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Labor Market Inclusion Through Social Economy in Slovakia

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Abstract

The social economy becomes an effective and a modern instrument of social market economy, and the importance of this sector is constantly increasing. According to the degree of acceptance of the concept of social economy, the European Union countries are divided into several groups. This business area in Slovakia is currently developing, and it is supported slightly. France, Italy, and Spain are among the leaders, and their experience can serve as inspiration for the establishment of social initiatives in Slovakia. They prefer social objective before making a profit; they are democratically organized and based on the unmet demand of the local community. The social enterprises are often creating sustainable jobs, bringing innovative solutions to social problems, and they have close links to active labor market policies. The chapter focuses on the current situation in the social economy in relation to the labor market, points out the successful path of development, and identifies opportunities for progress in this area in Slovakia with emphasis on the employment of disadvantaged job seekers.

Keywords: social inclusion, social economics, social entrepreneurship, work integration social enterprises (WISE), active labor market policies

1. Introduction

Unemployment is a very serious socioeconomic problem that undermines the existence of individuals and represents a loss of production with unused labor and human capital. The consequence of job loss is an increase risk of social exclusion, poverty, and material deprivation. High unemployment rates are among the most visible effects of the global economic crisis on our economy. Deepening economic and social inequalities, regional disparities are increasing.

Nowadays, among the most serious problems of the economies of the European Union member countries are the negative trend in unemployment, the high proportion of young and jobless elderly persons above 50 years, the long-term unemployment, the regional disparities, and an ever-growing number of the unemployed people with multiple disadvantages. Slovakia is a country with adverse outcomes in this area.

In order to mitigate the mentioned negative situation, various measures are introduced, and new active employment policy instruments are adopted. The social economy and its tools in the form of social enterprises are gaining prominence. Work integration social enterprises (WISE) can contribute significantly to the employment of disadvantaged unemployed. Equally, it is important to place emphasis on the unemployment insurance system as the part of passive measures. It is important that citizens do not have problem to overcome adverse financial period after job loss. The employment policy should be adjusted to be fair and effective with emphasis on motivation of insured persons to seek a new job.

2. The current situation in the Slovak labor market

Employment is a key element of social inclusion, which not only provides income but also contributes to social participation. The labor market in Slovakia has long been in a state of imbalance, and unemployment is one of the most serious problems of society.

We can follow in the development of unemployment in Slovakia an upward trend until 2001 (19.2%), since this indicator began to gradually decline (in 2004 it showed a slight increase). In 2008 there were about 3,445,000 less unemployed than in 2007, which represents an annual decrease in the number of unemployed by 11.8%. The average level of the unemployment rate was the lowest since 1999, reaching a value of 9.6%. Decrease in the number of jobs caused by the economic recession was reflected in the development of unemployment in 2009 (12.1%), and this trend had remained in 2010 (14.4%).

In 2011 it followed by a slight improvement in the state, but the rate of registered unemployment continued to rise, and the value of both methodologies in 2013 oscillated around 14%. In 2014 it fell by 1–1.3% points and reached 13%, respectively, 12.8%, which was still a high number of unemployed persons. In 2015 it was registered in the SR average of 354,582 job seekers; it is a drop compared to 2014 about 31,079 persons. The registered unemployment rate declined gradually during the year, and the average for 2015 reached 11.50%. Based on the methodology of the Statistical Office of the Slovak Republic, in 2016 the unemployment rate decreased to 9.7%, and still 266,000 were jobless.

The unfavorable development in recent years was due to the global economic crisis, but the Slovak labor market has long been struggling with structural problems, which are mainly:

- Large regional disparities in unemployment
- High unemployment among young people aged 15–24 years
- High proportion of long-term unemployment

- High number of job seekers with low education
- Shortage of skilled labor in some sectors [1]

The highest unemployment rate in 2015 remained in Banská Bystrica, Košice, and Prešov Self-Governing Regions. The difference in unemployment rates between regions is high, while in the Bratislava region, the unemployment rate is 5.85%; in the Prešov Region, it amounts to 16.51% (a difference of 10.66% points), which is almost three times the Bratislava region. There is an alarming state of unemployment in districts of Rimavská Sobota, Revúca, Kežmarok, Rožňava, Poltár, Vranov, Sabinov, and Svidník, with the highest unemployment rate recorded in the district of Rimavská Sobota (up 27%) [2].

Another serious problem of the labor market is the continuing high share of long-term unemployment called “hard core” that still reaches more than 60%. This is a significant number to multiply disadvantaged job seekers, who have become accustomed to low social status, poverty, and living on social benefits, but also with some reluctance to work. In 2015 the Central Office of Labour, Social Affairs and Family registered 191,055 long-term unemployed persons.

The next largest group of disadvantaged job seekers, besides the long-term unemployed ones, is the group of people over 50 years. In 2015 was the share of them in the register 90,242 people which means 24.43% of the total number of job seekers.

In 2015 their share in the registry was 90,242 people which meant 24.43 percent of the total number of jobseekers.

Each subcategory has specific problems that hinder them in the labor market. A hard core of long-term unemployment is the group people with low education and no education.

Long-term unemployment in addition to the gradual loss of working habits often faced with multiple disadvantages (in particular the absence of education, Roma ethnic minority nationality, health condition, age, etc.). In the case of an unemployed person over 50 years, the problem may be a lack of flexibility and less ability to adapt to the requirements of the employer (foreign language skills, information technology, etc.). Graduates do not yet have after continual professional training in a full-time study a work experience required skills, which is a handicap compared to experienced job seekers. The big problem is proving to be the young people who are not in education or are not economically active (NEET).

3. The employment policy

Employment policy can be generally defined as a set of measures forming the conditions for dynamic equilibrium on the labor market and the efficient use of labor. This policy is usually the result of efforts of the state, employers, businesses, employees, and unions. In recent years, this policy is increasingly generated depending on the measures taken within the EU aimed at achieving the highest possible employment. Employment policy seeks to harmonize supply and demand in the labor market and on more flexible working arrangements between them. At present in developed countries, it has an irreplaceable position.

Employment policy is primarily focused on the following activities:

- On infrastructure development of the labor market. Through a network of specialized institutions (offices, employment agencies), it provides intermediary services, information, and advisory services. Thus, it creates a more perfect information about job vacancies (their structure, complexity, etc.) and also about the job seekers (their qualifications, requirements, etc.).
- It supports the creation of new jobs and work activities. For example, it provides for employers and starting entrepreneurs financial support for new job places, it promotes community service, and it facilitates the employment of minors and handicapped citizens.
- It aims to increase the workforce adaptability. The growth of structural unemployment requires adaptability and mobility very categorically. A significant role in this respect falls on the school system. Employment policy contributes to it with organization and supports various retraining programs.
- It contributes to ensure the welfare of those who have become temporarily unemployed, in the form of supports and unemployment benefits.

The first three groups of activities are aimed at supporting active behavior of workers in the labor market and therefore tend to be collectively referred to as an active employment policy. Activities related to ensuring the unemployed are referred to as passive employment policy, and their purpose is to compensate unemployed transitional period and to some extent the loss of labor income and so allow them to find job opportunities that will be in line with economic needs and aspirations of the economy.

3.1. The employment policy tools

Employment policy tools are the active measures, which aim to maintain or gain employment. There are the direct tools and measures implemented in the labor market through the authorities of the employment services, such as education and training for the labor market, training, measures to support specific groups (minors, the disabled, women, etc.), financial and other measures stimulating job creation, public works, provision of specialized services designed to facilitate and accelerate the return to work etc.

Furthermore, there are indirect instruments, usually referred to as macroeconomic interventions (measures)—directly addressed to other market segments. There are several types of legal or organizational measures, for example, in tax, fiscal, wage, and other policies, to support the growth in demand for labor or reduce its bid.

According to another breakdown, we distinguish active and passive instrument of employment policy instruments. Active policy aims to promote individual employability and job creation. Despite the growth in spending for the active labor market policy of the Slovak Republic, it belongs to the countries with lower investment in this area.

Passive employment policy measures are essentially those which solve arising consequence—the loss of jobs—by providing support or unemployment allowance. In terms of cost, it also

includes all other costs which ensure the implementation of passive measures (e.g., postal charges related to the payment of the aid, other payments to insurance funds for recipients of unemployment benefits, etc.).

The ratio of active measures (tools) to passive in various countries differs from each other, though mostly predominates passive over active.

3.1.1. Active and passive employment policy

The Employment Services Act defines the employment services such as a system of institutions and instruments of support and assistance to participants of the labor market in job searching and changing, filling a vacancies, and implementation of active labor market measures, with a particular focus on employment of disadvantaged job seekers.

According to the Act on Employment Services, employment services in the Slovak Republic provide:

- Centre of Labour, Social Affairs and Family of the Slovak Republic
- Central Office of Labour, Social Affairs and Family
- Legal and natural persons that carry out recruitment, provide professional advisory services, and implement active labor market measures on the basis of written agreement by the competent authority or on the basis of written agreement within the partnership
- Legal entities and natural persons that carry out paid recruitment
- Temporary Employment Agency
- Supported Employment Agency

The authority is establishing a Committee for Employment within their respective territory in order to address fundamental questions of employment and assessment of applications of legal entities or natural persons of the contribution, for which there is no legal entitlement. The Committee has 11 members, including 3 representatives of the authority, 2 regional representatives, 2 representatives of cities and municipalities, 2 representatives of employers, and 2 trade union representatives.

3.1.2. Employment services provided by legal entities and individuals

Paid recruitment can be performed by a legal or natural person under the conditions provided by law, if they have a license issued by the Centre of Labour, Social Affairs and Family of the Slovak Republic.

The amount of payment for the recruitment is negotiated by an agent with legal entity or natural person, to whom he mediates the employee.

Temporary Employment Agency is a legal or natural person employing a citizen for temporary assignment to the user employer. The Temporary Employment Agency can collect from the user employer agreed fee for the temporary assignment of a temporary employee; but

from temporary employee, temporary assignment fee is not collected. The center issues for an indefinite period of the authorization to operate the Temporary Employment Agency.

Supported Employment Agency is a legal entity or natural person that provides services to people with disabilities, long-term unemployed persons, and employers aimed at facilitating to obtain employment or to maintain employment or to facilitate to obtain employees from among citizens with disabilities and long-term unemployed persons. Supported Employment Agency has the following activities:

- The provision of expert advice to support and help in obtaining and retaining a job, employment, and financial advice in resolving claims of persons with disabilities resulting from their disability and expert advice in obtaining and retaining a job for long-term unemployed persons
- The detection of capabilities and professional skills of people with disabilities and long-term unemployed citizens with respect to labor market demands
- The search and meditation of suitable employment for people with disabilities and long-term unemployed persons
- The provision of expert advice to the employer in employees recruiting among citizens with disabilities or long-term unemployed persons to solve problems during their employment
- The selection-making of the appropriate disabled person or a suitable long-term unemployed person to the job based on the requirements and demands of the employer
- The provision of expert advice to the employer when adjusting job and working conditions for a particular disabled citizens' employment

The Supported Employment Agency performs their activities for the job seeker who is a citizen with disabilities or for seeker who is long-term unemployed on the basis of written agreement with the competent office.

3.2. The forms of implementation of labor market policy

Employment Services Act (No. 5/2004 Coll., as amended) establishes the conditions and legal framework for those active labor market measures:

- Information and advisory services
- Professional consulting services
- Education and training for the labor market of job seekers and for interested in employment
- Education and training for the labor market of employee
- Contribution to self-employment
- Contribution to employment support of disadvantaged job seekers
- Integration of disadvantaged job seekers in work integration social enterprise
- Contribution to support the development of local and regional employment

- Contribution to support job retention
- Contribution for graduate practice
- Contribution to support of job creation in the first regularly paid employment
- Activation allowance in the form of small community services for the municipality or through small services to the self-governing region
- Activation allowance in the form of voluntary service
- Contribution for commuting to work
- Contribution to promoting labor mobility
- Contribution for transportation to work
- Contribution to new job creation
- Financial support for encouraging the maintenance of employment in small enterprises and medium-sized enterprise
- Projects and programs
- The promotion of employment for people with disabilities:
 - Sheltered workshop and sheltered workplace
 - Contribution to the establishment of a sheltered workshop or sheltered workplace
 - Contribution to keeping citizens with disabilities in employment
 - Contribution to self-employment of persons with disabilities
 - Contribution to the activity of a work assistant
 - Contribution to cover the operating costs of a sheltered workshop or sheltered workplace and transport allowance of employees [3]

Generally, it should be stressed that the level of contributions and the length of their provision on the different tools are not the same in all districts of Slovakia. These depend on the affiliation of the district to the type of region in terms of the proportion of gross domestic product (GDP) per capita in GDP per capita of the European Union (75% of the EU average) averaged over the preceding 3 years measured in purchasing power parity.

It also depends on the height of the average rate of registered employment in the region compared to the national average unemployment rate for the previous calendar year, and for some tools, it depends on whether the created jobs are filled by disadvantaged job seekers. An important factor for the application of a particular tool is the length of the line of job applicants in the register at the labor office.

Despite the spending growth on active labor market policy of the Slovak Republic, it is among the countries with lower investment in this area. In the system of unemployed support, there are also less efficient tools that do not improve dramatically the chances of job seekers. On the other hand, it should be said that there is a very low proportion of educational programs.

On January 1, 2004, the Social Insurance Act, which has become part of the unemployment insurance, came to the force. Unemployment insurance is insurance against loss of income as a result of unemployment. The unemployment benefits are provided from unemployment insurance. The insured person is entitled to unemployment benefits if they were covered by unemployment insurance for at least 3 years of the last 4 years before they were registered as unemployed job seekers.

All employees are compulsory insured for unemployment. Voluntary insurance for unemployment can be a person older than 16 years, who have permanent residence or permit for temporary or permanent residence in Slovak Republic.

Currently, entitlement to unemployment benefit arises to the insured from the date of the registration as unemployed and expires after 6 months. Unemployment benefit is provided for calendar days, and the amount is 50% of the daily assessment base (previous daily gross income). The daily assessment base is calculated from the 3 years before receiving unemployment benefits. The basic requirement for entitlement to benefits is 730 days of insurance in the previous period.

Entitlement to unemployment benefit shall expire always:

- On the date of removal from the register of job seekers
- On the date of expiration of the support period (6 months)
- On the date of death of the individual

The insured person again becomes entitled to unemployment benefits no sooner than 2 years after the expiration of the earlier entitlement to unemployment benefit.

If the insured person will be reinstated in the register of job seekers in less than 2 years from the commencement performance of activities by the employee, then he is entitled to payment of unemployment benefits from the date of re-inclusion in this evidence for the remaining part of the support period of unemployment and in the amount he was paid in the previous unemployment benefits.

An insured person who has been removed from the register of job seekers due to the commencement of employee activities during the period of receiving the unemployment benefits and period of receiving the unemployment benefits lasted at least 3 months is entitled to a one-time payment of 50% of unemployment benefits for the remaining part of the support period, if he applies in writing for the payment. After the one-time payment of unemployment benefit the insured person will not be entitled to the next unemployment benefit for a period of two years.

The insured person to claim the unemployment benefit shall apply by submitting the application for unemployment benefits, which is considered to be the decision on inclusion of the insured person in the register of unemployed persons [4].

4. Social economy and social entrepreneurship

The social economy and its tools in the form of social entrepreneurship contribute to solving social problems, and they form a cohesive community; moreover, they are creating stable

jobs. Based on the experience of developed economies, we can conclude that this is a new area of effective business activities that would have rightly deserved greater support and attention in Slovak conditions.

The social economy is becoming an effective and a modern instrument of social policy and often brings innovative solutions to social problems. The European Union countries are divided into several groups according to the degree of acceptance of the concept of social economy. This business area in Slovakia is currently developing, and it is slightly supported. France, Italy, and Spain are among the leaders, and their experience can serve as an inspiration for the establishment of social initiatives in Slovakia.

There are many discussions at the global level about the social economy concept. The concept of social economy in Europe arose in connection with the cooperative movement. This concept was first accepted and supported by France, later, in 1989 recognized by the European Union too.

Social entrepreneurship appears to be an effective tool of social market economy, and the importance of this sector continues to grow. Nowadays, we include in the social economy 10% of the total number of enterprises in a European area, which employ more than 11 million people and account for 6% of the total employment.

Social economy is defined as the scientific discipline that studies the motives and methods of decision-making of society entities about the use of scarce resources for production of goods and services and their allocation between individuals and social groups while upholding the principles of social solidarity and social justice in relation to equal opportunities [5].

We are now in a specific situation where practice precedes the theory. There is not enough attention devoted to the social economy, and research is progressing at a slower pace, while we implement various tools of the social economy in practice in the form of social entrepreneurship.

Social economy was established in reaction to the unfavorable situation in the social area, which is caused mainly by rising unemployment, an aging population, social marginalization, and social exclusion. As a result of the global financial and economic crisis, the problems deepened and led to the search of innovative practices to tackle them. The social economy is perceived as part of the economy that includes entity with primary social objective. In this area, there are social enterprises that expense profits in favor of disadvantaged people employment or provide goods and services to vulnerable and socially disadvantaged persons or communities.

For today's economic environment, unfortunately, it is not characteristic that it is aware of social values created by social enterprises or that is affirming their important role in ratifying the key elements of civil society. Those elements are creating responsibility, social innovation, new forms of partnerships, and authentic business activities [6]. The reason for this situation may be the lack of legislative background in the EU member states, the absence of criteria for including subjects in the social economy sector, and insufficient support.

The primary role of social enterprise is to ensure the fulfillment of social or societal objectives, and its profits are reinvested exclusively to meeting the needs of the company or the community. Thus, its activity is not governed by the need to maximize profits for shareholders and owners. Social objective is fulfilled by:

- The provision of goods or services for socially disadvantaged or marginalized groups
- The employment of persons who prior to recruitment were disadvantaged candidates on the labor market [5]

Consequently, the second group is formed by work integration social enterprises (WISE). Their aim is to help mainly low-skilled unemployed people who are at risk of permanent exclusion from the labor market.

According to the process integration, we distinguish four main models of work integration social enterprise (WISE):

- Temporary job
- Permanent job creation with self-funding
- Work integration through ongoing public subsidies
- Socialization based on productive activity [7]

4.1. Temporary job

The aims of the temporary job are to provide to the target group work experience (temporary employment) and the acquisition of skills and thereby achieve their further placement on the open labor market. This is a short-term job during which the employee may undergo theoretical and practical training, various training courses aimed at improving personal, social, and professional competencies (e.g., in Belgium and Portugal).

4.2. Permanent job creation with self-funding

It is a stable and economically sustainable social enterprise, which employs disadvantaged job seekers. Due to the expected reduced labor productivity of these persons, these enterprises are subsidized by public funds in the initial stage of the WISE (these models are successful in Germany, France, and Great Britain).

4.3. Work integration through ongoing public subsidies

WISE model is expanded in many countries of the European Union (i.e., Portugal, Sweden, Ireland, and Belgium). They provide jobs for job seekers with disabilities (the disabled, social handicap) who are not a precondition of employment on the open labor market. For this reason, these protected jobs or sheltered workplaces and workshops are supported by public funds.

4.4. Socialization based on productive activity

The aim of this model is not working integration in the open labor market, although this is not excluded, but rather socialization and resocialization through social contacts. It is designed for people with serious social problems (alcoholics, drug addicts, the homeless,

severely disabled release from prison, etc.). This type of WISE operates successfully in France, Belgium, and Spain.

5. The social economy in Slovakia

The advanced economies of the European Union support and are developing the social economy and social entrepreneurship that contributes to build a competitiveness and performance of the landscape. The concept of social economy is not perceived uniformly in all member states. France is considered to be the cradle of the development of the social economy, where the concept of social economy is enshrined in national legislation. For example, in Italy, Spain, and Belgium, this area of business is fully accepted in public administration, academia, and science. Another group forms an economy that recognizes the concept of social economy along with other concepts such as nonprofit sector and voluntary sector (Cyprus, Denmark, Finland). Moreover, the three countries, Austria, Germany, and the Netherlands, became members of the EU in the enlargement in 2005. In these countries there is little or no knowledge about the development of this area.

At the present time, Slovakia operates a number of initiatives which can be considered as effective tools of social economy. These entities operate in the area of the third sector, and they can adopt various legal forms. These entities are civic associations, nonprofit organizations, foundations, and non-investment funds. The drawback is the lack of a comprehensive legislative background of the social economy, which often causes problems in defining these entities.

An important moment for the development of social economy was the adoption of an amendment to Act No. 5/2004 Coll. Employment Services in 2008, when social enterprises such as work integration social enterprises (WISE), gained legal legitimacy as a tool of active labor market policy.

By this time operating activities based on the principles of social economy developed in the context of various projects supported from the European Union, in particular through the European Social Fund.

At the present, the meaning of the Employment Services Act for the entity of the social economy can be considered a legal or natural person, who:

- (a) As his primary social objective places to achieve measurable positive social impacts and provides goods or services to vulnerable, marginalized, disadvantaged, excluded persons, or uses a method of production of the goods and services.
- (b) To achieve his primary social objective, he will use every year at least 50% of the funds raised from the income of the activities, which remain after the reimbursement of all the expenses of the business for the relevant tax period under the tax return.
- (c) Is managed in an accountable by a transparent way.

For work integration social enterprise, it can be regarded that a legal or natural person who:

- A minimum of 30% of the total number of its staff are citizens who, before admission to employment, were disadvantaged job seekers
- Is helping these workers to find employment in the open labor market
- At least 30% of income, after deducting all expenses for business activity, will be used to create new jobs or to improve working conditions.
- Is registered in the register of social enterprises

Observance of these criteria must be demonstrated on a regular basis, once a year for reporting the results of its activities to the Central Office of Labour, Social Affairs and Family.

The Central Office of Labour, Social Affairs and Family can recognize the status of a social enterprise on the basis of the application of legal or natural person and after fulfillment of the criteria. These entities are then maintained in the register of social enterprises.

Currently, a separate law on the social economy in order to promote the development of this sector is in the progress of preparation. This separate law will identify the entity criteria and the financial and the nonfinancial support in this area.

5.1. Space for the development of social economy in agriculture

In Slovakia, we can see a large space for development of social economy in agriculture.

Whereas food articles meet the basic needs of man, our civilization would not survive without developed agriculture with constant intensification of production. Due to intensification of agriculture, development of industrial production, and international trade, the agriculture has ceased to be the main driver of economic development. In some countries there has been a shift away from traditional industries, and the economy began to produce manufactured goods with high added value, regardless of technological unemployment and food security.

Slovakia is among the countries which have started to give priority to the production of luxury goods mainly from the electrical and automotive industries, and the share of these industries in GDP has grown steadily. Currently comprising about a quarter of GDP, agriculture, forestry, and fishing contribute about 4% of GDP.

Despite the efforts of rural development by the state and support of the common agricultural policy, there has been a sharp fall of agricultural products in the trading network of the SR. While in 2002 the share of Slovak food products in commercial network was 72.8%, 10 years later it has been reduced to 48.9%. We are now at around 55%.

Ďuričová [8] notes that the Slovak agriculture with their economic production results is in most indicators not only under the average of the original EU-15 but also below the average of the states brought together EU-27, as well as below the V4 states, which joined to EU in the same period as Slovakia.

The situation corresponds to the number of people employed in agriculture. In 1993, the agricultural sector employed 173,711 permanent employees in enterprises with 20 or more

employees. In 2013, the number dropped to 28,231 people on permanent contracts and 15,528 people who agreed on work performance.

In view of the above and a large volume of imports of the recoverable agricultural and food products, we see an area for social economy in agriculture or in the development called green jobs. This would be the solution of several important macroeconomic issues—state food insecurity, supply large quantities of high-quality food products to the Slovak domestic sales network, unemployment, and the state of the environment.

Therefore, we can agree with Darmo [9], who states “Green jobs are a region of interest of the environmental economics, as well as the leaders and the employment policymakers. They are the result of horizontal principles of environmental sustainability, which are reflected in all economic sectors. They also support the principle of inclusive economy and consequently the social sustainability, the mitigation of social inequality and they create preconditions for employment of low-skilled and disadvantaged labour force.”

6. Conclusion

Impaired social conditions bring many problems; a lot of people and families are at the risk of poverty, social exclusion, and without jobs. Solutions are searched to mitigate the said negative situation; various instruments of active labor market policies are implemented, but yet they do not bring the desired results.

Given the most serious problems of the Slovak labor market and high unemployment of certain risk groups, we can conclude that unemployment in Slovakia must deal with a strong emphasis on reducing long-term unemployment. These are often people without experience, with low education, and multiple handicaps. It would be desirable to connect more targeted demands of the labor market and the education system, to place greater emphasis on lifelong learning, to give an individual approach for unemployed at labor offices, and to introduce more effective instruments of active labor market policy.

The solution may be to promote the social economy sector with emphasis on the development of work integration social enterprises. Taking into account the needs of Slovakia, its regions, and especially those at risk of social exclusion, in the long term, the introduction of the social economy with priority of employing people rather than profit-making would improve the economic conditions and prospects of the rural population in particular. It also would reduce the pressure on the social system and may favorably affect the trade balance by reducing the amount of imported agricultural commodities.

The disposable production and employment potential of Slovakia would be used more efficiently. A positive factor also would be to increase the food security of the state and the resistance to certain types of economic crisis. The focus could be municipal enterprises managing municipal property. The social economy in agriculture could dampen lifestyle change and move younger population in search of better job opportunities in cities and also would maintain the skills and knowledge of older generations for future generations and reduce the alarming number of long-term unemployed in Slovak Republic.

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