cooperatives has increased from 234 in 1980 to over 900 in 1985 with the number of employed however, increasing considerably slower, from 6,000 to 9,000 during the same period. The central role of CDAs in the growth of cooperatives becomes even clearer from a study analyzing the growth of cooperatives between 1980 and 1982. In areas without local CDAs co-ops grew in number during the analyzed period by 24 %, in areas with CDAs by 131 % (Ibid: 347).

Various studies suggest that if the growth of cooperatives continues at roughly the present pace the number of employed in these

types of initiatives might be 25.000 by the end of the decade (Ibid: 341). There are however reasons to be both optimistic as well as rather sceptical with regards to the future development of cooperatives in the UK. On the one hand the age of a co-op is an important factor in its size. Once established co-ops, for whom job creation constitutes a central raison d'etre, tend to grow rapidly after the first two years. In view of the recentness of the cooperative resurgence in the UK, significant growth can be expected alone from the increase in size of existing cooperatives. On the other hand the close correlation between the establishment of new cooperatives and their survival in the initial phase and the availability of support from local CDAs gives reason to be less optimistic with regard to the pace of future cooperative development. Overwhelmingly local CDAs are funded by their local authorities, and the vast majority are to be found in areas of Labor Party control. The geographical distribution of cooperatives is heavily biased towards urban areas - 28 % of all cooperatives are in the London region - which again is an indicator of the close relationship between cooperative growth and the existance of cooperative support structures. With the increased restrictions imposed on local government spending and the expected abolition of the Metropolitan authorities who have been the major promoters of cooperatives, it is difficult to imagine that the present rate of growth can be sustained (Stern, 1985: 12-14, 31).

UK cooperatives, despite their recent rapid growth, are still few in number, isolated and not organized into any form that offers strength from within; the gap likely to be left by the reduction of local and metropolitan authority support cannot be filled immediately from within the cooperative sector. While the alternative, well educated and ideologically motivated "middle class" co-ops who are less dependent upon outside support may well survive the set back and rally strength from within, there is imminent danger that the recent development of worker cooperatives amongst the economically more marginal groups like ethnic minorities, women and long term unemployed who depend on local CDAs feasibility studies, start-up monies etc. will suffer a major set back (ZERP, 1985: Voll III: 374).

Central government support for cooperatives has been relatively minor with the exception of regions such as Scotland and Wales. In both regions the trade unions, in contrast to their otherwise ambivalent stance, have become clear supporters of cooperatives. Inspired by the Italian and Mondragon examples, the Welsh TUC most recently embarked upon a policy of job creation through building a sector of interlinked cooperatives with a common resource center and a common investment fund.

On the whole the regional experience confirms what could be observed throughout the UK, namely the crucial importance of tailor-made support structures for the development of all types of grass-roots LEIs and in turn the crucial importance of public and private financial and organizational support for the development and effective functioning of support structures.

With appropriate backing LEIs can impact on unemployment significantly; without, good intensions may lead to the development of theoretically very good approaches but in the absence of adequate, at least initial, support the practical results of even such proven excellent mechanisms as community businesses remain sadly meagre. While it cannot be maintained that support for local employment initiatives in the UK has been wanting, it has been strikingly unevenly spread. Overall those who need assistance the most, those on the margins of the unemployed populations and those with the more unconventional approaches to work and enterprise, have been encouraged less and given fewer tangible supports to empower them to create viable jobs than the more conventionally entrepreneurial jobless.

As long as the central government of the United Kingdom views LEIs as a business category to be treated and supported like any other SME, the resources needed to provide specialized, tailor-made support structures are most likely to remain too sparce to realize the potential impact of LEIs on unemployment.

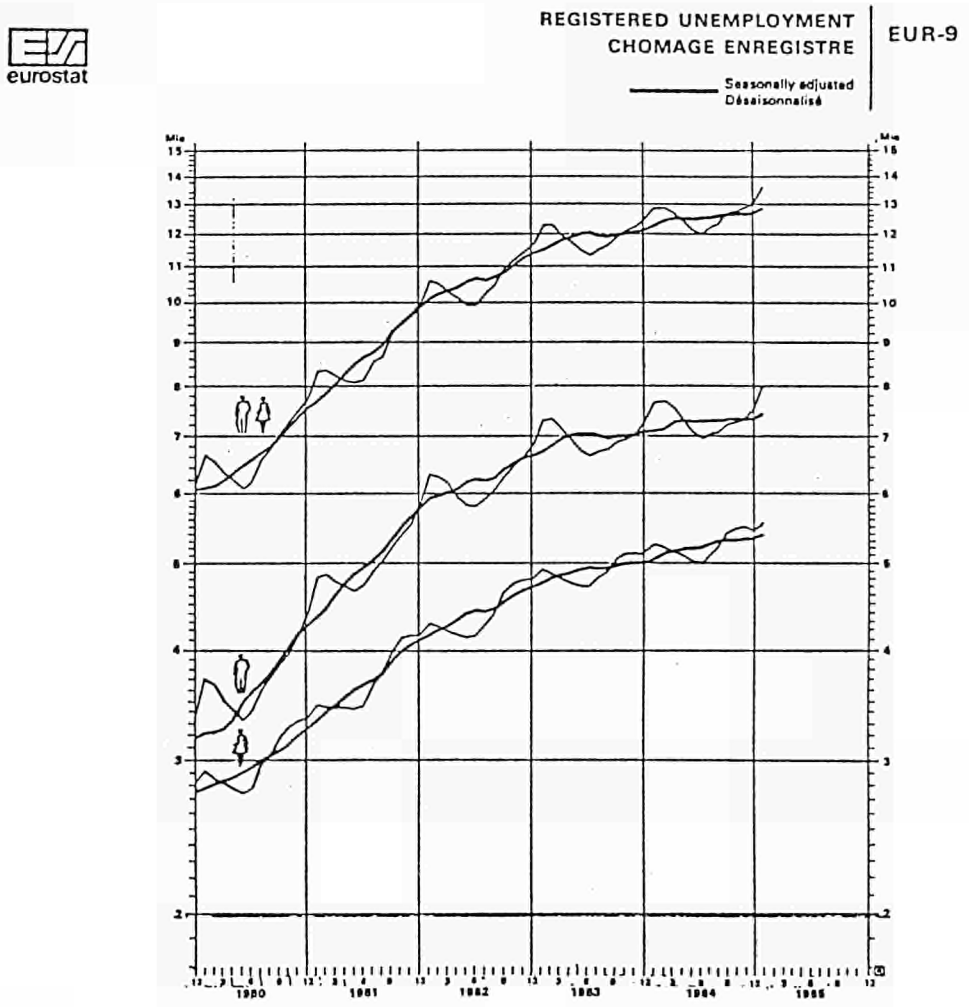
NOTES AND REFERENCES

NOTES AND REFERENCES

Chapter 1: Notes

1. For list of preliminary EEC studies and relevant OECD documents see Annexes 2 and 4 respectively.

2.



Unemployment Rates (unemployed as % of the working population)

		B.R. DEUTSCH-LAND	FRANCE	ITALIA	NEDER-LAND	BELGIQUE BELGIE	LUXEM-BOURG	UNITED KINGDOM	IRELAND	DANMARK	E U R 9	ELLAS	E U R 10
1980		3,3	6,4	8,0	6,2	9,1	0,7	6,0*	8,2	6,7	6,0*	1,1	5,9*
1981		4,7	7,8	8,8	8,8	11,1	1,0	9,2*	10,2	8,9	7,8*	1,2	7,6*
1982		6,8	8,8	10,5	11,7	13,0	1,3	10,6*	12,2	9,5	9,4*	1,4*	9,2*
1983		8,4	9,0	11,9	14,0	14,3	1,5	11,5	14,9	10,2	10,6	1,6*	10,3*
1984		8,4	10,2	12,9	14,4	14,4	1,7	11,9	16,5	10,0	11,2	1,9*	10,9*
JANUAR 1984	T	9,4	9,9	13,0	15,1	14,6	1,9	12,1	16,6	11,7	11,5	2,5*	11,2*
JANUAR 1985	T	9,7	11,2	13,7	14,1	15,0	1,9	12,6	18,1	11,0	12,0	3,0*	11,8*

*Estimates
Source: Eurostat, Social Europe 1/85

3. STRUCTURE OF UNEMPLOYMENT

Year	B	DK	DE	GR	F	IRL	I	L	NL	UK	EUR10
(a) Proportion of women among the unemployed as %											
1960	25.4	11.7	34.1	–	37.4	11.5	28.8	–	16.9	27.9	28.8*
1970	*42.1*	*18.0*	37.6	–	44.4	16.8	30.1	–	*21.6*	*15.3*	*27.9**
1980	61.6'	50.0'	52.0	40.6	54.6	23.9	46.0	51.9	35.8'	28.8'	44.5'
1981	56.9	45.7	48.7	39.7	51.5	23.5	47.7	46.8	33.3	27.9	42.4
1982	54.6	46.8	44.3	38.8	50.0	24.1	48.6	46.5	31.9	28.3	41.6
1983	53.5	49.7	43.6	39.8	49.0	25.0	48.1	46.0	31.3	29.1	41.3
1984	54.0	53.7	43.6	41.1	47.6	25.7	48.3	49.7	32.4	30.5	41.8
(b) Proportion of young people' among the unemployed as % – October											
1975	43.9*	–	28.6	–	47.7	–	–	–	36.5	–	–
1980	41.4*	30.9*	27.3	12.8	46.4	25.2	51.4	53.3	41.7	42.6*	42.8*
1981	41.4*	29.4*	29.8	13.7	46.9	27.5	*54.0*	51.8	42.9	43.1*	*42.8**
1982	40.4	27.5*	30.3	34.6	46.4	29.5	48.7'	50.9	42.6	41.1	41.1*
1983	39.0	26.4*	29.2³	34.5	45.2	30.7	49.0	53.9	41.0	40.8	40.4*
1984	36.9	25.1*	27.2³	–	44.9	30.9	48.6	50.9	39.8	39.9	40.2*

* Estimates.
' New statistical series.
' Aged under 25 years.
³ September.

Source: Eurostat, Social Europe 1/85
See also Social Europe 3/84 p.5-7 and 13-19

4. Whilst there is evidence of a modest economic recovery in the European Community since 1984, the employment situation continues to deteriorate with alarming steadiness (European Communities, 1984d). Between January 1984 and 1985 the total number of registered unemployed increases by 700,000 from 12.9 to 13.6 million or from 11.5 to 12 % of the workforce (Eurostat 1/85). No one realistically expects an improvement in the employment situation in the medium range (European Communities, 1984 d; OECD, 1985). Moreover, as recent data from the United States shows it is possible to have economies growing aggregately at 6 % or more and at the same time have pockets of unemployment in some areas ranging from 40-50 per cent (OECD, 1985 a).

5. See list of research reports commissioned and published within the "Programme of Research and Actions on the Development of the Laobr Market" reflecting this new focus in Annex 1 - 3.

Chapter 1: References

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Chapter 2: Notes

1. This chapter is based primarily on the research results published in: European Communities, 1984a; OECD 1984a; and Bekemans, 1983.

2. For Council recommendations of actions on Community level other than research i.e. Community instruments, finances, information, etc. see text of "Resolution" (European Communities, 1984b)

Chapter 2: References

Bekemans, L., ed. (1983), "Local Employment Initiatives", Maestrich.

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Chapter 3: Notes

1. For a discussion of the limitations of the initial research on LEIs see:
   - Preliminary research remarks p.2,
   - EEC research, phase one p. 10, and
   - Further clarification research pp. 20-21
   in this report.

2. For a discussion of issue oriented studies see pp. 19-20 in this report.

3. Once the Western industrial system had demonstrated its capacity to provide for households' primary and secondary needs by transforming the massive productivity gains in agriculture, industry and the mechanized and automated services into purchasing power, the conditions for a new "post-industrial" development model were set. (OECD, 1985: 172).

Chapter 3: References

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Chapter 4: Notes

1. The six most important empirical studies are:

   - Hegner, F. and Schlegelmilch, C., (1983), "Formen und Entwicklungschancen unkonventioneller Beschäftigungsinitiativen", Discussion Papers, IIM/LMP 18.-19., Wissenschaftszentrum. Berlin.

   - Personn, C. and Tiefenthal, O., (1984), "Bedingungen und Strukturen alternativer Ökonomie - Empirische Analyse Hamburger Alternativprojekte", published by the authors, Hamburg.

   - Berger, J., Domeyer, V., Funder, M., (1984), "Informeller Sektor und alternative Ökonomie", Arbeitsberichte und Forschungsmaterialien, No. 7, Universität Bielefeld, Bielefeld.

   - Beywl, W., Brombach, H., Engelbert, M., (1984), "Alternative Betriebe in NRW", Ministerium für Arbeit, Gesundheit und Soziales NRW, Düsseldorf.

   - Kück, M., (1984), "Neue Finanzierungsstrategien für selbstverwaltete Betriebe", Dissertation Freie Universität Berlin, Berlin.

   - Kreutz, H., Fröhlich, G., Maly, H.D., (1985), "Eine Alternative zur Industriegesellschaft? Alternative Projekte in der Bewährungsprobe", Institut für Arbeitsmarkt und Berufsforschung der Bundesanstalt für Arbeit, Nürnberg.

2. According to an empirical study of alternative enterprises in Hamburg the dominant motive for enterprise creation was the wish for meaningful, self-organized work (75 %); only 11 % mentioned unemployment as a factor. (Personn, Tiefenthal, 1984: 65-70). Compare also ZERP, 1985 Vol. III, p. 31.

3. Confirmation of these generalized observations may be found in practically all of the literature listed in the bibliography for this chapter.

4. The Employment Promotion Act (AFG) provides for temporary (one in exceptional cases two years) subsidization of job creation measures and for integration and job familiarization allowances; The Federal Social Assistance Act (BSHG) allows non-profit and public interest organizations the conclusion of employment contracts with social assistance recipients. Both public funds are generally made availableto communities or welfare organizations, in exceptional cases social service LEIs with non-profit status. The very limited degree to which these funds have been made available for work in a self-managed enterprises is a source of permanent contention between self-managed enterprises, who definitely think their work is of public utility, and the subsidizing authorities, who insist on the fulfillment of formal legal requirements.

Chapter 4 · Notes (continued)

5. Significant examples of the rapid expansion of self-help activities and related employment effects exists in the area of provision of services for handicapped. The German Retinitis Pigmentosa Society, for example, an association of patients suffering from the chronic and blinding eye desease "Retinitis Pigmentosa", has increased from about 20 members five years ago to more than 1.000 members today. Associated with this development was the creation of an infrastructure accompanied by the establishment of part time "in-house" jobs and the formation of new professional consulting jobs outside the organization, e.g the position of "genetic counsellor" mediating between univresity research and patient services. Similarly, the German Multiple Sclerosis Society has increased the number of full time jobs from 5 about ten years ago to more than 60 today.

Chapter 4: References

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Chapter 5: Notes

1. To give an idea of the severity of job losses in communities "The Economist Intelligence Unit" cites the following examples:
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2. The three sources for which much of our information on local enterprise agencies was drawn are:
   - CEI/BIC, Center for Employment Initiatives/Business in the Community (1985), "The Impact of Local Enterprise Agencies in Great Britain", London
   - EIU, The Economist Intelligence Unit, (1984), "Creating New Jobs in Europe, How Local Initiatives Work", Special Report No. 165 by Graham Todd, London pp. 18-25
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A N N E X E S

Annex 1

PROGRAMME DE RECHERCHE ET D'ACTIONS SUR L'EVOLUTION DU MARCHE ET L'EMPLOI

Etudes réalisées par la Commission de CEE dans le domaine des petites et moyenne enteprises depuis 1981

N.	TITRE ET AUTEUR
81/28	**Petites et moyennes entreprises et création d'emplois dans le CEE** Centre "Travail et Societe", Université Paris Dauphine (Prof. Greffe)
81/29	**Employment in the Medium and Small Sized Entreprises in the EEC - Analysis of Trends and Structures** Abt. Forschung, W. Steinle
81/35	**Labour Market Actions - Local Government Inititatives** IUTEP, London
81/45A	**Local Labour Market and Forward Looking Employment Management** IMS - Institute of Manpower Studies, University of Essex
81/45B	**La gestion prévisionnelle de l'emploi dans le PME** CEGOS, Boulogne-Billancourt
81/46	**Follow-up delle politiche del lavoro promosse dalle Commissioni regionali per l'empiego sulla base del disegno di riforma dei servizi della Manodopera** ISFOL, Roma
81/47	**Le gestion prévisonnelle de l'emploi dans le PME** IMS - University of Essex, Brighton
81/48	**Rapporto tra politica del lavoro e collocamento nel quadro delle agenzie del lavoro - creazione di un'ipotesi attiva** CFEL, Roma
81/49	**Segmentazione del mercato del lavoro - gli sviluppi teorici in Italia e prime ipotesi per la predisposizione di un modello operativo da verificare in un mercato del lavoro a livello locale** ENI-ISVET, Roma
81/50	**Rapporto sull'esperienza ENI e di altre grandi imprese della Comunità in vista di dedurre elementi di gestione previsional per le PMI** ENI, Roma

N.	TITRE ET AUTEUR

83/12 **Les déterminants de la création d'emplois dans les petites et moyennes entreprises. La situation italienne - secteur manufacturier**
R & P, Torino

83/15 **Les déterminants de la création d'emplois dans les PME: la situation italienne "Elementi di sviluppo sul Modello Bresciano"**
Cooperativa Culturale, Brescia (Prof. Colosio)

Annex 2

PROGRAMME DE RECHERCHE ET D'ACTION SUR L'EVOLUTION DU MARCHE DE L'EMPLOI

Etudes réalisées par la Commission des CEE dans le domaine des cooperatives/Initiatives Locales pour l'emploi depuis 1980

N.	TITRE ET AUTEUR
1980	**Avenir des coopératives ourvrières en Europe** (3 Volumes) TEN Coopérative de Conseil, Paris (H. Sibille, L. Neuschwander) et Mutual Aid Centre, London (M. Young, M. Rigge)
1981	
81/26	**New Types of Employment Inititatives Envolving Women** CREW (Centre of Research on European Women), Bruxelles (R. Franceskides)
81/31	**New Information Technology and Small Scale Job Creation in USA** BATTELLE, Frankfurt/M. (S. van Buiren)
81/38	**Les coopératives de production et leur environment Analyse comparative en vue de la création d'emplois** TEN, Coopérative de Conseils, Paris
81/39	**Support for Workers Co-operatives in the U.K.** Mutal Aid Centre, London
1982	
82/7	**Nouvelles initiatives d'emploi au niveau local** The Centre for Employment Initiatives, London (P. Kuenstler)
82/8	**Les coopératives de production et leur environnement - Un Programme d'action-recherche: Les coopératives de production dans le maintien et la création d'emplois,** CECOP, Bruxelles (R. Schlüter)
82/10	**Informations et reflexions sur le rôle des Syndicats dans la Promotion des Coopératives de Production en Italie, UK, Irlande** Trade Union Research Unit, Oxford (J. Crowley)
82/14	**Developping Support Structures for Worker Cooperatives** Wales TUC, Cardiff (Dennis Gregory)

N.	TITRE ET AUTEUR

1983

83/1 **Initiatives locales en matière d'emploi: Etude de faisabilité sur les moyens d'échange d'informations entre les Services/Opérateurs en matière de développement d'emplois**
European Centre for Work and Society, Maastricht (A. Grammenos)

83/2 **Initiatives Locales en matière d'emplois - Evaluation d'organisations de soutien**
CREW, Bruxelles

83/3 **Initiatives Locales en matière d'emplois: Evaluation d'organisations de soutien**
Community Initiatives Research Unit, Liverpool (B. Dapson)

83/4 **Problemes et opportunités des petites entreprises nouvellement créées**
Espace-Region-Boutique de Gestion Nord Pas de Calais, (H. Le Marois)

83/5 **Analyse et évaluation des résultats du colloque "La création d'entreprises"**
Entreprise ASBL, Bruxelles (M. Guillaume)

83/24 **Un guide sur les Organisations intermédiaires et de support**
CEI - Centre for Emploment Initiatives, London

Annex 3

PROGRAMME DE RECHERCHE ET D'ACTIONS SUR L'EVOLUTION DU MARCHE ET L'EMPLOI

Etudes en Cours

N.	TITRE ET AUTEUR
84/1	**Ile - Relévé des Expériences de création d'emplois non conventionelles** IOC-MAB, Hasselt (V. Vandemeulebrouke, E. Van den Abbeele)
84/2	**Le financement de l'ILE** Wolson College, Cambridge, (J. Robertson, D. Cadmann),
84/3	**Entraves juridiques, fiscales, sociales et administratives au développement des ILE** ZERP - Zentrum für Europäische Rechtspolitik, Bremen V. Gessner, A. Höland, et al.
84/4	**Evolution quantitative et qualitative de l'économie des coûts sociaux rélaisés grâce aux Unités de production à vocation de réinsertion sociale et mesure de leur impact sur la création d'emploi** CREER - Boutique de Gestion Toulouse-Pyrénées, Toulouse
84/5	**Rôle des collectivités locales dans la promotion des ILE** The Planning Exchange (T. Burton, D. Johnstone)
84/6	**Modes d'organisation, Types d'emplois, qualité du Travail, et relation industrielle dans les coopératives et les organisations autogérées de la CEE** TAVISTOCK Institut of Human Relations, London (E. Stern)
84/10	**Signification quantitative et qualitative de l'émergence du phénomène des ILE** BATTELLE Institut, Frankfurt a.M. (S. van Buiren)
84/13	**Analyse de la viabilité des initiatives d'emploi concernant spécialement les femmes** CREW, Bruxelles (R. Franceskides)
84/14	**Analyse des rôles et des besoins en fonction des agents de développement impliqués dans le processus de création d'emplois au nievau local** Universität Frankfurt, Frankfurt/M. (W. Schlegel)

ANNEX 4

List of ILE documents

- ILE(82)1 -- Draft Programmes of Work 1982/1983
- ILE(82)2 -- Preliminary Survey of Relevant Activities, Interest and Policies in Participating Countries
- ILE(82)3 -- Scope and Methods of the Programme
- ILE(82)4 -- The Possibilities offered by Community Business Ventures for Generating New Employment
- ILE(82)5 -- Grant of the Gatsby Charitable Foundation
- ILE(82)6 -- Replaced by ILE Notebook No. 1
- ILE(83)1 -- Small-scale Job Creation at Local Level
- ILE(83)2 -- Replaced by ILE(84)2 (1st Revision)
- ILE(83)4 -- Implementation of the Information System
- ILE(83)5 -- Replaced by ILE Notebook No. 2
- ILE(83)6 -- Role of Local Authorities in Supporting Employment Creation at the Local-level
- ILE(83)7 -- The Special Problems of Less Industrialised Countries
- ILE(83)8 -- Draft Programme of Work and Budget for 1984
- ILE(83)9 -- Local Employment Initiatives in Reponse to Industrial Diversification
- ILE(83)11 -- Replaced by ILE Notebook No. 3
- ILE(83)12 -- Establishment of an Active Information System
- ILE(83)14 -- ILE Annual Report to the Manpower and Social Affairs Committee
- ILE(83)15 -- Country Reports on Progress with ILEs
- ILE(83)16 -- Guidelines for a Structured Reporting System

*ILE is the OECD short for Local Employment Initiatives

ILE(84)1 -- Progress Report on Activities

ILE(84)2 (1st Rev.) -- Clarifying Report on the Economic & Social Role of Local Level Employment Initiatives

ILE(84)3 -- Future of the ILE Programme after 22nd July 1985 and current position with regard to membership

ILE(84)4 -- Draft Programme of Work and Budget for 1985

ILE(84)5 -- Proposed International Conference on the Role of Large Firms in Supporting ILEs

ILE(84)6 -- Second Annual Report of the ILE Directing Committee to the Manpower and Social Affairs Committee

ILE(84)7 -- The ILE Programme after 22nd July 1985

ILE(84)8 -- The ILE Programme - Working Methods and Organisation

ILE(84)9 -- Innovation and Development for Employment Creation in Less Industrialised Regions and Countries

ILE(84)10 -- Encouraging Employment Growth through better Technology in Small Firms

ILE(84)12 -- Case Studies of Successful Initiatives in Austria

ILE(85)1 -- Local Employment and Economic Development Initiatives: Policy Considerations

ILE(85)2 -- Progress Report on Activities

ILE(85)3 -- Programme of Work and Budget for 1986

ILE(85)4 (1st Rev.) -- Conference on the Role of Cities and Towns in Stimulating Employment Creation and Economic Development - Issues Paper

ILE(85)5 -- The Large Firm and Job Creation

ILE(85)6 -- First Stage of the Implementation of an Active Information System

ILE(85)7 -- International Seminar on the Role of Women in the development of local employment initiatives

Seminar - ILEs in Support of Youth Employment and Training:
An Assessment of Experience and Potential
(Castelgandolfo 7-9 September 1983)

SME/ILE/83.01 -- Issues Paper

SME/ILE/83.02 -- Measures taken by the Austrian Federal Ministry of Social Affairs to Prevent Youth Unemployment

SME/ILE/83.03 -- ILEs as a Vehicle for Training Youth in New Technologies

SME/ILE/83.04 -- Descriptive Note

SME/ILE/83.05 -- Notes on Youth Employment Incentives in Spain

SME/ILE/83.06 -- Integration by the Creation of New Productive Jobs

SME/ILE/83.07 -- Making it in Rural America: School-based Development Enterprises in Theory and Practice

SME/ILE/83.08 -- Community Based Projects for Youth Employment and Work Experience in Canada

SME/ILE/83.09 -- Quantitative and Qualitative Aspects of "Alternative Employment" in the Federal Republic of Germany: Empirical Results and Policy Implications

SME/ILE/83.10 -- German Experiences in the Combat against Youth Unemployment: Evaluation of Unusual Initiatives at Local-level

SME/ILE/83.11 -- Work for Young People at the end of their "Plan 16-18" and job/training contracts - some ideas (France)

SME/ILE/83.12 -- Local Initiatives and Young People's access to work in Ireland: Notes on an Evaluation of the Process

SME/ILE/83.13 -- A Greek Programme for the Orientation and Support of Youth towards productive initiatives in the Direction of an Alternative Development

SME/ILE/83.14 -- Economy and Employment Projects (Denmark)

SME/ILE/83.15 -- Youth Employment in Italy, with particular reference to 4outh Employment and Training: Some Issues

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SME/ILE/83.16 -- Management Shops

SME/ILE/83.17 -- Policies for local employment in Japan (Eng.only)

International Seminar on the Contemporary Role of ILEs
(Athens 1-4 December 1983)

SME/ILE/83.18 -- Rural Development in Corca Dhuibhne (Eng.only)

SME/ILE/83.19 -- Local Employment Initiatives: A view of the European Scene (Eng.only)

SME/ILE/83.20 -- International Seminar on the Contemporary Role of ILEs: Athens 1-4 December, 1983: Note by the Secretariat

SME/ILE/83.21 -- Planification et décentralisation : Essai des mesures des limites des capacités d'intervention économique des collectivités locales (French only)

SME/ILE/83.22 -- Rapport concernant les initiatives locales pour la création d'emplois en Catalogne (French only)

SME/ILE/83.23 -- Financement et formation : deux moyens essentiels pour le développement des initiatives locales en milieu rural méditerranéen (French only)

SME/ILE/83.24 -- Training for Development -- A priority to revive ILEs. The Case of North-East Transmontano
(summary -- full text French only)

SME/ILE/83.25 -- A Review of Local Economic Development Initiatives in Britain: 1977-1983 (Eng. only)

SME/ILE/83.26 -- Aspects des politiques nationales grecques (French only)

SME/ILE/83.27 -- Decentralisation, Local Initiatives and the Third Sector (summary -- full text French only)

SME/ILE/83.28 -- Expériences de coopératives dans une région méditerranéenne d'Espagne et son influence sur le développement économique et social (French only)

SME/ILE/83.29 -- Endogenous Industrialisation in Rural Areas

SME/ILE/83.30 -- Rapport sur l'animation de séminaires locaux en Grèce (French only)

SME/ILE/83.31 -- Le rôle des syndicats (Suède, France, Italie, Grèce) (French only)

SME/ILE/83.32 -- Savings of Migrant Workers for Financing Local Initiatives for Employment (Eng. only)

SME/ILE/83.33 -- Innovation -- Emploi -- Environnement (French only)

SME/ILE/83.34 -- Le plein emploi : les obstacles politiques aux nouvelles formes institutionnelles (French only)

SME/ILE/83.35 -- Collectivités locales et ILE : l'expérience de Padoue (French only)

SME/ILE/84.1 -- Case Studies of successful initiatives in Germany

SME/ILE/84.2 -- Case Studies of successful initiatives in Austria (See ILE(84)12)

SME/ILE/84.3 -- Case Studies of ILEs in Ireland

International Seminar on Employment Services and the Development of ILEs (Nürnberg 16-18 January 1984)

SME/ILE/83.36 -- Organisation of Manpower Services in the Netherlands (English only)

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