

The social economy from the perspective of active inclusion: Employment opportunities for people far from the labour market

Discussion Paper

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Introduction

With increasingly diverse societies, and greater differences in income levels, the EU has become increasingly concerned about social inclusion and social cohesion. This concern saw the formulation of the Lisbon strategy in 2000 for increasing European competitiveness, and for addressing social exclusion. But while macro-economic policy and labour market reform has gone some way to reducing unemployment rates after the economic crises of the mid 1990s, it is generally recognised that with an average EU employment rate of only 66%, there is still much to be done. And those furthest from the labour market have proved particularly difficult to integrate, even through reformed labour market measures.

However it is increasingly recognised that the social economy (co-operatives, mutuals, associations, and foundations) with their close ties to communities, and historically specialised support for disadvantaged groups have unique advantages in the work and social inclusion of such disadvantaged groups (e.g. Ciriec, 2000). The experience of the social economy in Belgium is particularly interesting, and it is part of public policy to support the social economy to address social exclusion. Belgium has a relatively well developed and recognised social economy (especially in the Walloon region). And it has some internationally renowned social economy organisations involved with work integration such as Groupe Terre.

The paper begins by reviewing EU policy on inclusion of those disadvantaged in the labour market. It examines current trends and statistical data on employment including those for Belgium and its regions. The following section examines how the social economy plays a role in employment, and how it has developed a strength in work integration particularly through the growth of work integration social enterprise (WISE). The third section gives an overview of the Belgium policy regarding the social economy, including the different regional dimensions. The final section raises issues and questions for further reflection and discussion.

1. EU Policy

Employment policy in Europe

The following trends which can be found in Europe for addressing labour market issues, as we shall see they have helped support the recognition of the value of the social economy in assisting the most disadvantaged back into the labour market; and they have led to the growth and institutionalization of a social economy innovation: the work integration social enterprise or WISE. The trends supporting this have been:

- there has been an increasing focus not just on unemployment but on the employment rate; this has included increasing the participation of the economically inactive population, as a result of the Lisbon strategy¹ for growth and jobs;
- there has been increasing European interest in improving the work integration of claimants of health/incapacity/inactive benefits.
- and linked to the same focus – there has been an interest in disadvantaged groups who are recipients of benefits other than unemployment benefit; this has included social assistance and disability benefits, where across Europe there have been large increases in numbers of claimants over the last 10/20 years; this has led to strategies for helping the socially excluded;
- and there has been greater priority placed on social cohesion and social inclusion objectives – for the disadvantaged and for those some distance from the labour market.
- many countries have invested in more active labour market policies (ALMPs) to improve the efficiency of the labour market: by improving information flow, improving access and mobility, improving employability skills via training and employment experience, and improving the matching of participants and employers – via better information, better search capabilities, etc.

Current themes in improving the design and implementation of employment policy (OECD, 2007):

The main themes have been strengthening the economic framework for work integration, introducing tougher regimes, and customising and integrating services - by developing *good linkages between policy and the implementation of policy*, particularly through ensuring good inter-agency collaboration, in some cases via integration of agencies (one stop shops). This can be developed further by improving the alignment of the two systems (benefits and ALMPs) so that they are complementary. In detail the main themes are:

- Making the economic case, typically through: tighter eligibility criteria, less generous benefits, making combination of wages and benefits more attractive, as tighter job search criteria, tighter linkage between benefits and participation in ALMPs.
- Addressing welfare traps and labour market traps; as well: for example in many European countries – people are not allowed to earn, nor allowed to volunteer whilst on benefits;
- Tougher measures with more compulsion: based on the idea of “mutual obligations”; this also involves monitoring benefit recipients to ensure they comply with eligibility conditions and if necessary, apply temporary sanctions or benefit exclusions. Work first approaches (workfare) have been used where benefits are strictly dependent on participation in ALMPs.
- Integration and customisation applies throughout the value chain: by improving links between the different phases in the process: tailor made services for particular target groups, individual integration contracts between clients and relevant agency; pre-programme inclusion strategy;

¹ Initially agreed at the EU Lisbon summit in March 2000, then simplified and relaunched in 2005.

ALMP implementation: information, matching, training/employment; placement; follow-up and support once someone is employed;

- Early intervention in the unemployment spell and a high contact density between jobseekers and employment counsellors;
- Regular reporting and monitoring of work availability and job-search actions;
- For more difficult to reach target groups the approach needs to be well integrated and customised through: early profiling, personalised counselling, integrated multi-service approaches, using flexible pathways.
- "Active social policies" have become more important for the most disadvantaged; similar in approach to ALMPs, they use social inclusion programmes (linked to employment objectives of ALMPs), but precede or supersede them, and include use of case workers; and sensitivity to (sub-) cultural issues (like role of extended family, and participation in informal economy).
- Extension of partnerships to third sector organisations which have specialist expertise with particular target groups.

Approaches for addressing the needs of the more disadvantaged: the role of the social economy

Underlying approaches to improving employment rates and address the socially excluded are *three distinctive benefit-work transition philosophies*: managing social risk, and economic and capabilities approaches, (Peters, 2007).

Managing social risks: in post-industrial society there are many social risks that influence transitions to employment. These include risks associated with skills obsolescence, stress, work intensity which can lead to work incapacity; issues around ageing leading to withdrawal from the labour market or early retirement; crime and dysfunctional communities leading to drug/alcohol abuse; discrimination creating barriers to social inclusion; changing family structures and family insecurity leading to homelessness, delinquency, lack of a safety net, etc. These social risks can be managed indirectly through financial measures (tax/benefits) and more directly through non-financial measures (ALMPs, lifelong learning, work and family reconciliation measures). The former are typically linked to the economic/insurance approach, while the latter are typically linked to the capabilities/resource approach.

Economic/insurance approach: this approach is based on a rational choices perspective i.e. people try to allocate their resources to maximise their welfare. The approach emphasises financial incentives, such as: lower taxes, in-work benefits, increasing the minimum wage, closing tax breaks for early retirement. The impact of such measures varies with the target groups, so for example they tend to work well for older people and for those at the lower end of labour market. Avoidance of financial disincentives (including poverty traps) are particularly important for some target groups like single parents and partially disabled who require combined paths (benefits and work). More coercive measures are also employed where benefits are withdrawn for non-participation: e.g. workfare, etc. This economic-insurance approach tends to be dominant in many EU countries.

Capabilities/resources approach: this approach focuses on employability and raising individuals' capabilities by investing in training as a major strategy. The capabilities approach can also have the advantage of raising productivity.

Role of the Social Economy: Standard ALMP programmes are not always very effective for the socially excluded – largely because of the need for a tight integration of the diverse social/training/work support measures for such groups. This has led to recognition of the value of specialist type of organisation for integrating the more disadvantaged. The social economy has a long history of working for and with the disadvantaged in society. Its strong links with local communities and its democratic governance structures help to consolidate and develop social capital. And many of its associations have a well established historical role in giving specialist support to particular types of disadvantaged people.

More recently across Europe we have seen the emergence of social enterprise² – that part of the social economy that is more income generative (Borzaga and Defourny, 2001, and the work of the EMES research network – see www.emes.net). And in particular work integration social enterprise (WISE) have emerged and become institutionalised in many countries. WISE are typically engaged with providing “real jobs” whilst providing training for some of the most disadvantaged in the labour market (Nyssens, 2006).

One of the reasons for the growth of WISE is that they are quite effective at integrating important elements of the above three approaches to transitions to work for the disadvantaged. Socially excluded people usually need considerable support to help address social risks, and WISE are particularly effective with non-financial and capabilities approaches. And although the economic/insurance approach is set at the macro level, there is considerable scope at the micro-level for customising support for target groups based on managing risk and improving capabilities approaches. Many WISE (work integration social enterprise) provide jobs with wages, whilst training is given – thereby combining elements of both economic and capabilities approaches. WISE also bring together within one organisation many of the steps required for implementing ALMPs, thus they are by design integrative. And since their main purpose is work integration they specialise in customised support for their target groups; some WISE go further by specialising in the support of specific target groups. In relation to policy measures which can be bureaucratically and separately organised, WISE provide an organisational focus and capability for effectively integrating measures from different state agencies, customising those measures for particular target groups.

² **Social Enterprise:** the EMES criteria comprise economic and social dimensions of enterprises:
Four factors have been applied to define the economic and entrepreneurial nature of the initiatives.
 a) A continuous activity producing goods and/or selling services
 b) A high degree of autonomy (vs dependency)
 c) A significant level of economic risk
 d) A minimum amount of paid work
Five factors have been selected for the social dimensions of the initiatives:
 i) An initiative launched by a group of citizens
 ii) A decision-making power not based on capital ownership
 iii) A participatory nature, which involves the persons affected by the activity
 iv) Limited profit distribution
 v) An explicit aim to benefit the community

EU and Belgium labour markets

Belgium has a relatively low employment rate of 62.1% (men 68.9%, women 55.3%) compared to EU average of 66.0% (men 73.2%, women 58.8%) (7 countries are below Belgium) (3rd Quarter 2007, in EU Labour Market Review). Its youth employment rate at 27.5% is also below the EU average of 38.6%, though this low rate is partly explained by young people still being at school. And older persons employment rate is 34.5% against EU average of 45.1%, with only 4 countries with worse figures.

Similarly its unemployment rate at 7.2% is above the EU average of 6.9%, with 6 countries having higher levels. Its youth unemployment at 18.4% is also above the EU average of 14.9%.

There are considerable regional variations behind these figures. The Walloon region an employment rate of 55.9% (2006), and the Flanders an employment rate of 65%. Data on employment rate in the Brussels region was not found.

Data from Actiris (Brussels regional employment agency) showed the following relative unemployment rates for 2006:

(ref: www.londoncouncils.glegroup.co.uk/Downloads/2%20BRUSSELS.ppt)

Belgium	12.9%
Flanders	8.4%
Wallonia	18.5%
Brussels	22.1%
German-speaking Community	7.8%

Brussels is a special case with large numbers of highly skilled international workers, but clearly it also has a substantial proportion of the local population excluded from the labour market.

The German-speaking Community of Belgium with its population of over 73,000 had an employment rate of 68% with an unemployment rate of 7.8% (10.5% of all women are out of work, compared with 5.8% of men).

One indicator of social exclusion is the incidence of long term unemployment, and in 2006 Belgium had 69.0% for 6 months and over, and 55.6% for 12 months and over (with Wallonie worse than Flanders); this compares with 60.9%, and 44.2% for EU15 (Germany, Greece, Portugal are worse for 6 months; while only Germany is worse for 12 months with Greece having same level).

Other dimensions of social exclusion can be seen in the following (Belgium NAPs report):

« En 2005 les indicateurs confirment l'important manque de participation au travail de certains groupes spécifiques. Ainsi, le taux d'emploi des personnes de nationalité hors UE25 est inférieur de 27 points de pourcentage à celui des citoyens de nationalité UE25. Le taux d'emploi des personnes peu qualifiées est inférieur de 20 points de pourcentage à celui de la population totale et le taux d'emploi des personnes handicapées est inférieur de 17 points de pourcentage à celui de la population totale. Le taux global de chômage de longue durée s'élève à 4,4%7. Les isolés (8%), les personnes peu qualifiées (8%) et surtout les parents isolés (14%) et les personnes de nationalité hors UE25 (20%) connaissent un risque fortement accru de chômage de longue durée.

Plus que dans la plupart des Etats membres de l'UE, on constate en Belgique une concentration du travail non rémunéré au niveau des ménages. En Belgique, la part des personnes vivant dans un ménage sans travail rémunéré était la deuxième plus élevée en 2005 de l'UE25 (13% contre 10% pour l'UE25).”

Thus « Du point de vue de l'inclusion sociale, un défi important consiste à stimuler l'emploi pour une série de groupes cibles, sans augmenter le pourcentage de pauvres au travail, relativement bas en Belgique. »

(http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/nap/belgium_fr.pdf).

More detailed statistics on exclusion in Belgium can be found at:

http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/nap/belgium_annex_fr.pdf

In comparison with other OECD countries (OECD, 2008) for the expenditure on labour market policies as a % of GDP, Belgium has the second highest level (after Denmark) for expenditure on training, employment incentives, direct job creation, and start up incentives, and is sixth highest for Public Employment Services (including benefit administration, with a relatively much lower level of expenditure on placement and related services. [data is from 2004, and costs of “titre-service” are excluded from figures].

Previous Peer Reviews

One theme which is relevant to the effectiveness of social economy operations, has appeared in a number of Peer reviews. That is the need to innovate by finding *ways of integrating budgets and services* for the most disadvantaged, for example:

- The French Peer Review (June 06) on the “*document de politique transversale*” a transversal policy to promote coordination between ministries and programmes in fighting social exclusion.
- The Peer Review meeting in December 2006 looked at Sweden's framework for financial coordination, (through legislation in 2004). This enables the pooling of parts of social/employment/health budgets to provide integrated support for those with multiple problems.

- Also exemplified in the visit to SANNA: where one of its activities “Delta” provided a one stop-shop with multi-disciplinary teams for providing integrated support services to help those with drug and alcohol problems back into work.

The Peer review meeting in October 2005 looked at pathways to social integration for people with mental health problems: through the establishment of social co-operatives in Greece. This policy is based on a new legal status for social co-ops with members comprising mental health professionals (45%) and members with mental health problems (35%). The social co-ops are run as trading businesses but with therapeutic support. *The issues that arose where the necessary types of support for such social enterprise, the need to raise public awareness, and the need to monitor and evaluate such initiatives longitudinally.*

Though not linked to social economy policies, the peer review of the Belgian law on Minimum Income and Institutional Arrangements for Social Integration (November 2005) examined the Belgian law establishing the right to social integration (*Droit à l'Intégration Sociale – DIS*), and looked at the way it is implemented through local centres. The policy is targeted at young people and involves establishing a contract for social or work integration. This form of *customised contract or plan* has become more common in ALMPs.

It is also worth noting the Peer review meeting on the provision of basic social services in rural areas Hungary, June 2005. The village reported to the mayor and provided caretaking provided transport and social care services, but reviewers commented on issues of accountability and control. It should be noted that the *social economy has a long history of operating effectively and accountably providing such services* for disadvantaged communities.

Finally *previous Peer Reviews have been replete with examples of social economy organisations playing key roles*, for example:

- In relation to implications of Nov 2006 Roundtable for integrating Romas, NGOs have played major roles, including the “People in need Foundation”: “In the Field Social Work Programmes run by the Czech People in Need Foundation, for example, one third of the social workers are Roma.”
- Pollicino, a voluntary non-profit centre, discussed in the Feb 2005 Peer review meeting in Italy on Policies Preventing the Risks of Exclusion of Families with Difficulties.
- Six nongovernmental organisations (NGOs) together with public agencies manage Spain's Multi-regional operative programme to combat discrimination (October 2007, Peer review).

2. Social economy and employment policy in Europe

The social economy is officially defined in Europe by its family of organisational forms: co-operatives, mutuals, associations and foundations (CMAF). But it has also be defined by its key characteristics, as follows (CIRIEC, 2007):

The set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members' needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote. The Social Economy also includes private, formally-organised organisations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them.

The social economy employs over 11m. people, which represents about 5.9% of employment in Europe, so it is a considerable economic force. Belgium is one of the countries where the social economy has quite a high level of official recognition, especially in Wallonia; and with 6.9% employment in the social economy it is the 5th largest social economy sector proportionally, with the following numbers of paid employees in the different types of organisations in the social economy.

Country	Co-operatives	Mutual societies	Associations	TOTAL
Belgium	17,047	12,864	249,700	279,611

But the significance of the social economy is much greater with regard to integrating social excluded back into society and the labour market. (CIRIEC, 2007). Its contribution is in the following areas:

Transformation of Existing Employment – particularly through changes to public sector provision of welfare services, and through the diversification of social economy organisations (e.g. agriculture into tourism). Welfare services are provided by social co-operatives or trading voluntary sector organisations. Typically homecare, residential care, social work are sectors in which these organisations develop. This area has developed from welfare failures, and restructuring arising from the breakdown of the post-war consensus on the welfare state.

Transforming failed businesses: there has also been some interesting social economy activities transforming failed businesses into worker owned structures or buyouts. In Italy the Marcora Law facilitates this, and in Spain the legal form sociedades anonimas laborales (SALs) has led to a substantial sector, where transformation of the economy takes place within the new social economy organisations rather than through redundancy, retraining and job search.

The Creation of New Jobs – This includes on the one hand support for disadvantaged people (including those with disabilities) and new social needs arising for example from increasing participation of women in the labour market. But it also includes the provision of ethical/environmental goods and services linked to new social movements.

Work integration to combat exclusion has been a major area of growth. Work integration initiatives and training/work programmes (e.g. intermediate labour market organisations) aim to

combat social exclusion. They also often provide a community service and providing some income whilst training and integrating disadvantaged people.

Integration of people furthest from the labour market: This includes people with learning difficulties, as shown in the EQUAL "Synergia" (Greece) and "Le Mat" (Italy) partnerships; drug addicts as shown by the EQUAL "BASTA" and "Vågen ut" (Sweden) and "Manu Guru" (Lithuania) partnerships. Note: regarding the rational approach, evidence for benefits and impact of these social economy partnerships are well documented.

Proximity services – community organisations with non-profit, co-operative, and mutual characteristics. They operate in a range of sectors responding to failures in state provision, for particularly to help address the needs of failing communities (multi-racial/ethnic, inner city, and rural areas).

Associational activity – although this has no direct labour market impact, it is important for developing citizenship, and for disadvantaged communities to develop the fabric of their civil society, to gain a political voice, to strengthen their sense of identity, and reproduce social capital; for disadvantaged groups associations offer a place and process for mutual support and self-help. In this way associational activity can be seen as an important complement to labour market integration.

Social Enterprises – as the market has moved into more and more sectors of activity, social enterprise have emerged all over Europe. These can be seen as the trading part of the Social Economy (comprising co-operatives, mutuals, and voluntary organisations - including charities and foundations). The term social enterprise refers to organisations that have enterprise characteristics (trading in the market or contracting, employing people) whilst also having social goals (participation, user involvement, community benefit). Some countries such as Italy have seen large numbers of social co-operatives formed both for welfare services and for work integration; similarly in Sweden a few thousand nursery co-ops (childcare) have been formed. While in other countries voluntary organisations have moved into the market, sometimes adapting their form, sometimes not. Some countries e.g. Italy, Greece, Belgium have social enterprise-type legislation, combining associative and co-operative dimensions within same structure.

Perspective on innovative practices in Europe: Work Integration Social Enterprise³

Within Europe there has been a gradual but significant opening of work integration programmes to innovative Third Sector organisations. This can be seen in the placements of individuals in social enterprises and the inclusion of social enterprise in ALMP programmes. But the major innovation that we have seen around Europe has been the development of social enterprise as focused, specialised work integration organisations, as shown in the EMES⁴ Perse project. In many countries WISE have been created by adapting existing third sector organisations to be more entrepreneurial, but as they have grown, institutions, legal structures and policies have developed to enhance their capabilities.

³ This section draws extensively from Davister, Catherine, Defourny, Jacques and Gregoire, Olivier, (2004)

⁴ EMES is a European research network on social enterprise and civil society, see: www.emes.net

This EMES study analysed the development of WISE in 11 European countries (Nyssens, 2006). The study found that the third Sector WISE having a record in Europe as a highly effective social and work integrators with many examples, the best known being the social co-operatives in Italy. By combining work placement with training they have also overcome motivational issues of more conventional approaches, where training followed by placement can seem to lack purpose.

The EMES study found 39 different types of WISE which nonetheless could be classified according to their modes of integration, although in practice some WISE had characteristics of more than one mode of integration. These modes of integration differed in what they were attempting to achieve in terms of permanent or temporary jobs, and they differed in terms of the types of subsidies used: temporary subsidies, or permanent subsidies for the most disadvantaged.

Modes of integration

The main forms of integration may be differentiated according to whether they aim for: *Temporary or permanent jobs; and whether they use temporary or permanent subsidies – but the category of temporary job/permanent subsidy doesn't exist.*

There are four main modes of integration in European WISE:⁵

a. Transitional employment (temporary jobs, temporary subsidies)

The aim is to give the target group work experience (transitional employment) and/or on-the-job training, with a view to achieving the integration of these disadvantaged workers in the open labour market. The form of employment often differs from that of a traditional employment contract. More often it refers both to a traineeship or fixed-term contracts.

These types of WISE combine productive work (with products and services sold in the market) together with training for recognised qualifications that is adapted to individual needs. Examples include on-the-job training enterprises in Belgium or integration enterprises in Portugal which improve their trainees' personal, social and professional competencies, and thereby increase their employability in the labour market.

b. Creation of permanent self-financed jobs (permanent jobs/temporary subsidies)

These WISEs aim to create jobs which are stable and economically sustainable in the medium term for people disadvantaged in the labour market. In the initial stage, public subsidies are used to compensate for the lack of productivity of the target group. These subsidies are often temporary while training is conducted, or they are reduced as the workers become competitive with the mainstream labour market. After this subsidised stage, these WISEs must pay the newly-integrated workers from their own resources (mainly market resources).

⁵ This classification is based on CES, HIVA and CERISIS (2001).

This type of integration can be illustrated by long-term work integration enterprises (France), which offer unemployed workers a long-term job in order to allow them to acquire social and professional autonomy and to thrive as "economic actors" within a participative management structure. Similarly, social firms in Germany and in the UK create sustainable jobs for their disadvantaged workers. All these WISEs fund themselves mainly from market resources derived from the sale of the goods and services produced by the enterprises. This mode of integration is best suited to people who with training and support can overcome their disadvantage and become competitive in the labour market.

c. Integration with permanent subsidies (permanent jobs/permanent subsidies)

These WISE employ very disadvantaged groups - mainly disabled workers, but also people with a severe "social disadvantage", for whom integration in the open labour market would be difficult in the medium term. The WISE provide stable jobs that are permanently subsidised by public authorities; they include some enterprises that are "sheltered" from the open market.

With the aid of significant public subsidies, sheltered workshops (Portugal, Sweden and Ireland) and adapted work enterprises (Belgium) provide various productive activities for their target groups: physically or mentally disabled and severely socially disadvantaged people. This mode of integration allows these people to build a "social identity" and to acquire some professional competencies (however, few workers go on to find employment in the open labour market).

d. Socialisation through work or productive activity

In this category of WISE, the aim is not professional integration in the open labour market (even though this possibility is not excluded) but rather the (re)socialisation of the target groups through social contact, respect for rules, a more "structured" lifestyle, etc. The productive activity is subsidised and is "semi-formal" in the sense that it does not involve a regular work contract. These WISEs work mainly with people with serious social problems (alcoholics, drug-addicts, former convicts etc.) and people with a severe physical or mental handicap.

Two types of WISE are found in this category. Firstly, centres for adaptation to working life in France, whose aim is not to ensure a defined level of productivity but rather to "re-socialise through work" people with psychological and social problems. Similarly, WISEs with recycling activities in Belgium recruit people with serious social problems to work salvaging and recycling waste, with the aim of supporting their sense of social and professional autonomy. Finally, occupational centres in Spain offer occupational therapy as well supporting social and personal services to people with a serious handicap who cannot find work in the open labour market.

Some further commentary:

- The majority of the WISEs studied mainly concentrate on *a single mode of integration*, the other WISEs *combine* various modes of integration within the same enterprise. The most common combination is transitional employment with permanent self-financed jobs. This is the case, for example, for type B social co-operatives (Italy) and neighbourhood enterprises (France).
- The most frequent mode of integration among the WISEs studied is that of *transitional employment*: nearly one third of types of WISEs work only in this mode, and seven types of WISE combine this mode of integration with that of permanent self-financed jobs. The other two most frequent modes of integration are permanently subsidised jobs and permanent self-financed jobs.
- *National trends* in the mode of integration can be discerned amongst the European WISEs. While France and Germany concentrate their efforts on transitional employment, Belgium and Ireland try to ensure longer term employment, be it permanently subsidised or self-financed. In Spain the trend is between these two positions: three of the four types of Spanish WISE combine transitional employment and permanent self-financed jobs.

2.3.2 Status of the workers within European WISEs

There can be three main types of work contract or status for the workers:

a. Formal work contract

The worker is hired under a contract complying with the labour legislation in force in the country. He/she receives remuneration more or less complying with national salary scales. The contract can be a *fixed-term contract* or an *open-ended contract*.

b. Trainee status

The attractive feature of WISE is that training is provided through productive work experience. The trainee may not receive remuneration, but in some cases receives benefits. The traineeship varies from 6 to 24 months.

c. Occupational status

The productive work provides an opportunity for occupation and re-socialisation for the target group. Work conditions are easier than those in the open labour market. The workers do not receive a salary but sometimes an allowance or free board and lodging (communal living). This status is close to a form of social support.

Support structures for the social economy

The types of support activities for the social economy cover the following areas:

Technical support for factors of production (including management) – this includes training, finance (advice and specialist financial institutions), and marketing/buying functions. The development of specialist finance organisations and institutions is an increasingly important area with many types of social economy funding institutions, and discussions about new financial instruments and markets.

Economic and social support for sustainability - both with regard to the distinctive social dimension of operation of social economy organizations (e.g. participation/governance) and in relation to their role in the community developing social capital networks, etc. This includes development of partnerships; development of social dimension for example improving governance, and member participation by helping to establish standards, exchanging good practice experience, etc. Italian consorzi for example provide access to higher level management expertise and negotiate contracts for their social co-ops. Support organizations often facilitate the networking of primary organizations to improve capacity and quality, develop expertise, and exchange information about challenging issues and good practices.

Political support – this is likely to be carried out by higher level, national or international organisations, and involves the promotion of the concept of Social Economy organizations, their characteristics and usefulness. At the federal (national, or regional) level this involves managing relations with the state, lobbying and the representation of member organization interests, developing legitimacy and promoting legislation, and fiscal measures. Support organizations also sometimes perform a self regulatory function in relation to the population of Social Economy organizations through federative bodies. At the European level, we can see this through organisations such as CEP-CMAF; and at the sectoral level through CECOP and ENSIE.

Models and Issues in the Organisation of Support

In terms of the locus of support, there has always been a debate over whether it should be provided through state agencies or through social economy secondary structures. Current thinking is that it should be a combination of both, i.e. braided support, where normal channels of business support are receptive to the initial needs of social enterprise, but specialist support is available to be called on where required.

An important issue is scaling up in various ways: i.e. being able to support not only initial entrepreneurial activity creating a new enterprise, but having the capacity to strengthen established social economy organisations, either through supporting growth, or through local federations or consorzi, or through replication such as social franchising.

There is increasing interest in “showing the difference” that social economy organisations make by demonstrating their added value and cost effectiveness. Social audit methods and techniques based on cost-benefit analysis and social return on investment are becoming better developed and more used. But one issue is that often the costs (of subsidies where required) need to come

from more than one state budget thus there is the problem of coordinating fund-raising and state actions.

Using networks and group structures to build expertise and share knowledge within and across sectors is clearly important. Excellent examples include the Coompanion Swedish development structures (a network of co-operative development agencies), and the Italian consorzi CGM which provides local and national support for its member social co-operatives, as noted above.

There is a strong emphasis on strengthening support structures through community owned assets – where state agencies and municipalities either endow support structures with an asset or give a low cost lease, so that the asset (a large community building) can be used to generate income and be a locus for development, such as incubators, etc.

3. Belgium: Social economy and LM inclusion of disadvantaged

This section gives an overview since the host country paper deals with the policy in depth. In Belgium, the overall policy for addressing social inclusion through work is to prioritise the following groups:

- Long term unemployed (especially for single parents)
- Unemployed people with origins outside EU25
- Unemployed people with disabilities
- Unemployed with low qualifications
- Unemployed older people, and
- Youth unemployed
- Households with no employed people

The strategy for assisting these targeted groups is to develop a more active and diversified labour market policy; the harmonisation of different employment measures to give equal opportunities for employment for the target groups; increase childcare facilities for job-seekers; the development of the social economy and proximity services; and support evaluative research on the activation measures.

Key features of the social economy in Belgium

Belgium has a long and well established history of the social economy, in the traditional sectors of agriculture, finance, and sports and culture. In Belgium the health and social system is a partnership between the state and the mutuals and associations. Belgium also has a good number of researchers and research centres covering different aspects of the social economy. Church-run hospitals and schools are considered borderline social economy (and are not included in figure of 6.9% of employment being in the social economy). One interesting development has been where foundations are formed by traditional social economy organisations to focus support (or because of demutualisation) for example the P&V Foundation, and Cera Foundation, which support social economy initiatives against social exclusion

In terms of its support structures, as one might expect, the regional focus is strong. At the federal level government policy is administered through the Cellule Economie sociale, and there are federal organisations such as FEBECOOP (Fédération belge de l'économie sociale et cooperative) which has developed intersectoral training in the Social Economy across the regions.

In terms of legal structures, the societies with a social objective (*société à finalité sociale*) have not proved so popular partly because of the flexibility and well-established preference for the ASBL non-profit structure, which is the dominant social economy form.

In recent years there has been a growth of new sectors responding to current challenges of social exclusion, community disadvantage, and fair-trade (third world) issues.

Work integration

In work integration there has been a progressive institutionalisation of specialist social economy organisations:

For people with disabilities, there are: in Flanders, sheltered workshops (beschutte werkplaatsen, or BWs). provide for physically, mentally or sensorially disabled people; while in Wallonia and Brussels (which tend to have similar structures) there are adapted work enterprises (entreprises de travail adapté, or ETAs) - formerly known as "sheltered workshops" (ateliers protégés). Both provide permanent jobs.

The relevant types of social enterprises for work integration of disadvantaged people in Flanders are:

- work-integration enterprises (invoegbedrijven, or IBs) with a stronger entrepreneurial dimension, hire, on open-ended contracts, workers capable of achieving a certain level of productivity.
- social workshops (sociale werkplaatsen, or SWPs), for people who have been inactive for at least five years
- work-care centres (arbeidszorgcentra, or AZCs), provide long-term jobs for a very diversified target group, whose common feature is that they suffer from a cumulation of various serious problems such as a very low level of qualification or drug-addiction

While in Wallonie and Brussels (similar structures) there are:

on-the-job training enterprises (entreprises de formation par le travail, or EFTs in Wallonie, and ateliers de formation par le travail AFT in Brussels), provide training and work.

And the following provide permanent jobs for people excluded from the mainstream labour market for various reasons: disability, low qualification, psychosocial problems, etc.

- work-integration enterprises (entreprises d'insertion, or EIs), and
- non-accredited work-integration social enterprises (although they cannot get subsidies intended for accredited WISE, they can access other subsidies).

EFTs/AFTs are oriented to providing training with transitional employment.

While EIs and IBs, the focus of this peer review, give training but provide medium term jobs; they have 4 year subsidies which gradually decline. But after the 4 year period some trained workers may be given permanent jobs. EIs have to adopt the legal form of social purpose company.

Proximity services: (services de proximité / locale diensten economie)

There are a wide range of local community services which typically associations engage in. These include child care, home care, services for disadvantaged such as elderly people, and social housing initiatives. Although childcare has become a relatively established sector partially supported by public subsidy, there have also been the development of a wide range of initiatives to address various needs that have arisen including for unemployed to take part in work integration. Despite considerable financial difficulties social housing initiatives by associations have arisen because of extreme need – these include renovating empty buildings, providing emergency accommodation, and assisting homeless people. In the field of home care (or domiciliary care) the federal government has initiated a voucher system – Titre Service – which requires that users buy subsidised vouchers from the state then choose between public, private and social economy providers. This quasi-market system appears to have formalised the informal economy in homecare, thus reducing benefit fraud and the tax take. Social enterprise may combine this system with work integration structures. And three Belgian regions have extended the scheme for social enterprise and public bodies to other proximity services but with work integration as a central part of the scheme. The supported activities include gardening, transport for the disadvantaged, home repairs, etc. Relevant experience in Belgium, gained under the ESF, has been well documented, amongst others, for Werk.Waardig/Regie Buurt- en Nabijheidsdiensten in Kuurne near Kortrijk - which shows how service vouchers can work to include fragmented long term unemployed and migrants.

Belgium also has an interesting example of a franchise system in this area: Age d'Or Services ;, "coopérative à finalité sociale", drew its inspiration from earlier experience in France. It received recognition in March 1999 when its leader Eric Guyot received the award of "Master Franchise" in Belgium. The organisation has 463 franchisees, and it has become one of the main networks for the delivery of proximity services and transport for older and lower mobility people.

Support measures for social economy enterprises

Two measures will be referred to here: firstly a fund for social and sustainable investment, set up in 2001 at the national level. Access to finance is a consistent theme in the development of social enterprise and there has been a large growth in community development finance initiatives and a variety of social investment funds. This Belgian fund has developed an increasingly important role in the social economy.

Secondly the state sponsored consulting or support agencies - *agences conseils/ startcentra*. These support agencies are coordinated at the regional level – in Wallonie there are 12, and in Flanders 13, with specialist advisors for the social economy, raided system of support are important for social economy development. These have been required to push for more market oriented approaches.

Also of note are the following: De Punt in Gent which is a regional starting centre for insertion enterprise and the social economy; and BECs (*Coopératives d'Activités et d'Emploi*), which are incubators for start-up businesses making optimal use of peer support among start-up entrepreneurs. They practice a three-phase support model, and the resulting new businesses can opt to become members of the BEC.

4. Good Practice Issues and Questions

General themes for transferability and mutual learning about the contribution of the social economy:

Enhancing the capacity of the social economy to innovate by the social economy to meet new challenges; over the last 20 years across Europe the work integration social enterprise have emerged to address the most difficult challenges of disadvantaged people by providing specialist organisations that have customised support for different target groups. WISE provide an organisation which integrates services (training, support, etc) at the user level. It is important in an increasingly competitive Europe to ensure both that a space for innovation by the social economy is conserved, and that the distinctive added value of the social economy is recognised and give the opportunity to play a substantial role in society and the economy. The Belgian experience demonstrates several ways in which these contributions of the social economy can be enhanced. Though undoubtedly there will always be certain tensions in state partnerships in separating the roles and contributions of each. Thus it is important to recognise the role of the social economy – what it needs to play its role in partnership with state agencies, and what hinders that functionality.

Note that the EQUAL initiative gave a significant stimulus to innovation in the social economy in Belgium, and it co-financed nine development partnerships with a social economy theme. The Flemish region was one of the two managing authorities leading the entrepreneurship pillar of EQUAL, and Antwerp was the venue for two European events: the *Strengthening the Social Economy* conference in May 2004 and the *Think Smart, Act Social – Enhancing Social Value in Public Procurement* seminar in April 2008.

Ways of managing risk: the social economy typically faces the challenges of managing social risks of users, and economic risks of operating in quasi-markets. As these become more competitive there may be new issues about how best to manage this issue (see proximity services below).

Showing the added value of the social economy –e.g. through multi-dimensional evaluation. Work as part of the EQUAL initiative has shown that the non-monetary impacts that social economy projects can have can be identified and measured using tools such as social return on investment (SROI) which can be of help to policy-makers in achieving better value for money in public spending. Linked to the above point it is important to explore how quasi-market systems (voucher system) can reward such additionality that may cross policy boundaries.

Supporting and extending the process of institutionalisation: in the case of WISE, we have seen a recognition of their contribution and two systems of institutionalisation – firstly a legal form (society with a social purpose), and secondly accreditation of certain types of organisation for specific public policies. It is important to move beyond this to consider ways of furthering good practices, standardising effective models, and scaling up experiences through growth, replication, franchising. This can also be achieved through networks and federal bodies taking leadership roles (eg consorzi).

Welfare/benefits reform – It is important to ensure the benefits system complement insertion activities. For example business and employment co-operatives, such as De Punt in Gent, draw on the French model of the *cooperatives d'activités et d'emploi* to offer a three-phase model of reintegration into work. This relies on the continued availability of unemployment benefit during the integration process which provides a necessary 'bridge' out of inactivity and into work. But there is increasing interest in re-thinking the way disadvantaged people on benefits move back into the labour market. Many benefit systems have barriers because a perceived sense of no financial incentive. In some countries the authorities "turn a blind eye" to earned income on top of benefits. But there new French policy being discussed: the French Revenu de Solidarite Active (Active solidarity income) is being proposed (Quinet, Cazenave, Guidee, 2007). Basically there a several different forms of this scheme being proposed for discussion and consultation. It aims to give the beneficiary some level of increased income even though their earning may be below the benefit level, then provide enhanced income once benefit levels have been reached. Further exchange of experience in this area would be highly beneficial.

Work integration

The model of Belgian work integration social enterprise with several different types seems to allow a substantial degree specialisation. Evidence from Nyssens and Platteau (Nyssens, 2006) indicates EIs are cost effective⁶, but they raise the question over the extend to which subsidies should be tailored to the needs of different target groups – since some are able to re-enter the labour market within subsidised period, and others not even after the end of period.

⁶ The EQUAL policy brief *Value for money from social firms* describes several examples of this cost-effectiveness.

Proximity Services

The voucher system clearly has many benefits outside service provision and work integration. There are a number of issues about the comparative advantages of different providers under the system, and especially the extent to which the added value of the social economy can be retained (user involvement, social capital, citizenship) or whether these get lost in the competitive process.

With regard to the combining of work integration with the voucher scheme – this appears to have a measure of protection outside the homecare sector, but within that latter sector there may be a degree of resistance from user/consumers to disadvantaged workers.

Conclusions

The social economy is a central player in addressing issues of social exclusion, and its role can be seen in many other peer reviews. In addressing the needs of the disadvantaged in the labour market in Belgium, its innovations have become institutionalised and its effectiveness demonstrated. It has been able to customise its services to several different types of disadvantaged groups, and its effectiveness has been built on its ability to bring together several functions (training, work experience, managing social risk) for the disadvantaged in one setting. This experience offers considerable possibilities for mutual learning and consideration of themes for transferability. There are several points to consider, including issues about implementing quasi-market schemes, and recognising and enhancing the added value of the social economy.

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