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42. Work integration

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INTRODUCTION

One field of social enterprise – WISEs, or work integration social enterprises – has become increasingly recognized as being emblematic of the dynamics of social enterprises, and it now constitutes a major sphere of their activity globally. The main objective of WISEs is to integrate those with intellectual or physical disabilities, and other disadvantaged groups, including the long-term unemployed, back into the labour market and society through a productive activity. WISEs, like the broader field of social enterprises, of which they are a part, are usually viewed as multiple-goal organizations: they mix social goals, connected to their specific mission to benefit the community (the integration of people excluded from the labour market through productive activity, but also in some cases other goals linked to community development, such as the supply of services to elderly people, children and recycling goods); economic goals, related to their entrepreneurial nature; and socio-political goals, given that many social enterprises originate in a sector traditionally involved in socio-political action (Cooney et al. 2016).

42.1 PIONEERING INITIATIVES

In many countries, WISEs have their roots in a pre-1960s era characterized by vocational rehabilitation initiatives targeted at persons deemed (at the time) unable to compete and/or participate fully in the open labour market. These first-wave WISEs combined work activities with life skills training and socialization activities for those with intellectual and/or physical disabilities. Any market activity was typically sheltered from full exposure to market competition, through government subsidies and procurement policies. As part of broader Keynesian welfare state models, government subsidies and support flowed from a commitment to provide places of decommodification, sheltered spaces where populations, deemed unable to support themselves, could participate in productive activities by selling their labour.

The second wave of WISEs emerged in the 1980s; it was characterized by a markedly different profile. These WISEs engaged with a broader set of disadvantaged populations, including long-term unemployed, immigrant and refugee populations, individuals struggling with substance misuse, former prisoners, homeless and otherwise struggling low-income individuals. Most of these WISEs were typically founded by civil society actors: social workers, community activists and trade unionists. In the context of persistent unemployment, the social actors lacked adequate public policy measures to tackle the challenges traditionally associated with these disadvantaged groups. Consequently, initiatives emerged that emphasized the limitations of public intervention on behalf of persons excluded from the labour market, such as the long-term unemployed, persons lacking qualifications or people at risk of social and economic exclusion. The aim was similar to that of the initiatives that had arisen in the 1960s: namely,

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to provide work activity and socializing opportunities for those at the margins. However, the context had changed. The 1970s crisis of rising structural unemployment fostered this second wave of WISEs. This second wave of WISEs emerged on the borders of the old welfare states. They created employment opportunities and services where states and markets were not providing them; they were also almost forerunners in the implementation of active labour market policies, in many instances appearing well before the emergence of such public policies (see also entry 53, 'Social Policy'). Indeed, the processes of institutionalization of WISEs is best understood in the context of the boom in national active labour market policies that emerged in the 1970s. Public bodies, faced with high rates of unemployment and a crisis in public finances, began to develop policies that aimed to integrate the unemployed into the labour market or community service provision (through professional training programmes, job subsidy programmes, and so on), instead of relying only on passive labour market policies based on a system of allocation of cash benefits to the unemployed. In this context, it seems that WISEs had come to represent a tool for implementing these active labour market policies, in essence almost becoming a 'conveyor belt' of active labour market programmes, albeit to varying degrees across country contexts.

While public policy support available to WISEs varies across countries, European WISEs have availed themselves of public funds such as the European Social Fund (ESF) and the European Structural and Investment Funds (ESIFs) and other additional public national or regional support to WISEs in the form of: (1) subsidies and/or reduction in taxes or social security contributions; and (2) non-competitive direct assignment of public works and contracts (Borzaga et al. 2020, 84). Thus, while there is some growth in other forms of resources from income-generating activities for WISEs, such as the sale of goods and services to private users, the majority of (European) WISEs continue to rely on a mix of financial resources, with a notable reliance on public funds/subsidies and a combination of paid and unpaid human resources (Borzaga et al. 2020). Public subsidies to WISEs are not as important in other parts of the world. In contrast to their European counterparts, in the United States (US) the policy supports, such as set-aside procurements, have not been extended to the newer WISEs that have emerged with a broadened focus beyond the sheltered workshop model, resulting in more exposure to market forces for these WISE businesses. The resource mix of Latin American WISEs includes much fewer public resources than the resource mix of their counterparts in other parts of the world; this feature reflects the weakness of state support to the social enterprise field in this region.

42.2 DIFFERENT MODES OF WORK INTEGRATION

The historic evolution of the WISE sector highlights the ways in which the organizational model has been adapted in response to shifting social constructions about appropriate levels of integration and norms about employment for disadvantaged groups, as well as the changing nature of jobs in the entry-level labour market. Based on the different forms of public recognition, several types of WISEs emerged which can be classified into four main groups, based on how workers are integrated into the workplace and/or mainstream labour markets.

The first type of integration mode seeks to make up for the gap between the productivity required by the conventional labour market and the actual capacities of the workers through open-ended employment contracts. Historically, this integration mode has been most preva-

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lently offered to WISEs creating sheltered employment for persons with disabilities and subsidized by public authorities. Some newer forms of WISEs, rooted in the second wave, also offer such type of work integration, but increasingly combined with the goal of community service. This is the case for the example of the Community Services Programme (CSP) in Ireland, which is a community-based support programme for social and community enterprises with specific characteristics, including: community ownership, a local development focus and the provision of work integration opportunities for the long-term unemployed and other groups at risk of social and economic exclusion. The participating social enterprises are not required or expected to become financially sustainable, and consequently often remain reliant on statutory funding (O'Hara and O'Shaughnessy 2021).

A related open-ended employment integration mode aims to (re)socialize people by means of productive activities. These WISEs aim to serve particularly vulnerable workers. The work they provide is 'semi-informal'; that is, it is not regulated by a legal arrangement or employment contract. Voluntary work is relatively important, and market resources are limited. This is similar to the first category of WISEs previously described, except that there is no labour contract. Pertinent examples include some of the Japanese WISEs that provide opportunities for those with disabilities to enjoy a social life (Laratta and Nakagawa 2016).

Another major type of integration mode features work experience ('transit' employment) or training through work. Although social enterprises operating this mode of integration all share a common objective – to help their beneficiaries find a job in the conventional labour market – they differ in the ways in which they pursue this goal. A WISE operating in this way can provide temporary jobs with on-the-job training and social support (for example, in the US) or offer training leading to a qualification in the form of an internship (for example, in Belgium and Japan). Such initiatives typically offer term-limited job opportunities before transitioning workers to employers in the unsubsidized labour market, and increasingly work with mainstream employers to co-create training curricula and develop work skills to meet labour market demand. This integration mode is the most frequent across countries, and the diversity of approaches is matched by the diversity in the ways in which resources are mobilized. Some countries have direct subsidization schemes for the job or employment function of the WISE (for example, France, Japan and Austria). In some countries, the beneficiaries of WISEs receive subsidies directly through unemployment or social allowances, supplemented by a lump-sum reimbursement for public transport costs and meals (for example, Switzerland), while in others the job creation or employment function is practically independent of any kind of direct public subsidy, although there may be public resources for ancillary training (for example, the US). For many of these models, the ability to generate third-party resources through volunteer labour and philanthropy can be important.

A final category of integration mode describes WISEs that offer self-financed permanent employment – that is, jobs which are economically viable in the medium term – to vulnerable individuals. Worker cooperatives specifically designed to employ disadvantaged workers could be included in this category. The mode of integration is direct employment by firms that are designed with social hiring in mind. In the case of worker cooperatives operating in this mode, the firms are owned and controlled by their workers, and they typically focus on wealth building through employment as a form of community economic development. These WISEs aim to create new and democratic workplaces, and to provide services for local communities (see also entry 49, 'Participation, Governance, Collective Action and Democracy'). US worker cooperatives specifically designed to employ disadvantaged workers can be included in this

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category. This is also the case of many collective initiatives embedded in the informal sector in Southern countries, such as in Latin America (Gaiger and Wanderley 2019).

Finally, it must be pointed out that some types of WISEs do not fit easily into one of these main groups, because they simultaneously implement different modes of work integration, such as B-type social cooperatives in Italy, or neighbourhood organizations in France. These WISEs pursue different work integration objectives for widely differing target groups. It should also be noted that several types of WISEs, with different integration modes, can coexist in the same country.

42.3 WISES CAN ADOPT DIFFERENT MODELS OF SOCIAL ENTERPRISE

While it is one thing to identify the integration mode of workers implemented by the WISE, another is to qualify the specific type of social enterprise in which these workers are integrated. Even though not all practices tadopted are new, the concept of social enterprise has grown in popularity, and the forms they take continue to diversify. As explained in entry 21, 'Social Enterprises', in this *Encyclopedia*, four social enterprise models have been theorized within the framework of a broad international research project, the International Comparative Social Enterprise Models (ICSEM) Project, namely: entrepreneurial nonprofits, public sector social enterprises, social cooperatives and social businesses (see entry 21, 'Social Enterprises'). These models were tested based on the data collected through a large survey which was carried out by researchers from 43 countries across the world (Defourny et al. 2021). The empirical data collected were statistically analysed with a central objective: to see whether groups of social enterprises emerged that were sufficiently similar in terms of their characteristics, but at the same time demonstrating some distinctiveness from each other. Work integration is certainly one of the most emblematic missions of social enterprise which can potentially be found across the four models.

The first set of WISEs includes enterprises that can be referred to as 'entrepreneurial nonprofits'. This is the case of WISEs that are founded and managed by civil society actors, including social workers, community activists and trade unionists. Two groups emerging from the ICSEM empirical evidence are broadly classified as 'WISE entrepreneurial nonprofit'.

In the first of these two groups, most WISEs adopt the nonprofit organizational (NPO) legal form and have been launched by citizens. These WISEs rely on a diversity of resources, with half of the income coming from the market and the other half from public subsidies and donations. In the second group, legal forms are much more diverse (NPOs, foundations, limited companies, or even informal organizations). Enterprises in this group rely more heavily on market resources than those in the previous group. Most organizations in this second group have also been launched by a parent third-sector organization or by citizens. If the social enterprise terminates its activity, the net assets are transferred to another social enterprise or NPO with a similar social mission, or to the parent organization. The distribution of profit is fully prohibited, or profit is distributed to the nonprofit parent organization. These latter organizations can be defined as 'nonprofit parent-launched WISEs'.

These two types of WISEs sell a wide variety of goods or services. Their productive activities can often be considered as 'mission-related': the economic activity is a means to create

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jobs, whatever the types of products, and these are commercialized for a population that is much wider than the group of vulnerable workers targeted by the social mission.

In Eastern Asia, the social enterprise landscape is dominated by these two WISE NPO groups. WISEs can choose to operate under a nonprofit legal form and to be registered by public authorities in one way or another, thus gaining access to subsidies. Alternatively, and most often, a WISE can be created by a nonprofit parent organisation, such as a foundation or an association, which is likely to support it in one way or another. In this case, the WISE itself can take any legal form, adopting the form that is best adapted to the market that generates its income. Such a legal arrangement often corresponds to partnerships between for-profit companies (through their foundations) and NPOs, operating as 'social joint ventures' (Defourny et al. 2019).

In some environments, with a strong cooperative tradition, WISEs may be launched by persons excluded from the labour market and motivated by a dynamic of mutual aid. Indeed, large sections of the population living on the margins of the formal economy are involved in various types of economic practices based on self-help principles, to generate income and to improve their living conditions. These initiatives are sometimes labelled as 'solidarity economy', especially in Latin America (Gaiger and Wanderley 2019) (see also entry 10, 'Origins and Histories'). In many of these labour-managed initiatives, the quest for empowerment of the poor and for economic democracy among workers are also explicit social goals. Therefore, such WISEs are often single-stakeholder social enterprises, and may be seen as informal or semi-formal worker cooperatives. In many cases, the mutual interest pursued by member-workers lies in the creation of jobs for these workers under their own control, but it is combined with a clear and broader social orientation because these workers are generally living on the margins of society and working for the survival of poor families or local communities.

According to ICSEM results, this cooperative type – especially worker cooperatives – constitutes the dominant social enterprise form in Latin America. Workers are the core of these rather small organizations; their goal is to create their own jobs and to improve their living conditions. Some Latin American cooperatives have experienced strong isomorphic pressures which have led them, in some cases, to become more similar to capital interest-driven organisations (see also entry 44, 'Co-optation, Isomorphism and Instrumentalisation'). As a result, the cooperative legacy sometimes conveys an ambiguous image. However, the importance of this cooperative-type social enterprise group leads us to acknowledge the strong worker cooperative DNA that characterizes the social enterprise field in Latin America. In some way, these worker cooperatives reconnect with the initial roots and values of the cooperative movement.

By contrast to these single-stakeholder cooperative-type social enterprises, some social cooperatives which also integrate disadvantaged workers into the labour market, bring together different types of stakeholders in their governing bodies. This is the emblematic case of the Italian B-type social cooperatives, which generally involve permanent staff members, previously unemployed workers, volunteers and representatives of local public institutions (Poledrini and Borzaga 2021). These WISEs are multiple-stakeholder initiatives and include a clear focus on the general interest. Their efforts to create jobs for the unemployed most often take place within an overall objective of local development, thus combining members' interests with the interests of a larger community.

This type of work integration emerged through the ICSEM empirical evidence for Europe. In this group, some organisations are cooperatives; others are not legally registered as cooperatives, but they have adopted one of the new legal forms forged in close proximity to the

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conventional cooperative status. All activities serve strong social objectives: they mainly aim to create jobs for the unemployed, or to improve the health of vulnerable people. These social enterprises rely mainly on market resources, although they often sell some of their services or goods below the market price – a fact that reflects their public interest orientation. They have democratic governance structures, mainly under the control of their workers and managers.

Work integration can be pursued by WISEs that are promoted by local public bodies and can be considered as spin-offs of these entities. Some municipalities concerned about the integration of unemployed people on their territories launch WISEs themselves, or in partnership with civil society actors, reflecting the fact that the third sector and the public sector are often closely interwoven in such contexts (see also entry 51, 'Public Policy'). ICSEM empirical data analysis does not confirm the existence of such public-type SE models as a distinct group. However, some WISEs involve a governmental agency among their founding members. A possible interpretation is that, although they do actively support social enterprises, most public authorities prefer to act as partners, rather than as the main entrepreneur, in the creation and management of WISEs.

Finally, some WISEs may also correspond to the social business model, especially when they take the form of small and medium-sized enterprises combining a for-profit motive with the aim of creating jobs for vulnerable groups. These enterprises usually adopt commercial forms of ownership, but their willingness to develop economic activities goes hand in hand with an explicit social mission. For instance, economic activities are chosen to best suit the profile of the target groups. In Central and Eastern Europe, the largest social enterprise group is mainly made up of rather small commercial companies, run by an individual entrepreneur who is the main owner and dominant decision-maker, leading to the ownership and governance of these social enterprises being described as 'independent'. These enterprises combine a strong commercial orientation with a social mission. One of the most common social missions of these social enterprises is employment generation, constituting a sign of the importance attached to this type of mission in Central and Eastern Europe, which results, in some cases, in the concept of social enterprise being conflated with that of WISE.

42.4 PROMISES AND CHALLENGES

WISEs are present in all regions of the world and across many social enterprise models. They are a common form of social enterprise, and one that continues to evolve, taking different shapes under different policy regimes. Historically, they have emerged as organizations at the front line of the post-1970s neoliberal welfare state restructuring project, and increasingly operate in an environment coloured by the language of neoliberalism (see also entry 53, 'Social Policy'). Public policies have played a central role in shaping the organizational behaviour of WISEs over time. Many WISEs have roots in welfare regimes that created sheltered work experiences for workers deemed unable to fully compete in the labour market. As welfare state restructuring has occurred over the decades, in some countries WISEs have come to be connected to active labour market policies (ALMPs), while in other countries WISEs are viewed as entrepreneurial efforts to develop opportunities for the disadvantaged in the absence of robust active labour market policies. For those WISEs in countries where there is close integration with national or regional ALMPs, there may be a trade-off between securing public financial support for the organizational mission, and flexibility to innovate in service delivery.

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Moreover, when public funds are allocated and legal frameworks designed to promote such initiatives, because work integration is ranked very high on the political agenda, a focus on WISEs might be most tempting for all actors. Although there is some growth in other resources from income-generating activities, such as the sale of goods and services to private users, the majority of (European) WISEs continue to rely on a mix of financial resources, with a notable reliance on public funds/subsidies, and a combination of paid and unpaid human resources.

The public policy preference for WISEs to be a part of the solution to the ongoing restructuring of the neoliberal welfare state, mobilizing solidarity-based resource networks, delivering public social goods and job creation for disadvantaged workers makes it more likely that public authorities will impose one or a few very precise types of WISE framework. This leaves very little space for autonomy in social enterprise, and runs the risk that all WISEs end up looking the same. For those WISEs operating in countries with minimal public/ALMP support for their work integration activity, the trade-off is between the ability to innovate and the financial risk that comes with unsubsidized commercial venturing with a disadvantaged target population who may need a lot of investment to be productive in a competitive commercial business.

In summary, many WISEs have moved beyond the sheltered workshop model, into a role as labour market intermediary, and a site of community-based employment generation aiming to utilize their innovative capacity, and the diversity of their resource mix, to create employment opportunities in a changing political and economic landscape. hey are a complex form of social enterprise, marked by country-specific contextual differences, and typically tasked with balancing the commercial sale of goods and services with the workforce development needs of the target populations they employ.

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