

SUPSI

THE SWISS SOCIAL ENTERPRISE MODEL

RESULTS OF A NATIONWIDE EXPLORATORY SURVEY

Luca Crivelli^{*✶}, Anna Bracci^{*}, Gregorio Avilés^{*}

DSAS-SUPSI

Summary – February 2012

* Department of Business and Social Sciences of SUPSI - University of Applied Sciences and Arts of Southern Switzerland (luca.crivelli@supsi.ch; anna.bracci@supsi.ch; gregorio.aviles@supsi.ch).

✶ Faculty of Economics, Università della Svizzera Italiana.

Contents

1	Introduction	1
1.1	EMES ideal-type and “civil economy” as the theoretical background for our research.....	1
1.2	SEs in Switzerland and the objectives of this research	2
2	The Swiss social enterprise model	3
2.1	Survey objectives and methodology.....	3
2.2	Origins, legal forms and size of the organizations surveyed	4
2.3	Awareness of SE identity.....	5
2.4	Integration schemes and remuneration policies	6
2.5	Social nature of the organizations surveyed.....	8
2.6	Production activity and competition in the market.....	10
2.7	Type of resource mobilization and self-financing.....	11
2.8	Forms of governance	13
2.9	Identification of four prototypes of SE	14
3	Conclusions: prospects for the development of SE in Switzerland	16
3.1	Overcoming restraints on competition.....	16
3.2	Bringing social innovation to emerging needs.....	17
3.3	More democratic and multi-stakeholder governance	18
4	Bibliography	18
5	Appendices.....	20
5.1	Work integration social enterprises in Switzerland: the 4 principal prototypes.....	20
5.2	Organizations that took part in the survey	21

1 Introduction

1.1 EMES ideal-type and “civil economy” as the theoretical background to our research

In Switzerland, a country where “economic freedom” and “individual responsibility” are seen as fundamental values, thinking on and practice of social economy are not so developed as in neighbouring countries such as France and Italy. It is therefore understandable that our country should not have featured prominently in the principal international studies of social enterprise promoted by the OECD and the EMES network¹ (OECD, 1999; Borzaga and Defourny, 2001).

This article sets out the principal results of an exploratory survey of the social enterprise sector in Switzerland, funded by the Swiss National Science Foundation (SNSF)², which takes as its theoretical point of reference the nine criteria for a social enterprise defined by the EMES network. According to this definition, it is not so much the formal characteristics of an organization³ that are the necessary and sufficient condition for it to be considered a social enterprise as the co-existence of two dimensions, the first economic, the second social. An economic/entrepreneurial emphasis and the sale of goods and services as the principal source of funding are one factor which distinguishes social enterprises (SEs) from other non-profit organizations (NPOs), whose purpose is certainly social but whose sphere of activity does not include production, being limited to redistributive functions or the performance of advocacy tasks. The other factor is that the social value of the organization does not lie primarily or exclusively in the type of activity it performs but in its assuming a particular social purpose and a form of organization that is as democratic and participatory as possible (Borzaga and Fazzi, 2011: 24-29). Apart from the legal vehicle chosen, therefore, an enterprise may be “social” if it pursues the general interest of the community, as opposed to the private interest of an individual or group. A social enterprise therefore differs from a traditional profit-making business in this respect: for the latter, the social aspect is a constraint and its true function the maximization of profit, whereas for a social enterprise the constraint is the need to earn a surplus to fund the necessary investments, while its ultimate purpose is very much a social one.

This definition of a social enterprise finds its fullest expression in the vision of the economic sphere which Bruni and Zamagni (2007), reconnecting with 15th-century Italian humanism, refer to as “civil economy”. Civil economy is born of the conviction that principles other than profit and personal interest are entitled to a place in market-based economic relationships. In civil economy we get beyond the dichotomy, typical of the neoclassical approach, whereby the only purpose of market relationships is to produce as much wealth as possible and consequently the task of mitigating economic inequalities and achieving social justice is not primarily the responsibility of the market, but rather of individual philanthropists or of the State. Civil economy goes beyond this (neo-positivistic) concept and tries to include ethical principles and solidarity in the very process whereby economic value is produced. This being the case, SEs do not aspire to a residual, niche role (confined to the secondary market) and/or to a transitory role (generated by an extemporaneous failure of the market or of the State), but are the natural development of an economic system capable of rediscovering its true vocation (Zamagni, 2003; Pelligra, 2008). Although an elaboration of Italian and European culture (cf. Bruni and Zamagni, 2009), the civil economy movement points to and claims principles similar to those on which the Nobel Prize winner Muhammad Yunus has attempted, in the present historical

¹ Formally established as a non-profit association in 2002, the EMES network has existed since 1996, when an international group of scholars formed a research network that had been sponsored by the European Union. The acronym comes from its first research programme on “the emergence of social enterprises in Europe” (see: www.emes.net).

² SNSF-DORE nr. 117954.

³ In particular, the adoption of a particular legal vehicle or an absolute ban on distributing profits.

context and in a developing country such as Bangladesh, to found a more human model of capitalism (cf. Yunus, 2010).⁴

1.2 SEs in Switzerland and the objectives of this research

The hybridization of business and institutions founded with the aim of integrating vulnerable persons into employment (the disabled, the unemployed, young people without training) began in many European countries in the second half of the 1970s. In Switzerland, it was slower in gaining momentum due to the success of the country's economic and social model. However, since the 1990s, in Switzerland too we have seen a significant increase in the numbers of people excluded from the primary labour market and the emergence of the first problems associated with the financial sustainability of a welfare model which for a long time seemed to be based on sounder foundations than the models of neighbouring countries. In the last two decades, in Switzerland too, we have seen the birth of forms of social enterprise, initiated mainly by not-for-profit organizations, regarded in the literature as the natural soil for such initiatives. However, the lack of a specific legal framework has tended to reduce the visibility of these institutions. At the same time, federalism and the country's social and economic diversity have been obstacles to the conducting of a national survey, not least because of the multiplicity of widely differing models that have taken root in Switzerland's three principal language regions. Finally, where work integration SEs are concerned, the literature has so far been limited to assessing active measures and particular projects promoted by public authorities (De Jonckheere et al., 2008), but there has been no survey of the many forms of integration with characteristics similar to those of European SEs (Nyssens, 2006).

This lack of knowledge is the background to the SNSF research project (see Crivelli et al, 2011), of which this article is a summary. In the full report (available only in Italian), space is given to the reasons that have delayed the birth and development of SEs in Switzerland. The report also describes the change in public policy that occurred in the 1990s and presents a brief (but nonetheless complete) review of the studies on the subject published in Switzerland.

In the first of the two empirical surveys carried out as part of the study (not reported in detail in this summary), we assessed the willingness of a sample of 950 workers with employment difficulties resident in Italian-speaking Switzerland to take up the challenge of working in a social enterprise. The interviewees were unemployed people whose statutory period of unemployment benefits had come to an end in 2006-2007 without their having found a new job. Several of them had in the past enjoyed fairly stable employment conditions (permanent contracts and long-term jobs). At the time of the survey (June 2008), roughly half of the interviewees (52%) had found a new job, but of these 48% were nevertheless looking for a more stable or better-paid position. Of those not working at the time of the survey, a large proportion (62%) were still seeking work, and 38% of these were on welfare, while the remaining 38% had given up job-seeking for various reasons, such as the approach of pensionable age, poor health, family commitments, discouragement, or because they had been awarded invalidity benefit. The sample also included a large proportion of persons earning a salary of less than CHF 3,000⁵, and in some cases their overall household income was below this figure. Two thirds of the interviewees in fact regarded their incomes as insufficient to cover their family requirements, and said that they were in receipt of financial aid from the primary network, drawing on savings and/or bank loans to meet expenses, or had been forced to reduce their standard of living. Finally, roughly two thirds of the interviewees said they had seen their incomes diminish since they had been unemployed.

⁴ In his most recent book, Yunus refers to the key aspect of his idea of capitalism as "social business".

⁵ The median income in Ticino for the year 2008 totals 5,000 CHF (see Federal Office of Statistics, Swiss Labor Force Survey 2008). Therefore, CHF 3,000 corresponds to the relative poverty line according to Eurostat (60% of the median income).

A second finding of the survey was a correlation between long-term unemployment and the fact of having a physical or mental health condition (as measured using the SF12 tool) statistically below the average (this was calculated using a control group – a sample representative of the population of Ticino as a whole). The type of data gathered (sectional data) unfortunately did not allow us to resolve the uncertainties concerning the nexus of causality, i.e. to establish to what extent this health differential was due to the psychological and physical consequences of being unemployed and to what extent it preceded unemployment (representing a greater risk of a person losing their job and making it more unlikely that they would be able to find another one). While differences in physical health (between persons who have experienced unemployment and the control group) were no longer evident in persons who had reintegrated into the labour market (but were particularly significant in those who had lost their job a second time), mental health problems tended to persist and were also statistically measurable among those who had found a new job after a long period of unemployment.

Finally, the survey also revealed a fair degree of willingness to take up the challenge (of working in a social enterprise), both among the unemployed and among those who, after a period of unemployment, had found a new job which did not fully satisfy their expectations.⁶ Overall, 32% of the interviewees were willing to take up the challenge: this percentage, applied to all those whose statutory period of employment benefit came to an end in Italian-speaking Switzerland in the two-year period 2006-2007, corresponds to a potential demand for employment in SEs of around 900 people. As one might expect, the more precarious a person's situation, the more willing they were to make a sacrifice in taking up the challenge : one interviewee in five (of those not fully satisfied with a new job) said they were willing to take on a business-related risk, without asking for an increase in income, by starting up a cooperative or company with other partners; one unemployed person in three receiving a welfare benefit of some kind at the time of the survey said they were willing to sacrifice their benefits to be able to earn the same level of income (or even a lesser level) by working; finally, half of those not in receipt of benefits said they were willing to work for a salary lower than they had earned before becoming unemployed, provided they could reintegrate into the labour market. Although the interviewees did not have practical experience or specific knowledge of social enterprise models, there was one thing which (almost) all of them said was of special importance to them: the desire to experience a high standard of human relationships (with colleagues and superiors) in the place where they might start work again.

2 The Swiss social enterprise model

2.1 *Survey objectives and methodology*

In our second empirical survey, of which we present a full summary in this article, we have tried to cast light on the phenomenon of SEs at the national level, assessing in particular: (a) the magnitude and genesis of the sector, and the factors that have influenced its development, (b) the peculiarities of the Swiss situation as compared with European practice as codified in the EMES criteria.⁷

We administered an in-depth questionnaire to a total of 91 organizations, adapting assessment approaches already tried and tested in Europe (the European PERSE survey and the survey of Italian social cooperatives

⁶ Willingness to take up this challenge was recorded only in the case of those who, in the first part of the questionnaire, had not stated that they had found a new job with which they were fully satisfied.

⁷ The criteria are as follows: a continuous activity producing goods and services; a high degree of autonomy; a significant level of economic risk; a certain minimum amount of paid work; an explicit aim to benefit the community; an initiative undertaken by a group of citizens; power not based on capital ownership; participation by the people affected by the activity; limited profit distribution.

conducted in 2007) to the specifically Swiss context.⁸ In the absence of an (unambiguously recognizable) legal vehicle for SEs, or a national register of such organizations, we adopted a multiple approach in identifying them: we selected organizations affiliated to the principal umbrella associations (CRIEC and ASSOF), those mentioned in works published in Switzerland, and entities that define themselves as “social enterprises” or “work integration enterprises”. The data was gathered in 2008 and 2009 (therefore the accounting information applies to the financial years 2007 and 2008).

Forty-eight organizations participated in the survey, 20 of them based in German-speaking Switzerland, 21 in French-speaking Switzerland and 7 in Italian-speaking Switzerland – a participation rate of 53%. Using a series of additional tools (telephone conversations with the enterprises concerned and with cantonal offices, on-the-spot visits), we created a detailed database containing the principal items of information analyzed for each enterprise involved (cf. Crivelli et al, 2011).⁹

Finally, the survey was integrated with a series of semi-structured interviews with the presidents and some of the directors of the CRIEC and ASSOF associations¹⁰, with the intention of identifying and reflecting on the prospects for developing the Swiss model.

In setting out the results in this article, we decided to focus attention on organizations that perform work integration activities. With 40 such entities surveyed, they represent the most widespread and identifiable category of SEs active in Switzerland and, above all, lend themselves to direct comparison with the practice of European Work Integration Social Enterprises (WISEs) (cf. Nyssens, 2006).

2.2 *Origins, legal forms and size of the organizations surveyed*

We found confirmation of the central role of civil society in the genesis of SEs, as in other European countries: many of the organizations we surveyed had been set up on the initiative of private individuals, religious bodies or as a result of the transformation (or as off-shoots) of third-sector organizations. Despite a strong dependency on State-defined regulations and the constraints imposed by the granting of public funding (as we shall see later), this bottom-up inspiration has undoubtedly helped to save these organizations from the danger of isomorphism (understood as a process whereby such enterprises completely lose their initial identity). In the 1990s, the public sector began to play a more important role, in response to a worsening employment situation, but nevertheless only a minority of the newly formed entities (*Ateliers Phénix*, *Oltech GmbH* and *Stiftung Impuls*) were the products of public-sector initiative, and even these organizations enjoy a degree of autonomy in the way they are managed. The missing “actor” in the Swiss context, as compared with other European countries where large numbers of social cooperatives have been set up, is the worker (whether disadvantaged or not) who joins forces with other workers to share ideas, energies and skills and give birth to a collective social enterprise project.

In Switzerland, too, the group of actors managing the organizations in question enjoys substantial autonomy. The constitutions of 12 of the organizations in the survey provide for the representation of public entities or private enterprises on their governing bodies, but these two kinds of stakeholder are in a minority as compared with other figures.¹¹

⁸ Cf. Nyssens (2006) and *www.emes.net* (for the results of the PERSE survey); also *Impresa sociale*, 3:2007 (for the survey of Italian cooperatives).

⁹ Due to self-selection mechanisms, the sample is less representative for German-speaking Switzerland and for corporate forms enshrined in the Code of Obligations.

¹⁰ Messrs. Christophe Dunand and Hans-Peter Lang

¹¹ The only exceptions are *Feu-Vert Entreprise* and *Stiftung Impuls*, governed mainly or exclusively by public bodies, in both cases for-profit enterprises.

It is not possible to identify with any precision the period during which the organizations in our survey were set up: The most firmly established were established in the 1970s, while the most recent date from the first decade of the new millennium. However, as affirmed in the literature (e.g. Kehrli, 2007: 37), they developed earlier in French and Italian-speaking Switzerland (where 70% of the organizations surveyed were established in the 1970s and 1980s) than in German-speaking Switzerland, where the debate on social enterprise is more recent. Of the organizations set up from the 1990s on, the tendency has been for them to respond to the needs of the unemployed (80% operate predominantly or exclusively with people on unemployment or social assistance benefits), whereas prior to 1990 the emphasis was on people with disabilities.

A large number of these organizations (82%) are non-profit associations or foundations, as provided for in the civil code: the prevalence of legal forms of this kind is explained by the way in which SEs came to be founded in Switzerland, in many cases on the initiative of promoters of active measures, or following the transformation of protected workshops. But there is also no lack of SEs which have opted for a corporate form (18%) or (mainly in the German-speaking context) non-profit entities which constitute and control independent companies.¹²

Because of their legal status and the fact that they are in receipt of public funding, all the organizations (with one single exception) are subject to the constraint that they may not distribute their profits, and this is also true for those organized on corporate lines and covered by the Code of Obligations.¹³

In terms of size, they vary considerably: 10 with fewer than 35 clients, 9 with between 35 and 100 disadvantaged workers, 11 with between 100 and 250, 10 with more than 250. The larger organizations tend to work with unemployed people covered by the Unemployment Insurance Act (AVIG/LACI/LADI) or with the disabled.

2.3 Awareness of SE identity

In a country like Switzerland, which is going through a period of transition, with the emergence from the grass roots of as yet poorly defined models, it was important to ascertain the organizations' degree of awareness of what a social enterprise is.

Of the EMES criteria, the one the interviewees considered most important in identifying a social enterprise was its pursuit of a social objective, while the least important were the presence of a significant level of economic risk (clearly related to the high degree of dependency on public provision that characterizes third-sector organizations in Switzerland) and the participatory and democratic element (see Figure 1).

Almost all the organizations surveyed regarded themselves as SEs (54% in all respects and 33% at least in part), though not all conforming to exactly the same pattern:

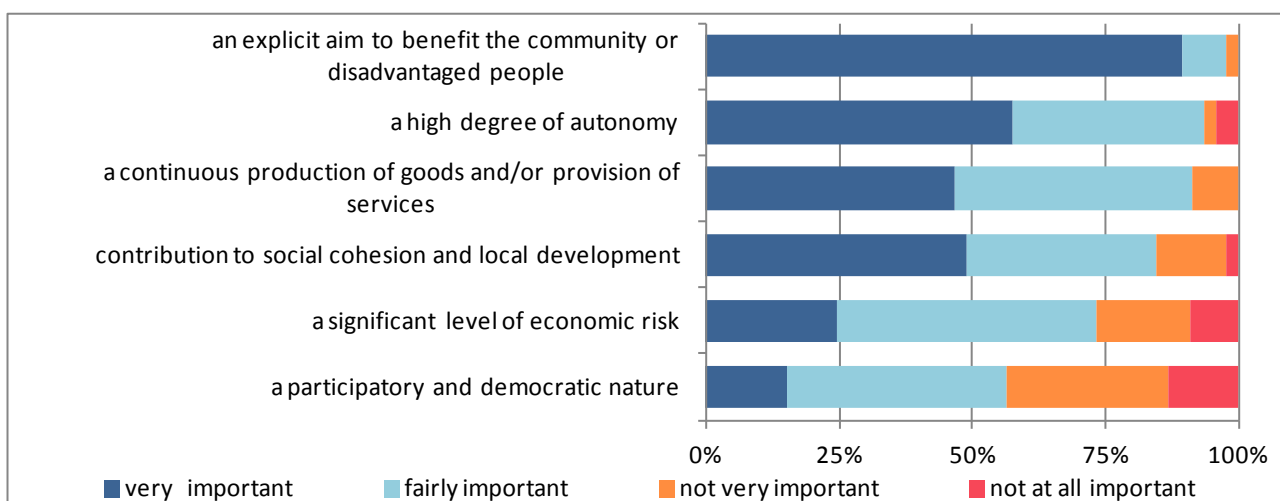
- a) one group, which said they fully conformed to the social enterprise model, tended to have a less strict concept of it, in that their definition of a social enterprise was that of an organization pursuing a social mission, in common with many not-for-profit organizations.
- b) paradoxically, the entities that had best assimilated the international debate on social enterprise (and had a better knowledge of the criteria used to define it) were inclined to express a more severe

¹² We are referring to *Dock Gruppe GmbH*, a limited liability company, part of the St. Gallen-based *Stiftung für Arbeit; Doppelpunkt AG*, a subsidiary of *Stiftung Wendepunkt; The Bütz*, a limited liability company created by the voluntary association of the same name; *Oltech GmbH (Sagl)*, founded by the regional OGG (Olten – Gösgen – Gäu) association; and *La Thune*, a company controlled by the *Œuvre suisse d'entraide ouvrière (OSEO)* of the Canton of Valais.

¹³ Nine organizations are under heavier constraints associated with their form of funding, whereby any profit generated must be applied to reducing the subsidy paid, which effectively precludes the retention of any form of surplus (zero profit); on the other hand, the other 30 organizations are permitted to keep any operating surpluses (non profit).

judgement on themselves and not regard themselves as SEs in all respects (in particular because of their low level of entrepreneurial risk and their high dependency on public subsidy).

Figure 1. The organizations' view of what constitutes a social enterprise



2.4 Integration schemes and remuneration policies

All together, the 40 organizations surveyed provide employment for some 8,000 disadvantaged workers, including the disabled, people receiving unemployment benefits, people on social assistance, refugees and asylum seekers, prisoners and ex-prisoners, people benefiting from temporary invalidity insurance measures, and people without any special status.

As found by Dunand and Du Pasquier (2006), the administrative status of the beneficiary is still the main factor allowing access to a work integration enterprise: 90% of the persons integrated in this way are covered by one of the three main forms of social assistance provision available in Switzerland (invalidity, unemployment and social assistance). For most of the organizations, the integration of persons with no specific status is merely a residual activity¹⁴.

Half of the organizations concentrate on a single administrative category, generally people with disabilities (12 cases) or the unemployed (7 cases). Of the latter, it is significant that only one organization is concerned exclusively with integrating the unemployed, while the others are specialized in integrating people on social assistance, a need that is becoming increasingly urgent. The other half work with the beneficiaries of various social protection benefits. These are “variable geometry” organizations which were often founded with a specialized vocation but which, over time, have acquired a more mixed workforce because of production-related needs or because new forms of exclusion have emerged to which the organization feels it must respond.¹⁵

As in other parts of Europe (Borzaga and Loss, 2006: 183), there is a strong correlation between administrative status and “integration horizon”: so-called “stepping-stone” organizations, which provide temporary employment (58%), are geared mainly to persons without work (especially the unemployed and

¹⁴ The only exception is *Ok-Forêt*, which integrates only ex-prisoners who do not fit into a particular administrative system and do not qualify for any social assistance benefit.

¹⁵ This is true, for example, of the *fiwo* association and the *Ding-Shop* project: both were set up to integrate persons on social assistance but, due to staff shortages, have been obliged to recruit other types of workers. It is also the case with the *Fondazione Diamante* of Lugano, an institution serving the disabled which, over the last ten years, has also begun to offer places to the unemployed.

individuals on social assistance), while those providing permanent positions are concerned mainly with integrating persons on disability benefit¹⁶ (cf. table 1).

The difference between the French-Swiss approach, which gives priority to the “stepping-stone” model, and the German-Swiss approach (supported by ASSOF members), based on a philosophy of long-term contractual employment¹⁷, is very evident in the case of persons in social assistance recipients. The four enterprises offering permanent employment to persons of this kind (*Dock Gruppe*, *Velostation*, *Ding-shop* and *fiwo*) are all based in German-speaking Switzerland.

Table 1. Distribution of organizations by the duration of employment and the category of disadvantaged workers

Main category of disadvantaged workers	PERMANENT EMPLOYMENT		TEMPORARY EMPLOYMENT	
people with disabilities	13	86.7%	2	13.3%
people entitled to unemployment benefits	0	0.0%	7	100.0%
people on social assistance	4	23.5%	13	76.5%
ex-prisoners	0	0.0%	1	100.0%
TOTAL	17	42.5%	23	57.5%

Closely connected with the legal status of the workers thus integrated is the contractual model and form of remuneration.

In organizations that employ people receiving invalidity benefit, workers are usually hired on open-ended contracts. The wage is fixed and residual to their income from invalidity benefit. With a mean gross value of CHF 4/hour, the wage contributes to the disabled person’s total income in a proportion of between 25% and 50%.¹⁸

Unemployed persons receiving unemployment benefits provided for under Unemployment Insurance Act do not receive any remuneration from work integration enterprises. In such cases, their employment is not regulated by a regular employment contract, but by an integration programme promoted by the public authority.¹⁹

In the case of organizations which integrate persons on social assistance (or persons with a very small income), the picture is more varied. In one third of the organizations, workers follow a (temporary) integration programme without being paid a wage and continue to receive social assistance, which is

¹⁶ In other European countries, too, the purpose of the largest group of social enterprises is to provide temporary employment. However, the situation differs from country to country: in Sweden, Belgium, Italy and Finland, the majority of workers are recruited on an open-ended basis, while in Germany, Portugal, Ireland and France, the stepping-stone principle generally applies (cf. Defourny and Nyssens, 2006: 16; Borzaga and Loss, 2006: 183-184).

¹⁷ The ASSOF association defines social enterprises as follows: “Social enterprises are organizations which pursue two objectives at one and the same time: many of their staff members are disabled or otherwise disadvantaged where employment is concerned; they are offered a real opportunity to integrate by working with colleagues who are fully competitive. At the same time, the organization operates in accordance with economic principles, aiming to make profits, which are not distributed but reinvested in the enterprise. All of the employees have an open-ended employment contract and are entitled to receive wages in line with local and sector-related practice. To be competitive, a social enterprise depends on financial compensation to offset the reduced productive capacity of its employees and its higher staffing costs. After the initial phase, this compensation from the public purse should not exceed 50% of the social enterprise’s revenues; the other half must be earned from the sale of products and services on the open market” (cf. http://www.swissocialfirms.ch/die-sozialfirma/sozialfirma-definition-der-assof_d-f-i_mit-logo.pdf).

¹⁸ Two organizations (*Federazione Ticinese Integrazione Handicap FTIA* and *PRO Genève*) pay a monthly salary of more than CHF 2,000.

¹⁹ Some unemployed who have exhausted their entitlement to federal unemployment and social assistance benefits (or do not qualify for them) do nevertheless qualify for cantonal forms of financial support and reintegration. The Canton of Geneva has introduced so-called *Emplois de solidarité*, with the wage costs (of around CHF 3,000-4,000 per month) shared between Canton and employer.

generally supplemented in recognition of the fact that they are employed in this way. In another third, the workers have a regular employment contract (maximum duration 12 months), but receive a “subsidized” wage, i.e. regulated and funded by the public authority (in replacement of or additional to social assistance payments)²⁰. Of the remaining organizations, nine pay an allowance or partial wage at their own expense, worth an average of CHF 9/hour. Many of these organizations employ people on social assistance for a limited period (up to 12 months), but some in this category (e.g. *Ding-Shop* and *fiwo* in Thurgau Canton) employ people for an open-ended period, paying a wage which increases over time in relation to the person’s productive capacity (in such cases the public authority, though committed to paying a contribution to the enterprises concerned, is relieved of part of the financial burden, and may make considerable savings in the case of very productive individuals who as time goes by are able to earn the going rate for the job). Finally, four enterprises pay their workers a wage without receiving any institutional subsidy. Of these, it is worth mentioning *Orangerie*, which has recruited three persons on an open-ended basis, taking them out of the orbit of social assistance, and *Ok-Forêt*, which specializes in the integration of ex-prisoners. Paying a monthly salary based on a rate of around CHF 20/hour, these enterprises come closest to paying the normal rate for the job.

To sum up, with a few exceptions, disadvantaged persons are not normally paid the going rate for the job under a regular employment contract: a large percentage of the organizations surveyed (40%) do not pay anything at all or pay only a “subsidized” wage, while the remainder mostly pay a partial wage (in most cases to persons with disabilities). There is therefore much room for improvement, given that the status of “waged worker” is important in given disadvantaged persons the sense of identity and dignity which is a precondition of their integration into the world of work.

2.5 Social nature of the organizations surveyed

Common to almost all the organizations surveyed is the social nature which distinguishes them sharply from private enterprises.

Firstly, their social purpose is achieved directly through the production of goods and services which are of general interest. It is worth pointing out that the work of most of these organizations (62%) is not limited to offering disadvantaged persons the opportunity to access the labour market, but provide their clients and/or the local area with a wide range of social, training and environmental services. They are “multi-product” enterprises and this fact (in the absence of analytical accounting) makes it rather difficult to establish to what degree they are in fact self-financing. Many of the services they provide have a definite environmental content, the disadvantaged persons they employ being engaged in the recovery, recycling and sale of second-hand items or the collection of rubbish (16 cases)²¹. They also provide housing and leisure services, mainly in the case of organizations working with the disabled (14 cases), training and re-training courses, mainly for the unemployed (12 cases), and consultancy and job-search services (11 cases).

²²

²⁰ Whether a public authority decides to pay the benefit directly or to fund a “subsidized” wage depends on issues relating to unemployment insurance, as in the second scenario it was possible for a person who had made 12 months’ social contributions out of their wages to reintegrate into the unemployment benefit system. This ceased to be possible from 1 April 2011, when the fourth partial revision of the Unemployment Insurance Act (AVIG/LACI/LADI) came into force.

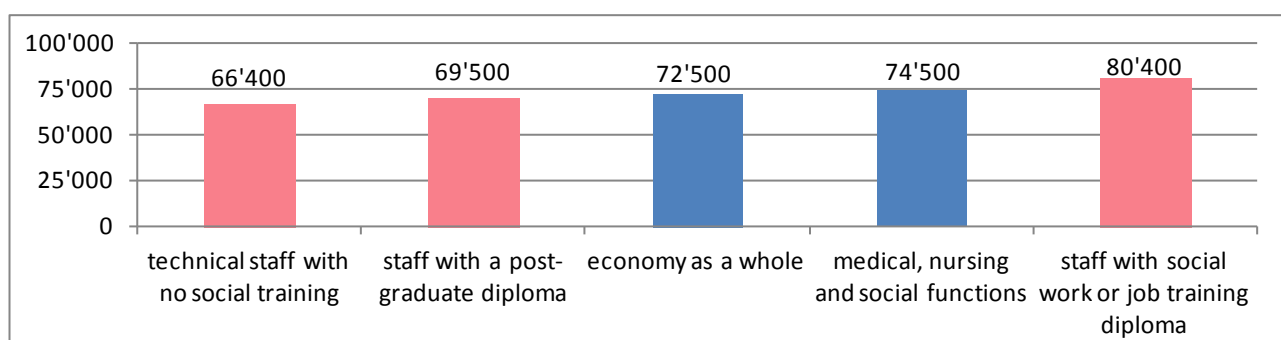
²¹ The Geneva-based *Réalise* association is at present the largest dealer in second-hand computer equipment in Switzerland. Other environmental services include the free loan of bicycles at Sirmach railway station by *Ding-Shop* and the use by *fiwo* (Canton of Thurgau) of energy generated exclusively by water power and wood for heating.

²² The largest providers of these accessory services are the *Le Relais* foundation (Canton of Vaud), well-known for its work in combating exclusion and addictions, which offers a wide range of residential and out-patient services to around 1,100 people per annum, and the Düringen-based *VAM* association, which runs regular targeted courses on balanced lifestyle, techniques for seeking employment and language skills for approximately 900 people each year.

Secondly, their social nature is expressed in the provision of social support and workplace training. Most of the SEs (80%) provide this sort of support in house. In fact, only nine of the organizations said that they “outsourced” training and psycho-social support activities. As compared with traditional enterprises, one feature of the Swiss model of social enterprise is the educational background of staff. The 8,000 disadvantaged workers are assisted by some 1,200 employees between social workers, job-trainers, special education teachers, technicians and administrative staff. If we take all the organizations into account, staff with a specialist background in social work or job training account for almost 40% of all staff (and in the organizations which work principally or exclusively with the disabled, the figure is as high as 60%).²³

Levels of staff training are reflected in the distribution of salaries. As Figure 2 shows, staff with a specialist background (mean salary of around CHF 80,000 p.a.) are recognized and remunerated more highly than pure technicians or employees with a postgraduate diploma (CHF 66,000 p.a. and CHF 69,000 p.a. respectively). Compared with the median Swiss salary (for the economy as a whole) and salaries for employees in the “healthcare, nursing and social work” sector, the salaries of technicians and employees with a postgraduate diploma are slightly lower than the average, while those for social workers are higher.

Figure 2. Gross annual remuneration paid to staff and comparison with median Swiss salaries (CHF)



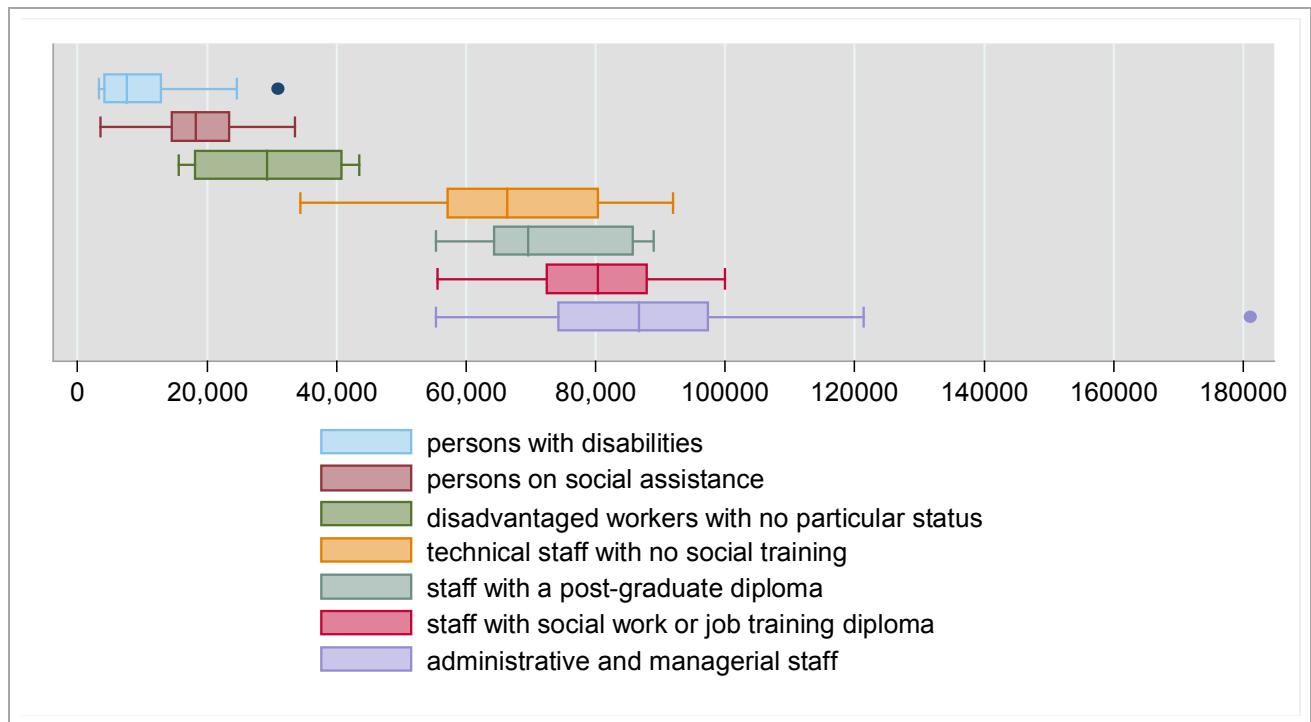
N.B.: For Swiss salaries, cf. Swiss Federal Office of Statistics (<http://www.bfs.admin.ch>), 2008 figures.

The overall wage structure manifests a rather large difference in remuneration between people with and without disadvantages (cf. Figure 3). This contrasts with other situations, such as B-type Italian social cooperatives, where the wage structure is fairly flat.

A final significant feature of Swiss SEs lies in the high proportion of workers with disadvantages to those without (as in the protected market). Of the total number of employees, those with disadvantages account for 80%, i.e. an average of one worker without disadvantages for every four with (the situation in Italian social cooperatives is the opposite, with two employees without disadvantages for every worker with, which has obvious implications for production levels in either context). The only exception is Teen Service, which has an equal distribution of workers with and without disadvantages (1:1).²⁴

²³ Unlike in other countries, the Swiss organizations depend mainly on waged labour, rather than volunteers, who account for barely 0.2% of staff. This percentage is probably an underestimate, because many organizations say that they benefit considerably from voluntary assistance of a managerial kind (people serving as committee members, directors, chairmen, etc.), activities which are not taken into account in this survey.

²⁴ The ratio of disadvantaged workers to non-disadvantaged staff (dependency ratio) may be as high as 7:1 in organizations that work mainly with the unemployed.

Figure 3. Gross annual remuneration of disadvantaged workers and other staff

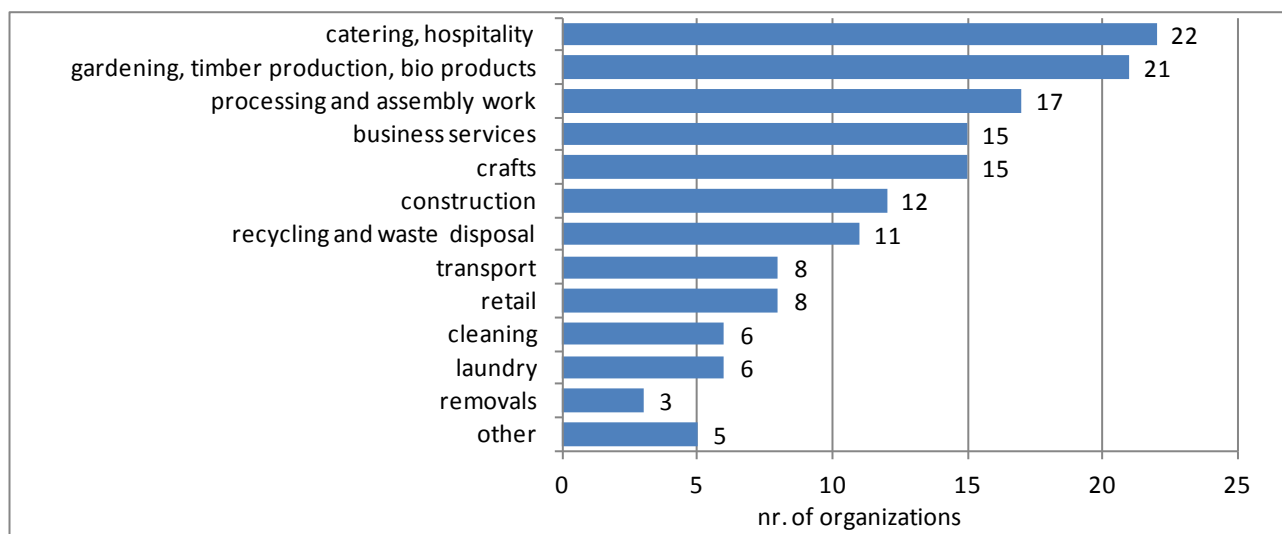
2.6 Production activity and competition in the market

We found that most of the organization in our survey perform productive activities in more than one economic sector, in order to offer their clients a wide spectrum of occupations and to cope with sector-related uncertainties (cf. Dunand and Du Pasquier, 2006). Some areas (catering, care of the environment, assembling, services and crafts) seem especially suited to the employment of disadvantaged workers (Figure 4) and income is generated mainly from a private clientele (95%). This contrasts with the situation in some other European countries, where services are frequently supplied to the public sector.²⁵

Production is not always in a competitive market: one third of the organizations have explicit prohibition to operate in the open market, which restrict their entrepreneurial freedom. The issue of competition particularly concerns the enterprises linked to the unemployment insurance system. The organizations which employ exclusively persons on social assistance are freer to operate in the market. It is still a difficult issue, however, and to avoid the problem some organizations specialise in niche sectors which traditional enterprises are not interested in covering.²⁶

²⁵ The only exceptions are *Orangerie*, *VAM* and *Stiftung Wendepunkt*, a large proportion of whose income derives from dealings with public clients.

²⁶ We are referring here to: (1) the *The Bütz* company, which has taken on an abandoned hotel (Hotel Ristorante Sonnenberg), which, because it is in a remote location some distance from the municipality of Kriens, does not figure as a new competitor in the hospitality sector; (2) the *fwo* association, which has promoted the processing of local sheep's wool (a largely neglected activity), to make and sell such products as insulating panels, stuffing for duvets and cushions, and household products. Enterprises which perform recycling operations are inspired by similar principles.

Figure 4. Distribution of organizations by economic sector (more than one answer possible)

2.7 Type of resource mobilization and self-financing

Swiss SEs mobilize a mix of financial resources, a phenomenon referred to in the literature as “resource hybridization” (cf. Gardin, 2006). The organizations in our survey are characterized by a funding model that mixes redistribution-based resources (public subsidies, 57%) and the market (income from sales mostly to the private sector, 41%). Reciprocity-based resources (donations and voluntary work) are, however, limited (2%).

Financial resources

A. Sales revenues

With a few notable exceptions which post significant revenues, in the vast majority of cases (85%) income of this kind accounts for less than CHF 3 million, with a median figure of CHF 750,000 per annum.

B. Public subsidies

38 organizations receive a direct public subsidy. One receives only an indirect subsidy. Only one social enterprise (*Ok-Forêt*) does not receive any public aid. This is the only almost completely self-financing organization, which does not benefit from regular public subsidies and at the same time tries to pay wages close to the market standards. This association, operating in the “green” sector, manages to cover its running costs (not without difficulty) out of sales revenues, as well as the voluntary work of its committee and minimal administrative costs.

Direct public subsidies

Direct subsidies are generally of two kinds:

- Funding of the costs of social support, training and supervision to the workers in integration (staff salaries and the other running costs). This is the prevalent model (found in 37 organizations). The subsidies are delivered by the federal government (in the case of organizations integrating unemployed people covered by the Unemployment Insurance Act or institutions for the disabled, for which the “New Fiscal Equalization” system had not yet come into force at the time of the survey), by the cantonal authorities (organizations integrating persons in receipt of social assistance benefits in French-speaking Switzerland and Ticino, and some institutions for the disabled), or by the municipal authorities (organizations integrating people on social assistance in German-speaking Switzerland). Concerning the payment methods, the model to cover deficit as the whole (generally associated with the integration of unemployed) has waned considerably, because of the current management trend and the need to

rationalize public expenditure. On the other hand, negotiated forms with a fixed amount (global or per client) have become more common (80% of cases). Global contributions predominate in the financing of institutions for the disabled, while a tariff system per client is used in active labour measures in favour of the jobless. This implies some entrepreneurial risk (in the event of the business operating at a loss because costs are higher than expected) and acts as a moderate incentive to run things efficiently. Some organizations (5) have mixed public financing procedures, varying according to the category of client. Finally, one third of the organizations are not able to capitalize surpluses. The median value of such subsidies is CHF 1 million.

- Direct wage subsidies provided to compensate for the productivity deficit of the workers in integration. The *Dock-Gruppe* enterprise does not receive any subsidy for the social support, but it benefits from the full reimbursement of the wages of the workers it employs. This method of financing also applies, in a more restricted way, to other organizations in respect of specific categories of disadvantaged workers.

Indirect public subsidies

To assess the real resources composition, in addition to direct public subsidies we need to take into account the significant indirect subsidies represented by the indirect wage subsidies: most of the disadvantaged workers are very-low-cost workers for SEs thanks to the public assistance that these workers benefit from. Apart from the few organizations which pay wages approximating to the full rate, in all other cases the persons they integrate represent an (almost or completely) free labour resource for the organizations concerned, even though their productive capacities may be limited. The median value of such subsidies is almost CHF 300,000 (for the assumptions adopted in calculating the indirect subsidy, please refer to Crivelli et al., 2011, p. 114).

Other indirect public benefits

Finally, 60% of the organizations enjoy other indirect public benefits which are difficult to quantify, such as exemptions from taxes or other payments, the provision of premises, or the award of work contracts on a preferential basis.

C. Reciprocity-based resources

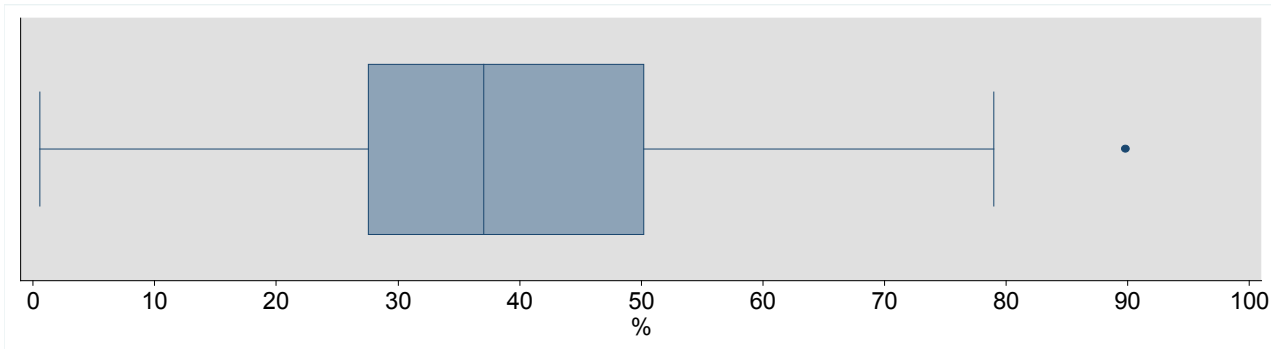
As well as deriving funds from redistribution-based and market resources, Swiss SEs benefit, albeit marginally, from donations (in 70% of cases) and voluntary work (in just 10 organizations).

Rate of self-financing

With an average rate of self-financing of 40%, Swiss SEs are at present taking on only a modest degree of financial risk (cf. Figure 5). Only in 12 cases market-based resources exceed 50%. The hypotheses for calculating the rate of self-financing are set out in Crivelli et al. (2011, p. 115).²⁷ This rather limited level of self-financing stems from the predominance of public subsidies (in most cases permanent) in the organizations' incomes, which ensures a significant degree of institutional and financial stability for most of them. The public contributions (direct and indirect) paid to these organizations are on average higher than in other European countries.

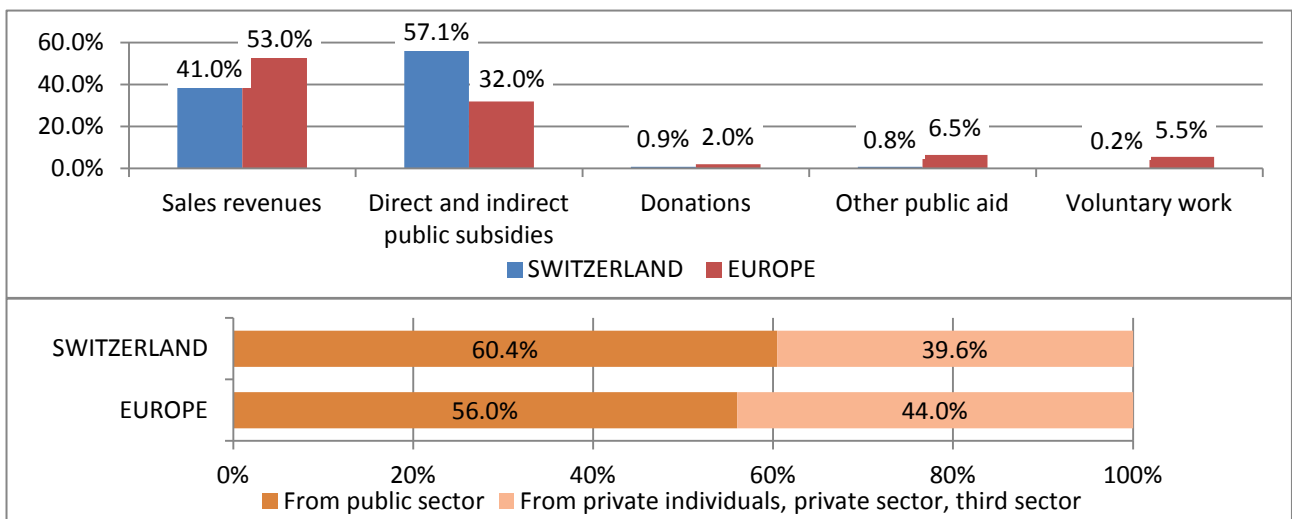
²⁷ The rate of self-financing is calculated in terms of sales revenues in relation to total costs (including the non-monetary costs of the salaries of the disadvantaged persons who are not paid by the organization but are subsidized out of public funds). Given the very small sample, it is not possible to make a statistical inference and construct an explanatory model of the rate of self-financing. The only factors which (individually) influence the rate of self-financing in a significant way are: (a) the integration of unemployed persons as the predominant category of disadvantaged workers, (b) the (partial or total) prohibition of competition in the open market, and (c) the delivery of social services, all of which are associated with rates of self-financing lower – respectively by 19, 22 and 18 percentage points – than those of organizations not subject to these conditions. Full organizational autonomy, on the other hand, results in a self-financing rate 23 percentage points higher than the mean figure for the sample as a whole (however, this concerns only 5 cases).

Figure 5. Rate of self-financing



In other European countries, however, SEs generate a higher percentage of their income in the public sector, by responding to invitations to tender and supplying goods and services to the public administration (20% of total income, as against 2% in Switzerland). The difference is such as to rebalance the mix of public-private financing. The substantial difference between Switzerland and the rest of Europe is therefore not so much a matter of degree as of the way in which public contributions are made: in other European countries, SEs also channel public resources through sales to the State, while in Switzerland a straightforward subsidy system prevails (cf. Figure 6).

Figure 6. Type of resource mobilization in Switzerland and Europe



N.B.: For the European data, Gardin (2006: 115 and 121).

2.8 Forms of governance

A significant number of the organizations that took part in the survey (approx. 40%) have adopted a “multi-stakeholder” structure. The most influential stakeholders are private individuals external to the organization (in general experts), public bodies and NPO representatives. As compared with Europe, in Switzerland there is a higher proportion of external individuals, while disadvantaged workers, staff and private sector agencies are under-represented and there is an almost complete absence of volunteers and customers (Campi, Defourny and Grégoire, 2006).

Since many of the organizations have adopted legal forms typical of the non-profit sector (associations and foundations) or cooperatives, the decision-making processes are based predominantly on the “one member one vote” rule and are therefore of democratic inspiration (even in the few companies, powers are not based on capital ownership).

The organizations in the survey pay limited attention to the participation of disadvantaged workers (only 4 said they had direct or indirect forms of participation in the board or in the corporate base) and the same is true for employees (though employees are in fact represented in 13 cases)²⁸.

Although ideas regarding the participatory nature of SEs are taken for granted in the European literature (Borzaga and Mittone, 1997; Gui, 1991; Pestoff, 1995; Middleton, 1987; Cornforth, 2003; Fazzi, 2007; Campi, Defourny and Grégoire, 2006; Depedri, 2007)²⁹, only 10% of the organizations in the survey consider this aspect very important. This reveals one of the main differences between the situation in Switzerland and the more innovative thinking and practice found in other parts of Europe.

The general lack of attention to the participation of disadvantaged workers is in keeping with the practice of European WISEs (Campi, Defourny and Grégoire, 2006: 39; Hulgard and Spear, 2006: 105), where the temporary nature of work integration projects and the social difficulties of the clients concerned do not permit the effective involvement of disadvantaged workers. At the same time, it is important to stress that this lack of participation is characteristic not only of organizations which promote work integration for limited periods, but is also found in all the types of organization covered by this research. There is also another difference between practice in Swiss WISEs and in European ones (Campi, Defourny, Grégoire, 2006: 39): in the latter, the most influential categories in governance are employees (Belgium, Finland, Italy and Sweden) or voluntary workers (France, Germany and Spain), two groups of stakeholders of little account in the Swiss context.

2.9 Identification of four SE prototypes

Analysis of the completed questionnaires reveals such a wealth and diversity of histories and management models among the organizations surveyed that generalizations are difficult to make, or even arbitrary. We have nevertheless tried to group the various initiatives into a small number of “clusters”, using the principal classification criteria adopted for European WISEs (cf. Davister, Defourny and Gregoire, 2003): the objective of integration (stepping-stone to the primary labour market or long-term contractual employment); the status of the workers (policy in respect of employment contracts and remuneration); the categories of disadvantaged workers catered for; and the types of resources mobilized.³⁰ To these criteria we have added a number of other distinguishing features.³¹ We have thus identified four main prototypes:

PROTOTYPE 1: SEs concerned mainly with integrating the disabled (15 organizations)

This is the largest group, consisting of organizations specializing in the integration of the disabled (predominantly people with mental health problems and to a lesser extent people with physical disabilities). Active in all three language regions, most of these organizations were founded before the 1990s (73%), generally by private individuals and NPOs. Most of them are constituted as foundations (67%), while some are associations (27%). They vary in size (from 20 to 450 clients), but organizations in this sector founded since the 1990s are all either small-scale or medium-sized (up to 70 clients). Almost all of them (87%) hire disabled persons on permanent contracts, with the objective of long-term integration. Wages are generally fixed but residual, in that they supplement the client's income from disability benefit. In the majority of

²⁸ Exceptions are the *FTIA* in the Canton of Ticino, which has some clients in its corporate base, and the *Clic* cooperative, where all the shareholders are employees.

²⁹ Involving stakeholders implies both costs and benefits. Although the decision-making process may become more complex and conflict-ridden, the ability to reconcile differing interests many have many advantages: encouraging mediation of the stakeholders' conflicting points of view; giving the organization the resources and legitimacy it needs, thanks to the participation of public agencies; accelerating the adjustments required by market demand; and reducing the risk of external conflicts.

³⁰ It has not been possible to make an in-depth analysis of the kinds of vocational training adopted by social enterprises. Here again, though, we would stress the diversity of the various initiatives: some organizations in fact devote a lot of time to off-the-job training modules, while others restrict their provision to their production activity and on-the-job training.

³¹ For a synoptic presentation of the characteristics of the four prototypes, please refer to the appended table.

these organizations (80%), the wage paid is less than CHF 5/hour. Staff consists mainly of social workers and employees with a postgraduate diploma. The ratio of disadvantaged workers to staff is 4:1 (median figure). With the exception of four organizations specializing in just one economic sector (generally catering), in most cases (73%) production activity ranges over a number of sectors (catering, business services, assembling and care of the environment). Diversification is a feature common to all four social enterprise prototypes. Production activity is competitively geared to the open market (80% of organizations) and the median rate of self-financing is 45%. As well as work integration, 60% of these organizations also supply a range of other community services (most commonly housing or leisure services for the disadvantaged). Almost all of these organizations regard themselves as SEs in the full sense of the term (67%), or at least in some respects (27%).

PROTOTYPE 2: SEs concerned with the temporary integration of the jobless, founded before the 1990s (9 organizations)

All located in French or Italian-speaking Switzerland, mostly with the status of associations (78%), these organizations are dedicated mainly to employ the jobless (persons in receipt of unemployment or social assistance benefits, prisoners), though they do not as a general rule specialize in just one category of client. They vary in size (from 12 to 500 clients per annum) and were mostly founded by private individuals or third-sector organizations, though outstanding religious personalities have also played an important role in this work. They offer their clients temporary employment (generally for between one and 12 months), with the aim of providing a stepping-stone to the primary labour market. As a general rule, "recruitment" is regulated by a work integration programme promoted by the public authority and clients do not receive any remuneration from the organization itself (in some cases, an employment contract is signed, but the wages are "subsidized", i.e. funded by the public authority in lieu of payment of benefits). Only one in ten of the persons integrated (70 full-time equivalent workers) is paid anything out of the organizations' own funds, the amounts ranging in such cases from CHF 2 to 22/hour. The ratio of disadvantaged workers to staff is 4:1 (median figure) and social workers (or job trainers) are in a majority only in 50% of cases. 33% of the enterprises have to comply with a partial or total ban on competition, while their median rate of self-financing is 36%. A majority of these organizations (78%) also supply other community services, mainly environmental or consultancy and healthcare services.. Almost all of these organizations (88%) believe they are fully entitled to consider themselves SEs, most of them from the time they were founded (67%), because for them the concept of a social enterprise is associated almost exclusively with the pursuit of a social mission. *PROTOTYPE 3: SEs concerned with the temporary integration of the jobless, founded since the 1990s (12 organizations)*

Organizations of this type are found throughout Switzerland, and are particularly represented in the German-speaking area (58%). They vary considerably in size (from 35 to 1000 clients per annum) and mostly hire jobless people (those on unemployment or social assistance benefits, prisoners), generally without specializing in a single category of client. They offer their clients temporary employment, generally without paying any remuneration (with the exception of 10% of their workers, who are paid between CHF 5 and CHF 10/hour). However, the aspect that differentiates them from organizations founded before the 1990s is that some of them have adopted more corporate forms, especially limited liability companies (GmbH/Sàrl/Sagl). Anyway legal forms typical of the non-profit sector remain predominant (67%). While initiatives by private individuals have been important in the founding of these organizations, public authorities have also been involved. The ratio of disadvantaged workers to staff is 6:1 (median figure). Social workers and job trainers are fewer, being present in large numbers only in 17% of cases. 58% of the organizations have to comply with a partial or total ban on competition, while their median rate of self-financing is 30%. The range of services they offer is variable: 42% concentrate exclusively on work integration, while 58% also supply other community services. Almost all of these organizations (82%) have seen themselves as social enterprises since they were founded, though a considerable proportion are reluctant to regard themselves entirely as SEs(67%).

PROTOTYPE 4: SEs concerned with the permanent integration of the jobless, founded since the 1990s (4 organizations)

Active in German-speaking Switzerland, organizations of this kind have been promoted mainly by non-profit entities. They share certain characteristics with the previous prototype: variable size (between 7 and 750 clients per annum); attempts to adopt legal forms enshrined in the Code of Obligations; low proportion of social workers and job trainers; ratio of disadvantaged workers to staff of 6:1; a certain reluctance to regard themselves entirely as SEs (though this result should be treated with caution, given the limited number of organizations concerned). The characteristic that differentiates this type for enterprise from the two preceding clusters is a specific focus on integrating persons in social assistance benefits. In addition, there is a tendency to offer open-ended employment contracts and pay standard wages to the disadvantaged workers, though these salaries are in some way compensated by the public authority (cf. Blattmann and Merz, 2009). There is undoubted potential for this wage-based model, though for the time being this applies to only 5% of the disadvantaged workers concerned (the median wage paid is around CHF 7/hour). Only one organization is obliged to work in non-competitive markets and the median level of self-financing in this cluster (though the figure not statistically reliable because of the small sample) is 46%. Three of the four enterprises provide other community services in addition to work integration: not in this case welfare services for the disadvantaged, but environmental services connected with their work-integration activities or with development aid.

3 Conclusions: prospects for the development of SE in Switzerland

In this final section, we set out some thoughts on how the Swiss social enterprise sector might develop.

3.1 Overcoming restraints on competition

On average, we found the degree of autonomy and level of self-financing of SEs to be fairly limited. The spread of SEs is seen in some quarters as constituting unfair competition vis-à-vis traditional businesses, particularly during times of economic crisis. At present, the productive activity of social enterprises is not oriented to the open market (35% of such enterprises are subject to formal restraints, total or partial, on competing with profit-making businesses). These restraints undermine the autonomy of SEs and limit their self-financing prospects. It is therefore important to consider ways of reducing these restraints, so as to encourage the wider development of the Swiss social enterprise sector. In our view, however, a more elastic interpretation of this principle cannot be achieved without completely abandoning public funding procedures based on covering deficits and indirectly subsidizing wages for the disadvantaged. Rather, SEs must assume a significant financial risk and pay wages to the disadvantaged based on their real productivity (only in this way will it be possible to avoid forms of unfair competition and wage dumping)³². A development of this kind would make it possible to conclude public contracts for the provision of goods and services (contracting out), as already happens in other European countries. Another desirable development would be a change in staffing ratios from the “temporary employment programmes” model to models characterized by a prevalence of staff (currently the average ratio of disadvantaged workers to staff is 4:1, as compared with 1:2 in Italian social cooperatives). This would result in better social integration of the disadvantaged and would make projects more financially sustainable. It is, however, important to ensure that the acceptance of a more business-orientated approach is compensated for not only by a lifting of the

³² Concerning staff remuneration, we might envisage forms of public funding which recognize that portion of the wage that relates the provision of social support, training and supervision (to the disadvantaged), while the social enterprise should be required to ensure that the portion of the wage bill relating to productive activity meets its own costs.

restraints on competition but also by the right to keep surpluses (or a proportion of them) within the enterprise, to give the enterprise greater flexibility and enable it to invest for the future.

3.2 *Bringing social innovation to emerging needs*

The vast majority of Swiss initiatives in this field have been geared to integrating people into work, and have been based on the specific administrative status of the beneficiaries (SEs take on individuals belonging to just one of the main social assistance categories: the disabled, persons receiving federal or cantonal unemployment benefits, persons on social assistance). There are three possible ways in which things might be carried forward.

Where the aim of integrating persons on social assistance is concerned, one possibility would be to experiment with ad hoc social enterprise models serving the jobless, for whom the need for integration is becoming increasingly urgent (e.g. persons on social assistance or extremely marginalized young people). To effectively meet the specific needs of individuals (a rapid and durable re-integration into the labour market, vocational training), it is necessary to define more flexible integration and public funding procedures in order to overcome the separation and rigidity of different schemes and improve co-operation between the various institutions of the social security scheme, at least at cantonal level.

A second major challenge will be to integrate persons who do not fit (or no longer fit) into the main social security schemes, or whose needs are not effectively met within them. We are referring here first of all to the jobless persons who have exhausted their entitlements to unemployment benefits, are not able to find work and no longer receive any other public aid. The first part of the survey we conducted in Italian-speaking Switzerland reveals that readiness to take up the challenge of involvement in a social enterprise – even on a wage lower than the wage earned prior to unemployment – is in fact greatest among those who have not found work and are excluded from benefits.³³ There are people affected by what we might describe as “intermittent conditions”, i.e. who undergo temporary periods of difficulty or sickness followed by periods during which they substantially recover their working capacities. It is not appropriate that such individuals be segregated in sheltered workplaces or into permanent benefits. They would benefit far more from a period of stabilization and retraining, which could be spent in a social enterprise. The recent (and forthcoming) revisions of the disability scheme, that aim to promote early integration-oriented measures, will probably open up new opportunities for intervention.

One final possibility for development, which goes beyond SEs' work integration mission, concerns social purpose. Swiss SEs focus on the task of integration and in this respect Swiss practice differs from that of other European countries, where SEs offer community care services to meet social needs (e.g. home help, care for the elderly, health and educational services,...) , as well as work to redevelop deprived areas or in environmental protection. We are likely to see growing needs for intervention in these areas: because of market inadequacies and the crisis affecting the welfare state, there is a need for further development of the Third Sector and, in particular, for innovative forms of social entrepreneurship.

To encourage the development of social innovation, we believe it is important to create a specific legislative framework and an appropriate legal form that takes into account the peculiarities of the social enterprise model, i.e. the combination of entrepreneurial activity with the explicit aim of benefiting the community (a form of this kind is not currently provided for by Switzerland's Civil Code or Code of Obligations).

³³ For further details, please refer to the full research report (chapter 4).

3.3 More democratic and multi-stakeholder governance

Some categories of stakeholder are currently under-represented on the governing bodies of Swiss SEs. Only a minority of organizations see the adoption of a multi-stakeholder governance as a priority.

The low level of involvement of disadvantaged workers is in keeping with European WISE practice, where priority is given to production and work integration and involvement of the disadvantaged are neglected on the grounds that the employment provided is only temporary and they have social difficulties. Although this may be justified where some categories of disadvantage are concerned (the disabled or young people with serious problems), we believe it is essential that more democratic and multi-stakeholder governance be adopted by organizations serving the unemployed, especially if they are integrated on a permanent basis.

Greater involvement of other categories of stakeholder, such as staff, volunteers and consumers, is also desirable, particularly if Swiss SEs decide to become more involved in the provision of community services or are obliged to give up their privileged relationship with the public sector. In our opinion, Swiss SEs will in future require more democratic and multi-stakeholder decision-making processes in order to ensure the pursuit of a plurality of (economic, social and socio-political) objectives and interests.

4 Bibliography

- I. Blattmann, L., Merz, D. (2009), *Sozialfirmen. Plädoyer für eine unternehmerische Arbeitsintegration*, Zurich: Rüffer & Rubb.
- II. Borzaga, C., Defourny, J. (2001), *The emergence of social enterprise*, London: Routledge.
- III. Borzaga, C., Fazzi, L. (2011), *Le imprese sociali*, Rome: Carocci.
- IV. Borzaga, C., Loss, M. (2006), "Participants in European WISEs", in Nyssens, M. (ed.), *op.cit.*, 169-194.
- V. Borzaga C., Mittone L. (1997), "The multi-stakeholder versus the non-profit organization", University of di Trento, *Discussion Paper* n.7.
- VI. Bruni, L., Zamagni, S. (2009) (ed.), *Dizionario di economia civile*, Rome: Città Nuova.
- VII. Bruni, L., Zamagni, S. (2007), *Civil economy*. Oxford: Peter Lang.
- VIII. Campi, S., Defourny, J., Grégoire, O. (2006), "Work integration social enterprises: are they multiple-goal and multi-stakeholder organizations?", in Nyssens, M. (ed.), *op.cit.*, 29-49.
- IX. Cornforth, C.J. (2003) (ed.), *The governance of public and non-profit organisations: What do boards do?*, London: Routledge.
- X. Crivelli, L., Bracci, A., Avilés, G. (2011), *I modelli di impresa sociale in Svizzera : risultati di un'indagine esplorativa condotta sul piano nazionale*, Manno: DSAS SUPSI.
- XI. Davister, C., Defourny, J., Gregoire, O. (2003), *Les entreprises sociales d'insertion dans l'Union européenne. Un aperçu général*, Emes Working Papers n. 03/11.
- XII. Defourny, J., Nyssens, M. (2006), *Defining social enterprise*, in Nyssens, M. (ed.), *op.cit.*, 3-26.
- XIII. Depedri, S. (2007), "Le cooperative sociali tra single- e multi-stakeholder", in *Impresa sociale*, 3:36-58.
- XIV. De Jonckheere, C., Mezzena, S., Molnarfi, C. (2008), *Les entreprises sociales d'insertion par l'économique. Des politiques, des pratiques, des personnes et des paradoxes*, Geneva: ies éditions.
- XV. Dunand, C., Du-Pasquier, A.-L. (2006), *Travailler pour s'insérer. Des réponses actives face au chômage et à l'exclusion : les entreprises de réinsertion*, Geneva: ies éditions.
- XVI. Fazzi, L. (2007), *Governance per le imprese sociali e il nonprofit*, Rome: Carocci.

- XVII. Gardin, L. (2006), "A variety of resources mixes inside social enterprises", in Nyssens, M. (ed.), *op.cit.*, 111-136.
- XVIII. Gui, B. (1991), "The Economic Rationale for the Third Sector", in *Annals of Public and Cooperative Economics*, 62,4: 551-572.
- XIX. Hulgard, L., Spear, R. (2006), "Social entrepreneurship and the mobilization of social capital in European social enterprises", in Nyssens, M. (ed.), *op.cit.*, 85-108.
- XX. Kehrlí, C. (2007), *Entreprises sociales en Suisse. Caractéristiques, Intérêt, Questions*, Lucerne: Editions Caritas.
- XXI. Middleton, M. (1987), "Nonprofit boards of directors: beyond the governance function", in Powell, W. (ed.), *The Nonprofit Sector: A Research Handbook*, New Haven, CT: Yale University Press, 135-149.
- XXII. Nyssens, M. (2006) (ed.), *Social Enterprise. At the crossroads of market, public policies and civil society*, London and New York: Routledge.
- XXIII. OECD (1999), *Social Enterprises*, Paris: Organization of Economic Cooperation and Development.
- XXIV. Pelligra, V. (2008) (ed.), *Imprese sociali. Scelte individuali, interessi comuni*, Milan: Mondadori.
- XXV. Pestoff, V.A. (1995), "Local Economic Democracy and Multi-Stakeholder Cooperatives", *Journal of Rural Cooperation*, 23:151-167.
- XXVI. Yunus, M. (2010), *Building Social Business: The New Kind of Capitalism that Serves Humanity's Most Pressing Needs*, New York: Public Affairs.
- XXVII. Zamagni, S. (2003), "Per un'economia civile nonostante Hobbes e Mandeville", *Oikonomia*, 3.

5 Appendices

5.1 Work integration social enterprises in Switzerland: the 4 principal prototypes

	CLUSTER 1 PROTOTYPE 1: Social enterprises concerned mainly with integrating the disabled (15)	CLUSTER 2 Social enterprises concerned mainly with temporary integration of the jobless, founded prior to the 1990s	CLUSTER 3 Social enterprises concerned mainly with temporary integration of the jobless, founded since the 1990s	CLUSTER 4 Social enterprises concerned mainly with permanent integration of the jobless, founded since to the 1990s
Number of organizations	15	9	12	4
Category of disadvantaged workers	The disabled	The jobless (persons on unemployment and social assistance benefits, prisoners)	The jobless (persons on unemployment and social assistance benefits, prisoners)	Persons on social assistance
Specialized in a specific category of disadvantaged workers	Yes	No	No	Yes
Period established	Prior to the 1990s (73%)	Prior to the 1990s	Since the 1990s	Since the 1990s
Language regions	All	French and Italian-speaking Switzerland	All	German-speaking Switzerland
Promoters	Private individuals and NPOs	Private individuals, NPOs and religious bodies	Private individuals, public bodies	NPOs
Legal forms	Foundations (67%)	Associations (78%)	Foundations and associations (67%), but some companies emerging	Associations (50%), but some companies emerging
Size	Variable (from 20 to 450 disadvantaged workers per annum)	Variable (from 12 to 500 disadvantaged workers per annum)	Variable (from 35 to 1000 disadvantaged workers per annum)	Variable (from 7 to 750 disadvantaged workers per annum)
Stepping-stone to primary labour market	No	Yes	Yes	No
Wages to the disadvantaged workers	Yes	No	No	Yes (in principle)
Disadvantaged workers /staff	4:1	4:1	6:1	6:1
Educational background of staff	Social workers, and employees with a postgraduate diploma in 64% of cases	Social workers and job trainers in 50% of cases	Technicians in 83% of cases	Technicians in 75% of cases
Production sectors	Catering, business services, care of the environment, assembling work	All	Assembling work, recycling, care of the environment	All
Percentage of organizations having to comply with a ban on competition	20%	33%	58%	25%
Rate of self-financing	45%	36%	30%	46%
Percentage of organizations also provide community services	60%	78%	58%	75%

Percentage of organizations which see themselves as 100% SEs	67%	88%	33%	50%
Percentage of organizations that have become SEs over time	40%	33%	18%	33%

5.2 Organizations that took part in the survey

FRENCH-SPEAKING SWITZERLAND:

AVF - Journal Objectif Réussir	Canton	Fribourg	
Association Ateliers Phénix	Canton	Neuchâtel	www.ateliersphenix.ch
Association Ok-Forêt	Canton	Geneva	
Caritas Jura	Canton	Jura	www.caritas-jura.ch
Croix-Rouge Genevoise - Sémestre de Motivation	Canton	Geneva	www.croixrougegenevoise.ch
Association Tremplin	Canton	Valais	
L'Orangerie	Canton	Geneva	www.lorangerie.ch
Polyval	Canton	Vaud	www.polyval.ch
Réalise - Entreprise d'insertion	Canton	Geneva	www.realise.ch
Teen Services	Canton	Neuchâtel	www.teenservices.ch
A.R.T - Association pour la récupération et le travail (Job Eco SA)	Canton	Neuchâtel	
Fondation Le Relais	Canton	Vaud	www.relais.ch
FADS - Feu-Vert Entreprise	Canton	Neuchâtel	www.feu-vert.ch
Fondation Les Oliviers	Canton	Vaud	www.oliviers.ch
Fondation Trajets	Canton	Geneva	www.trajets.org
Fondation Le Tremplin	Canton	Fribourg	www.tremplin.ch
Job Service	Canton	Neuchâtel	www.job-service.ch
PRO Entreprise sociale privée	Canton	Geneva	www.pro-geneve.ch
Fondation Foyer-Handicap	Canton	Geneva	www.foyer-handicap.ch
CSP - La Joliette	Canton	Neuchâtel	www.joliette.ch
La Thune - Entreprise sociale	Canton	Valais	www.lathune.ch

ITALIAN-SPEAKING SWITZERLAND:

Caritas Ticino	Canton	Ticino	www.caritas-ticino.ch
Cooperativa Clic	Canton	Ticino	clic.coop/index.html
Fondazione Diamante	Canton	Ticino	www.f-diamante.ch
Fondazione La Fonte	Canton	Ticino	www.lafonte.ch
Fondazione Pedroncini Ristorante Vallemaggia	Canton	Ticino	www.ristorantevallemaggia.ch
Fondazione San Gottardo	Canton	Ticino	
Formazienda FTIA	Canton	Ticino	www.formazienda.ftia.ch

GERMAN-SPEAKING SWITZERLAND:

VAM - Verein für aktive Arbeitsmarktmassnahmen	Canton	Bern, Fribourg	www.vam.ch
Verein Arbeitskette	Canton	Zurich	www.arbeitskette.ch
Das Breite Hotel	Canton	Basel	www.dasbreitehotel.ch
Velostation Burgdorf Dienstleistungen (Verein PRO Velo Emmental)	Canton	Bern	www.wir-bringens.ch
Verein The Buez	Canton	Lucerne	www.thebuez.ch
Ding Shop	Canton	Thurgau	www.ding-shop.ch
Verein Fiwo	Canton	Thurgau	www.fiwo.ch
RITEC	Canton	Fribourg	www.verein-ritec.ch
Notz Produktionen	Canton	Zurich	www.notzproduktionen.ch
ECAP USR	Cantoni	Zurich, Basel, Bern, Aargau, Lucerne, Solothurn, Vaud, Ticino	www.ecap.ch
Stiftung ESPAS	Canton	Zurich	www.espas.ch
Dock Gruppe (Stiftung für Arbeit)	Canton	St. Gallen	www.dock-gruppe.ch
Stiftung Gärtnerhaus	Canton	Aargau	www.gaertnerhaus.ch
Stiftung Impuls	Canton	Schaffhausen	www.stiftung-impuls.ch
Stiftung Kartause Ittingen	Canton	Thurgau	www.kartause.ch
Stiftung Tosam	Canton	Appenzell	www.tosam.ch
Stiftung Integration NWS	Canton	Basel	www.integration.as
Stiftung Chance	Canton	Zurich	www.chance.ch
Stiftung Wendepunkt	Canton	Aargau	www.wende.ch
Oltech GmbH - Bildungswerkstätte	Canton	Solothurn	www.oltech.ch