

ABSTRACT

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Effective, but inefficient?

Public support granted to social enterprises for employment

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Abstract:

Social entrepreneurship accounts for an important share of employment in the European labour market. Social enterprises, however, are mainly funded by public budgets. In view of this, it is important to evaluate the impact that government-funded social enterprise projects have on individuals' employment opportunities and how effective and efficient such support is from a public finance perspective.

Based on the data of 307 individuals who received EU-funded support in the Czech Republic between January 2009 and June 2015 and a control group of the same size, we estimated the effect that this support had on the employability of the funded individuals. To perform this task, we used a propensity score matching approach.

We conclude that the EU-funding of social entrepreneurship is an effective tool for facilitating employment. The estimated impact that the funding has on these individuals is a 7.8% increase in the likelihood that they will continue to be employed once the funding has ceased. We also confirm positive effects on the employment of the groups threatened by exclusion. Here, women benefited with an estimated 11.6% increase in employment, and people older than 40 years of age with an estimated 14.7% increase in employment. On the other hand, the efficiency of the financial support is not high, since the timespan needed for the payback time is more than 13 years.

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