

Quali Pro ———
————— *Second Hand II*

**Guidance with proposals for network development
for the sustainable use of the products**

- Germany -

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1. Status quo of the second hand sector in Germany

Since a number of years, the trade with used goods and recycling has been in the public spotlight. This development is due to different ecological, economic and social reasons. Nevertheless the processing of and the trade with second hand merchandise is not a new phenomenon. Starting with the late Middle Ages up to modern times, for example, the trade with and the handling of used clothing in Germany has been clearly defined in terms of the kind of goods, the quantity of goods and an indication of the places where trade was permitted. In addition there were stipulations on the qualification and the properties of the merchants¹. These formerly established regulation systems disappeared over the centuries and finally became obsolete.

Because of the heterogeneity of the second hand sector it is more than essential to first focus on the definition of “second hand sector” and its limitations in this project. In addition, it is also important to define the concepts such as *sale/retail* as well as *re-use and recycling* which are closely related to the concept of second hand. The second hand sector as the focus of the previous project “QualiProSecondHand” was delimited and defined (after consultations with all project partners) as follows:

„The second hand sector includes the commercial trade and the non-profit sale of a range of consumer goods of any kind as well as the main tasks involved such as the procurement of goods, their processing and the refeeding of the merchandise into the closed loop of goods with the aim to make the used goods available again for their original purpose of use. So the focus should be on the traditional trade of used consumer goods, which therefore excludes auction portals and companies as well as exchange markets. In order to avoid any overlapping with other sectors and to decide on a clear delineation with regard to the traded goods, capital goods as well as real estate, cars and antiques are excluded. The trade (e.g. the real estate market) with such goods represents partly a sector of its own or is covered by other sectors (e.g. automotive trade).”

Besides the presented definitional delimitation of the second hand sector within the framework of the Leonardo project “QualiProSecondHand”, the flea markets were only taken into consideration to a very limited extent. Although flea markets traditionally play a very important role in the field of trade with used goods in many European countries, these markets could only be considered in the study as a platform for commercial traders who either exclusively operate there or who make use of their flea market stalls as an additional sales opportunity apart from a shop or online sales and distribution.

According to the figures provided by the Statistisches Bundesamt (German Federal Statistical Office), the number and the turnover of taxable companies dealing with used goods increased from 4,519 (1,84 billion Deutschmark) in 1998 to 4,632 (1,1 billion Euro) in 2000. The association of second hand traders “*Second-Hand vernetzt e.V.*” in Münster knows more than 6.000 second hand companies. According to cautious estimations, however, the number of such companies is said to amount to at least 12.000 decently managed enterprises. The estimated number of unreported companies is likely to be considerably higher (Second-Hand vernetzt e.V., 2007).

¹ Reinhold Reiter (2003): Referat „altgewerker, lumpier, kannenplecker“; Tagung „Recycling in Geschichte und Gegenwart“, Bergakademie Freiberg / Sachsen.

Overall the German second hand market is composed of privately owned companies and of companies assigned to the social economy. The second hand trade in terms of social economy is often part of the business fields of the respective enterprises.

In Germany as well as also in other European countries the number of second hand offers is higher in cities and areas with a high population density than in rural regions. The reasons for this may be the higher number of inhabitants in the cities and even a higher acceptance of used goods compared to rural regions. Above all two parallel trends can be observed in municipal areas. On the one hand the trend towards the purchase of used goods is increasing due to the worsening economic situation of many private households. On the other hand there is a big community (above all younger people) who consider second hand items as “trendy” and modern. Compared to municipal areas, the rural population is rather reluctant to use second hand goods or even rejects them completely.

The second hand sector is a particularly diverse industrial sector comprising a wide range of products and services covered by individual sellers, charities, enterprises and multinationals. The Second-Hand market is fundamentally part of the retail market where goods are sold for re-use. In Germany around 60% of the privately operated companies employ up to 6 employees with a turnover of around € 1 Million in 2005 (Compared to this, only 4% of the German enterprises employ more than 60 persons and have an average turnover of €5 million). In Germany, for example, there are not only pure retail businesses (and/or partly specialized retail shops for second hand merchandise) on the privately operating market but also limited companies (*GmbH*), retail commissioners and franchisers.

Prior to a further characterization of the two forms of enterprises, the definition of not-for-profit enterprises as a basis of the project QualiProSecondHand will be further explained. A company in the narrower sense is a unit performing an economic or charity task activity regardless of the respective legal form of the company. Not-for-profit enterprises are organisations acting freely and charitably or privately and economically. In addition to the state and the market, these companies take over specific tasks of acquisition, promotion and/or representation of interests/ influence for their members (self-help) or for third parties. They do not pursue commercial (profit) interests but serve the charitable, social, cultural or scientific objectives of their members. This has been laid down in a charter and is generally approved within the framework of a recognition process at the time of the application for the status of public utility. The project QualiProSecondHand makes use of the description of a non-profit/ not-for-profit company for those enterprises which are recognized as charitable companies in the respective European country. Non-profit (ore better not-for-profit) enterprises thus encompass

- *companies pursuing charitable, beneficent or parochial purposes, i.e. the activities must be aimed at supporting the public on a material, mental or ethical level in an altruistic, exclusive and immediate way.*

As societies, associations, self-managed bodies, charitable societies (gGmbH or gAG), cooperatives or foundations, the board of managers may be elected or – for example in the case of foundations – certain persons or institutions may be appointed. The non-profit enterprises finance their services via membership fees, donations, allowances and/or prices and fees. Any surpluses may not be directly

distributed as return on capital to members/ institutions. A certain amount of reimbursement in relation to the rendered performance is, however, possible².

Above all in the field of social work/ support for handicapped people there is a variety of organisations pursuing different charitable purposes for different motives. The not-for-profit enterprises in the second hand sector are often

- *social enterprises or employment companies creating work, employment and qualification for handicapped people, disadvantaged persons or other target groups of the labour market policy. The companies are either employment institutions offering qualification and a temporary employment or integration companies which are already assigned to the general labour market by the legislator.*

A final look at the Second hand sector in Germany reveals that there are both profit oriented and not-for-profit enterprise in the field of social economy. The orientation depends on the objectives and the tasks of the respective enterprises or institutions behind them. The bigger part of the not-for-profit enterprises in Germany are companies which apart from the trade with second hand goods also take over other social tasks. Similar to other countries their main objective is the re-integration of disadvantaged and long-term unemployed persons into the labour market. Similar to all other countries, big organisations such as the Red Cross, Caritas etc. are operating on the German second hand market as well.

Apart from the simple sale in shops or department stores, non-profit enterprises also feature workshop sales or sales from stock. These enterprises are often organised in a way that the reception of goods, the sorting warehouse and the sales rooms are on the same premises. The purchased or collected goods are offered for sale after having been checked, cleaned and repaired if necessary. Interested customers can seek advice from the sales persons. In case of a reclamation the products are repaired, returned or a voucher is issued. Used electrical and electronic equipment and furniture is offered both in stores and warehouses whereas clothing or children's items, household articles, books and sound storage media are mainly sold in shops and department stores.

2. Activities for sustainable implementation of the project products

The project "QualiProSH II" was realized in the environment of the enterprise QAD mbH. From there, the products and results were transferred to the network partners of the company – the Network Second Chance Ost - and implemented. The basis of the implementation was the continuous exchange of information and the transfer and presentation of the products. The modules themselves as well as complementary products were tested, adapted and optimized in the social goods hall / social department store of the company QAD mbH with employees who are working in the second hand field.

The transfer to the network Second Chance Ost was done against the background of a sustainable implementation of the products in other companies. Therefore this

² vgl. <http://de.wikipedia.org/wiki/Non-Profit-Organisation> (06.12.2007)

network was very suitable because it is a coalition of partners in eastern Saxony who all operate in the second sector on one hand and on the other hand they all have a focus on employment and qualification. To the partner of the network belong

- QAD Dresden mbH – Qualifizierungs- und Arbeitsförderungsgesellschaft Dresden mbH (training and employment promotion company mbH Dresden)
- Netz-Werk e.V. Mittweida
- GAB Glauchau – Gesellschaft für Arbeits- und Berufsförderung Glauchau mbH, (Society for Labour and Vocational Training Glauchau mbH)
- GAB Weißwasser – Gesellschaft für Arbeits- und Berufsförderung Weißwasser mbH (Society for Labour and Vocational Training)
- OAI GmbH Neustadt – Ostsächsische Ausbildungs-, Arbeitsbeschaffungs- und Investmanagement- Gesellschaft mbH (east Saxony training, job creation and Management Investment-company)
- ABS WeTexbau Chemnitz mbH (- Society for Employment Promotion, Employment and Development Ltd. structure, tools and textile machinery)
- SAQ Zwickau GmbH – (Saxon construction and qualification mbH)

Beside the network Second Chance Ost and its enterprises the results and products were also disseminated in the Umweltzentrum Dresden (environmental centre) and in the Trägerverbund Dresden (carrier composite) to implement sustainable. In the following this institutions should be explained:

Second Chance Ost

The company is based on different theories like

- We strengthen the social infrastructure by continuously and offer competent social services.
- We provide social and related quality standards and the appreciation of our customers and employees.
- We assure sustainability by creating regional product cycles.
- We are always looking for innovative solutions in our region to keep pace with developments in society and realize our step above principles for action in the future can be.

Within this network, the project's results were presented on a regular basis. There are a lot of interests for re-use of the developed modules and products.

Environmental Center Dresden – (Umweltzentrum Dresden)

Environmental Center in Dresden, there are people together who are committed to nature and the environment, education, social and environmentally friendly products and technologies. The Environment Centre Dresden combines a large spectrum of associations, initiatives and small businesses under one roof. The second hand goods market is interesting from an ecological perspective for the environmental center. With the management of the Environmental Center, there was a regular experience. They are also in perspective, a key contact point for further stabilization and professionalization of the second hand range. Therefore, they

operate as a multiplier for a sustainable implementation of the products in other enterprises and institutions.

Carrier composite Dresden – (Trägerverbund Dresden)

The carrier assembly "Publicly funded work Dresden" is a voluntary association established in 1998 by legal persons, the labour market services to meet the regional needs of the city of Dresden, the partners of the region, offering particular the City Council and the Labour Office, voted. The QAD mbH is a member of the carrier network and has informed members of the carrier assembly about the Leonardo project results and products. They also operate as a multiplier for a sustainable implementation of the products.

3. Proposals for a further sustainable implementation of the projects products

The QAD mbH plans to include the modules into the regular qualification of their target group. The participants of the employment measures are long term unemployed people. These people are recruited by the company and employed for half a year - at the current funding conditions – with the aim to make them fit for the job market.

Furthermore the modules and products should be sustainable implemented in the companies of the network Second Chance Ost. These are social enterprises in the whole region of Saxonia – including structurally weak areas - who acting in the second hand sector and have the aim to qualify and to employ their employees to bring them back into work after the end of the employment measure as well as to open them a new vocational perspective. Furthermore exist a close connection to the regional employment offices and job centres, which are the decision-makers regarding the decision who of the unemployed people will be supported by qualifications. To sensitize them for a funding of a qualification in the second hand sector is a further basis for a sustainable implementation of the products. Thus the target group on one hand can be reached easier and on the other hand, the qualification can be carried out by skilled workers or instructors in the companies themselves during the daily work. Beside their experiences they can use the products and described teaching and learning methods (e.g. coaching, learning-by-doing) as well as the didactic concepts and the numerous training materials of the modules to implement them in their qualification programme. The objective is the sustainable implementation of the developed modules and complementary products as a further training / qualification for a limited time employees in social enterprises, which operate on the second hand market. Therefore the area of East Saxonia plays a pioneering role in Germany.

Beyond this region the products will be disseminated in whole Germany by the German project advisers, the BAG Arbeit eV and the association Second Hand vernetzt e.V. Both of them bring the products close to their members. The practical and verifiable implementation of the individual products will enable enterprises in the socio-economic field, which mostly offer qualification, to implement them sustainably. For employees of the private economic sector the qualification can be currently established as a free training offer. As qualifiers on one hand consultancies and on

the other hand different associations as well as free qualification institutions are suitable. How far they sustainable offer such a qualification depends on the future demand for a sector-specific qualification. Because of the expected growth of the sector and the desire of the companies to be more professional and to offer a better quality, it is expected that an appropriate qualifications will establish sustainable in the future.

To achieve a sustainable implementation it is necessary, however, that the labour authorities and social partners accept the qualification for the second hand sector as an official training and education. For this purpose it is necessary to take numerous bureaucratic hurdles. These are not insurmountable. This would be also the first step toward the development of an initial training for the second hand sector.