Work integration social enterprises and public policy: an analysis of the European situation[1]

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The objective of this article is to analyse the specific characteristics of European work integration social enterprises (WISEs)[3] and related issues of public policy. The objective of these enterprises is to reintegrate vulnerable people into the labour market by involving them in productive activity. The article consists of four parts. We begin by clarifying the different approaches to the concept of social enterprise, their origins on either side of the Atlantic, and the characteristics of a social enterprise as defined by the EMES European research network[4]. We then focus our attention on work integration social enterprises, examining the way in which they have emerged and their various modes of work integration. In the third section, we analyse the socio-economic dynamics of WISEs: how they achieve financial equilibrium, the diversity of their objectives and stakeholders and the way they fit into public policy, using European data. Our conclusion identifies three directions in which work integration social enterprises might develop and the public policy rationales attaching to each of these scenarios.

1. The concept of social enterprise

Although practically unknown at the beginning of the 1990s, the notion of social enterprise has made an amazing breakthrough over the last twenty years, on both sides of the Atlantic. The same is true of two closely related notions: the notions of social entrepreneur and social entrepreneurship.

American approaches

In the United States, the concept of social enterprise began to emerge in the early 1990s. One of the key events of this period was the launch of a "Social Enterprise Initiative" by the Harvard Business School, Since then, other leading universities (Columbia, Berkeley, Duke, Yale, New York, etc.) and various foundations have set up training and support programmes for social enterprises and social entrepreneurs.

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[1] This article is based on Nyssens M. (Ed.), (2006), Social Enterprise - At the Crossroads of Market, Public Policies and Civil Society, London and New York, Routledge, and on an updated French-language version of this research conducted at European level: Gardin L., Laville J.L., Nyssens M., (2012), Entreprise sociale et insertion, Paris, DDB. We would refer the reader to these works for a fuller exposition of the central ideas of this article.

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[3] Work Integration Social Enterprises are generally referred to by the acronym WISE (French: ESI = Entreprises Sociales d'Insertion).

[4] EMES is a network of university research centres and individual researchers whose objective is to gradually establish a European corpus of theoretical and empirical knowledge concerning the social economy, the solidarity economy and social entrepreneurship. In studying the "third sector", the network has adopted a pluralist approach in terms of both the disciplines involved and the methodology used. (www.emes.net)

Following Dees and Anderson (2006), we nevertheless think it appropriate to distinguish between two main schools of thought: the earned income school and the social innovation school (Defourny, Nyssens, 2010).

- The work of the first generation of the earned income school of social enterprise was concerned with the earned-income strategies developed by non-profit organizations in pursuing their social mission (Skloot, 1987; Young and Salamon, 2002). Social enterprise was then seen as an innovative response to the problems of funding these organizations, which were increasingly coming up against obstacles in private fund-raising or in obtaining subsidies from public authorities and foundations (Kerlin, 2006).

A second generation within this school has extended the notion of social enterprise to a vast range of organizations, which may be for profit or not for profit, provided they engage in commercial activity in seeking to achieve a social purpose (Austin et al. 2006). The emphasis is not only on the importance of commercial resources but also on a set of management methods deriving from the private sector (Emerson, Twersky, 1996). A wide variety of initiatives developed by conventional commercial companies – various forms of sponsorship and more innovative activities – can form part of "corporate social responsibility" (CSR) strategies, which many business schools have been quick to describe as social entrepreneurship.

The notion of "social business" proposed by Yunus (2010) can also be included in this second generation. This term is used to describe enterprises, whatever their legal status, which have to cover the totality of their costs out of commercial resources. This notion was developed essentially to achieve recognition for a model of enterprise which focuses on the supply of goods and services to (very) poor customers, a new market segment (often described as the "bottom of the pyramid") for some large businesses, particularly in the countries of the South. Social businesses are generally companies established by investors, but these owners, at least as envisaged by Yunis, do not receive a dividend: the profits are reinvested 100% in the business to further its social mission[5.]

- The second major school of thought gives central importance to social innovation. The focus here is on the figure of the social entrepreneur, and his creativity, dynamism and leadership in coming up with new responses to social needs. Dees (1998:4) has proposed the best known definition of a social entrepreneur in that school of thought. He sees the latter as "playing the role of change agents in the social sector by adopting a mission to create and sustain social value, recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, acting boldly without being limited by resources currently in hand, and finally exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created".

The emphasis here is on the systematic nature of innovation and the breadth of its social or societal impact, rather than on the type of resources mobilized. The Ashoka organization has played a pioneering role in promoting this way of thinking. Since the early 1980s, it has supported entrepreneurs of this kind, even though the term "social entrepreneur" was adopted

[5] "A social business is a non-loss, non-dividend company designed to address a social objective" (http://www.muhammadyunus.org/Social-Business/seven-principles-of-social-business/). The example most frequently cited in support of this concept is the Grameen Danone company, which produces and markets extremely nutritious yoghurts at very low cost for poor people in Bangladesh.

only at a later stage. Nowadays, individuals of this kind are increasingly presented as modern heroes (Bornstein, 2004).

Some work produced in the United States (Emerson, 2006) emphasize the need to combine these different approaches into a common characterization of social entrepreneurship based on four key criteria: the pursuit of social impacts; social innovation; the mobilization of commercial revenues; and the adoption of managerial methods, no matter what the legal status of the organization: for profit or not for profit, private or public. These authors emphasize the double, or even triple, bottom line, and the creation of mixed or hybrid added value ("blended value") with closely linked economic and social dimensions (Savitz, 2006).

European approaches

Turning to developments in Europe, it is interesting that, institutionally, the main initial impulse came from Italy. In 1991, the Parliament adopted a law granting the specific status of "social cooperative" to cooperatives whose purpose was not the maximization of their members' interests but "the general interest of the community in the human promotion and social integration of citizens". This objective is achieved through: a) the provision of social/healthcare and educational services; b) the development of various activities – agricultural, industrial, commercial or service-orientated – with the aim of integrating disadvantaged persons into the labour market. Social cooperatives are therefore of two types: "type A" cooperatives specialize in social, educational and healthcare services, and are very similar to labour cooperatives; those of "type B" specialize in the social integration of their members through an economic activity. The latter, to qualify for the title of social cooperative, must recruit at least 30% of their employees from the ranks of the disadvantaged, following criteria laid down by the public authorities: drug addicts, alcoholics, detainees, the disabled, the mentally ill, minors at risk of marginalization, etc.

Once the legal status of social cooperative was introduced in Italy, such organizations exhibited impressive development, mainly in response to needs that market forces or the State cannot fully meet. Over the last twenty years, many other European countries have introduced new legislation of this kind, with eleven of them instituting legal frameworks or public schemes in recognition of the possibility of performing an economic activity while pursuing a social purpose (Roelants, 2009). Some of these frameworks have been shaped on cooperative lines, e.g. the "société coopérative d'intérêt collectif" in France (2001), or the "social cooperative" in Poland (2006), while others do not refer specifically to the cooperative model, though they have been partly inspired by it. In 1995, for instance, Belgium granted any commercial company the possibility of becoming a "company with a social purpose", and in 2004 the United Kingdom passed a law instituting "community interest company". Previously, in 2002, the United Kingdom had launched a Social Enterprise Coalition and had set up a Social Enterprise Unit to make people more aware of social enterprises and promote their development throughout the country.

In view of similar developments in various countries, a European research network was set up in 1996 to study "the emergence of social enterprises" in Europe. Named EMES, and covering the fifteen countries that then formed the European Union, this network has gradually developed a common approach to social enterprise. However, various concepts coexist and overlap in European thinking on social enterprise. Alongside the EMES approach, since the mid-2000s scholars of business schools such as Mair and Marti (2006 pp. 36-41), Nicholls (2006), Mair, Robinson and Hockerts (2006), have taken up and sometimes re-engineered the concept of social entrepreneurship as formulated in North America several years earlier. Nicholls (2006), for

example, posits a continuum of social entrepreneurship ranging from "voluntary activism", taking the form of donations and voluntary work, to "corporate social innovation", consisting in risk investment for a social purpose made by a capitalist-type private company. Between these two extremes, he places various kinds of non-profit organization, ranging from those totally subsidized to those which are entirely self-financing. In his analysis, only the latter merit the title of "social enterprise". In this respect, he is in agreement with the tendency dominant in the United States, strongly influenced by the earned income school of thought.

The EMES approach

In Europe, the first theoretical and empirical bases for conceptualizing social enterprise were laid by EMES. The EMES approach is the result of long-term dialogue among researchers in several disciplines (economics, sociology, political science and management), and between the different traditions and sensibilities found within the European Union. For these two reasons, it deserves careful attention.

The EMES network has undertaken to construct an "ideal-type" (in the Weberian sense), i.e. an abstract model synthesizing the principal characteristics of the new entrepreneurship observed within the Third Sector (see box).

[Box:] Approaches to identifying the dynamics at work within the Third Sector

Social enterprise is closely related to the various approaches which, since the 1970s, have stressed the existence of a "Third Sector" in our economies, distinct from the for profit private sector and the public sector. Far from replacing such concepts as the social economy, the solidarity economy or the third sector, the new notions of social enterprise, and the analytical potential that stems from it, can be seen as illuminating and enriching existing approaches and highlighting particular dynamics within the Third Sector, and sometimes beyond it.

Internationally, the American-inspired approach to the non-profit sector is undoubtedly the most widespread. But this approach focuses only on what corresponds roughly to our associations and foundations. It completely ignores initiatives of the cooperative type, which share very much the same values and are often rooted in the same soil of 19th-century associationism. This explains why other approaches have developed in Europe, in particular those based on notions of the social economy and the solidarity economy.

The social economy: organizations, values, rules

Although there is no single definition of the social economy, it is almost always presented as having two key aspects. On the one hand, the term is used to describe private, non-capitalist categories of organization, with special status and rules: cooperatives, associations and mutual societies, and increasingly foundations. On the other hand, the social economy refers to the principles and values which are supposed to inspire certain modes of operation: being set up with an aim of serving members or the community rather than maximising profit, independent management, democratic decision making process.

The solidarity economy: fitting economics back into society

The solidarity economy can be defined as "all economic activities subject to a determination to act democratically, in which social relations of solidarity have priority over individual interest or material profit" Laville (2005, pp. 253-259). More precisely, solidarity economy activities are not

a matter of legal status, but of a twofold – economic and political – dimension, which determines their originality.

At the economic level, there is an insistence on reciprocity and mutual commitment among the people who have given birth to the initiative (*impulsion réciprocitaire*). Activities are then consolidated by a "hybridization" of the different types of resources: the initial reciprocal resources (e.g the giving of voluntary labour) are replaced by public contributions linked to redistribution and by market resources. Due to its insistence on a combination of varied economic resources and principles, the solidarity economy approach invites us to say no to the growing hegemony of logics driven by the sole market forces.

The political dimension of the solidarity economy, on the other hand, is expressed "in the construction of public spaces which allow a debate among the stakeholders on the social demands and the purposes being pursued". Whether this takes the form of protest against or cooperation with the public authorities, the key issue is that major societal challenges are taken up explicitly by revitalizing democratic debate from within. One major challenge, therefore, lies in maintaining autonomous public spaces that are distinct from but complementary to the public spaces instituted and regulated by the public authorities.

Like a compass, an "ideal-type" can help the observer to relate the various entities to one another, to group them into categories and, if appropriate, to draw boundaries to define the category he wants to highlight, study in greater depth or promote knowledge/recognition of. Researchers have thus established indicators which enable them to detect the emergence of social enterprises and also help them in analysing older organizations reconfigured by new internal dynamics.

It is important to note that these indicators are not a set of conditions that an organization must satisfy in order to deserve the label of social enterprise as defined by the EMES network. They are not prescriptive criteria at all, and not all of them are present in most of the social enterprises analysed. These indicators can be presented in two sub-groupings: four economic and five social. For the sake of comparison, however, we think it increasingly appropriate to distinguish three sub-groups, rather than two, thus emphasizing the point that some are more indicative of the modes of governance specific to social enterprises as defined by the EMES ideal-type. By applying these nine indicators, we can recognize some characteristics typical of social or solidarity economy organizations which are supplemented or refined here so as to reveal new entrepreneurial dynamics (Borzaga, Defourny, 2001, 16-18).

Indicators of an economic project

– a continuous activity producing goods and/or selling services

– a significant level of economic risk

– a minimum level of paid work

Indicators of a social purpose

– an explicit aim to benefit the community

– an initiative launched from a group of citizens or civil society organizations

– a limited profit distribution

Indicators of participatory governance

– a high degree of autonomy

– decision-making power not based on capital ownership

– a participatory nature, which involves various parties affected by the activity

2. Work integration social enterprises

Social enterprises are active in many fields: personal services, fair trade, microfinance, renewable energies, work integration, etc. The aim of work integration social enterprises (WISEs) is to integrate vulnerable persons and groups into the labour market through economic activity. Work integration is one of the most developed fields in which social enterprises operate in many European countries.

In the European Union, the first WISE initiatives were launched at the turn of the 1970s without any kind of public support. Most "pioneering" WISEs were founded by civil society actors: social workers, community activists, trade-unionists… In a context of persistent unemployment, the social actors lacked adequate public policy measures to tackle these problems. Consequently, initiatives emerged emphasizing the limitations of public intervention on behalf of persons excluded from the labour market: the long-term unemployed, persons lacking qualifications or with social problems. These work integration social enterprises generally emerged in opposition to and independently of the public authorities. They thus contributed to renewing public policy in the struggle against exclusion.

Most of these initiatives were launched by persons whose main objective was to help persons excluded from the labour market, i.e. they were created in a perspective of general interest. However, in countries with a strong cooperative tradition pioneering initiatives were undertaken by workers themselves, by excluded persons, motivated by a dynamic of mutual aid. In some cases, the groups behind WISEs were in relation with public bodies, probably because of close pre-existing links between the third sector and public sectors. This was certainly the case in Germany and Denmark. Moreover, it was possible for different categories of promoters of these initiatives to co-exist in one and the same country. In France, for example, work integration enterprises and intermediary associations (*associations intermédiaires*) were launched by groups consisting of social workers and community activists, while integrating enterprises (*entreprises insérantes*) were more of mutual-aid inspiration, and neighbourhood organizations (*régies de quartier*) relied on partnerships between the inhabitants and local public bodies.

Since the 1980s, countries have developed many different "active" public policies in relation to the labour market. Alongside so-called "passive" public policies, intended to provide the unemployed with an income, the public authorities, faced with permanently high levels of unemployment, have devised policies geared to integrating the unemployed into the labour market through support and careers guidance programmes, vocational training, subsidized employment and programmes to gradually reduce unemployment. The latter generally aim to fund socially useful jobs, reserved for the unemployed, in the public or third sector.

A second generation of social enterprises has developed within this setting, open to dialogue with the public authorities, which, in many countries, have decided to recognize and provide them with a legal framework.

We need at this point to distinguish between two approaches: public schemes which provide subsidies for work integration social enterprises at national level (Spain, Finland, France, Ireland, Poland, Portugal) or at regional level (Belgium, Spain, Italy), and more broadly conceived legal forms which make it possible for an enterprise to pursue a social mission, as explained in the preceding section. These two approaches are not necessarily mutually exclusive: in some cases, to be accredited by a public scheme that provides subsidy funding, a WISE must first adopt a legal statute appropriate to an enterprise pursuing a social mission. This is true, for example, of *entreprises d'insertion* in the Walloon region of Belgium.

Forty-four different categories of initiative have been identified within the European Union[6]. These can be arranged into four main groups, using criteria reflecting the ways in which their workers are integrated:

- The first group comprises work integration social enterprises providing employment supported by long-term subsidy. It consists mainly of the older forms of WISE: those set up for people with disabilities. Such organizations are found in most countries. They seek to make up for the gap between the productivity required by the conventional labour market and the actual capacities of disabled people. At present these organizations, most of which are recognized and subsidized by the public authorities, offer open-ended employment contracts. This first group includes protected employment schemes in Ireland, Denmark and Portugal, adapted work enterprises (*entreprises de travail adapté*) in Belgium and Switzerland, and the Samhall network of protected workshops in Sweden. Finnish centres providing care through employment and Belgian social workshops also belong to this category. It is worth mentioning that these two types of WISE are virtually the only organizations in Europe offering protected employment to persons regarded as suffering from a social handicap, but not a mental or physical disability.

- A second group consists of types of WISE which offer self-financed permanent employment, i.e. jobs which are economically viable in the medium term, to vulnerable individuals. In the early stages, public subsidies may be granted to make up for the target group's productivity deficit. Such subsidies are temporary and decrease over time. After this initial period of public subsidy, these WISEs must pay their workers out of their own resources, generated essentially by commercial activity. Initiatives of this kind include community and social enterprises in the United Kingdom, and certain types of German cooperative organization. The profitability constraint is generally stronger in these enterprises than in any other type of WISE.

- A third large group consists of types of WISE whose main purpose is to (re)socialize people by means of productive activities. Pertinent examples would be centres that help people to adapt to active life in France, protected employment centres in Spain, and social cooperatives in Sweden. These WISEs aim to serve particularly vulnerable workers. The work they provide is therefore "semi-informal", i.e. it is not regulated by a legal arrangement or employment contract, but nevertheless has protected status (e.g. the workers are fed and in most cases housed in return for their labour). Voluntary work is relatively important and market resources fairly limited.

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[6] We were able to make an initial identification thanks to the ELEXIES project, conducted in cooperation with the European CECOP and ENSIE federations: its purpose was to describe the principal characteristics – legal frameworks, support and funding organizations, target groups, types of vocational training, etc. of WISEs in 12 Member States of the European Union. This work was supplemented by the PERSE and UNDP-EMES project. This inventory has already given rise to one publication (Davister et al., 2004). It has been updated, by Gardin, Laville, Nyssens (2012), for Belgium, France, Quebec and Switzerland.

• The fourth group – the largest in Europe in terms of quantity – comprises social enterprises offering work experience ("sas" employment) or training through work. Even though these enterprises all share a common objective – to help their beneficiaries find a job in the conventional labour market – they differ considerably in the ways in which they pursue it. Belgian training-through-work enterprises, for example, offer training leading to a qualification in the form of an internship (*stage*), while French work integration enterprises provide a real job for a period of one year. This diversity is also reflected in the ways in which resources are mobilized. Some of these WISEs survive almost exclusively on subsidies. Others, on the other hand, are practically independent of public subsidy in any form. The importance of voluntary work is another significant variable. Most employment or training contracts are for a fixed term.

In this fourth group we can include working cooperatives (Finland), temporary work integration enterprises (France), organizations connected with the intermediate labour market (United Kingdom) and local community enterprises offering training courses and temporary work integration (Denmark). It would also include "stepping-stone" enterprises, in Switzerland, set up specifically for persons in the social security system or those on unemployment benefit recognized as being fit for work and supported by active measures within the framework of the federal law on unemployment insurance.

Finally, it needs to be pointed out that some types of WISE do not fit easily into one of these four main groups, because they implement different modes of work integration at one and the same time. For example, type-B social cooperatives in Italy, neighbourhood organizations (*régies de quartier*) in France, work integration enterprises in Wallonia and work integration organizations in Switzerland pursue different work integration objectives for widely differing target groups.

3. The socio-economic dynamics of work integration social enterprises

Although there is empirical data for work integration social enterprises in EU countries, it tends to be limited to basic quantitative information (number of enterprises, numbers of workers employed). There is very little information on how these social enterprises operate, how they mobilize and combine productive resources, how they are governed and the quality of the jobs they provide.

This is why the EMES network has chosen to analyse this field of activity by way of the social enterprise. As part of the PERSE project[7], working hypotheses for exploring the field of work integration social enterprises in greater depth have been provided by theoretical investigation of the way they mobilize resources, their governance and the co-construction of public policy.

Priority has been given to three theoretical lines of enquiry:

(1) The first line concerns the type of resources mobilized by social enterprises to support their work, market and non-market: they sell goods and services on the open market; they generally receive public funding deriving from taxation; and they can call on charitable and voluntary contributions. Following Polanyi (1944) and his "substantive approach" to economics – which proposes an extensive concept of the economy whereby all actions deriving from the interaction, if not dependency, between the individual, his fellows and the natural world are qualified as economic – we would maintain that social enterprises combine the economic principles of the market, redistribution and reciprocity. We would hypothesize that reciprocity, "which demands

[7] Nyssens 2006 for the English version; Gardin, Laville, Nyssens (2012) for the updated French version

an adequate response, not mathematical equality" (Polanyi, 1983, pp. 71-72), is central to articulating the different economic principles and to characterizing social enterprises, even though it is often neglected in economic analyses, generally concerned with the non-monetary economy.

(2) The second line of enquiry is concerned with analysing the generally complex combination of objectives of social enterprises: social objectives connected with the particular community-service mission of these enterprises; economic objectives connected with their entrepreneurial character; and political objectives, since social enterprises are generally rooted in the social and solidarity economy, to which the political dimension is fundamental. Where this plurality of objectives is concerned, we have also hypothesized that the involvement of a diversity of stakeholders in the ownership structure of a social enterprise, referred to in the literature as a "multi-stakeholder enterprise" (Bachiega, Borzaga, 2001, pp. 273-295) could represent an effective way of performing its mission. The representation of different categories of stakeholder on its governing body could be a good way of combining the enterprise's different objectives, thanks to the different sensibilities of the various stakeholders.

(3) Our third line of enquiry is concerned with the institutionalizing dynamics of work integration social enterprises. Social enterprises operate in a political context. Public policy itself reflects complex interactions between the representatives of social enterprises and representatives of the public authorities. We hypothesize that this institutionalizing dynamic, although a factor in developing innovative public policies, can also lead to the "isomorphism" (Di Maggio, Powell, 1983) of social enterprises, whereby they come to conform exclusively to market forces ("commercial isomorphism") or become merely the instruments of public policy ("non-commercial isomorphism").

The sample

We selected 162 work integration social enterprises, located in 11 European countries. We deliberately did not include social enterprises set up exclusively to serve the physically or mentally disabled, which, since the 1960s, have developed their own specific systems in most European countries. However, some work integration social enterprises employ persons with disabilities alongside members of other vulnerable groups, and enterprises of this type are represented in our sample.

The WISEs selected are involved in a wide spectrum of activities. Some of them produce "collective goods", i.e. goods which are non-rival (the use of the good by one person does not prevent its use by others) and non-excludable (it is technically difficult to make individuals bear the cost of consuming the good or service). This is a well-known situation in which the market is ineffective, necessitating State intervention. It is therefore not surprising that this type of WISE needs to rely financially on public contracts. 18% of the WISEs in the sample are active in recycling, 8% in gardening in public areas and in urban regeneration.

Other WISEs produce individual goods or services for which the users and their consumption can be clearly identified, for example catering or childcare services. Here, we can make an additional distinction: among these individual goods and services, we can distinguish between purely individual goods and those that are quasi-public. The latter, despite their divisible character, generate collective benefits, as well as individual ones. For example, childcare services produce private benefits for the child's parents and, at the same time, have a positive impact on the community by facilitating access to the labour market for women, strengthening social cohesion

in depressed regions, etc. For these reasons, childcare services can be regarded as quasi-public. Other goods and services are quasi-public because of the type of consumers to which they are geared. For example, a restaurant which charges affordable prices to vulnerable customers is producing a quasi-public good. 18% of the WISEs in the sample are active in providing social services (childcare services, services for the elderly, second-hand shops for people in need, meals-on-wheels, transportation of people with reduced mobility, etc.). 3% are active in the education sector and 5% in the cultural and leisure fields (community centres, theatres, leisure centres, tourism projects, etc.). Some of these services can be regarded as quasi-public goods. All in all, roughly a quarter of the WISEs in the sample produce quasi-public goods.

The remainder produces purely individual goods. 12% supply services to enterprises (sub-contracting, industrial cleaning, business infrastructure development, consultancy, etc.). 9% supply household services (cleaning, shopping, etc.). Also represented are the transport, construction and production sectors (timber, clothing, woodwork, metal, etc), the hospitality sector (hotels, restaurants, cafés), and the retail sector (shops).

Diversity of resources

The results show that, although social enterprises have a business dimension, their long-term future does not depend exclusively on the resources they generate by their commercial activities. Indeed, the financial viability of a social enterprise depends on the efforts made by its members to procure the necessary resources to accomplish its mission, but these resources are hybrid by nature. In order to achieve their objectives, WISEs show a great ability to organize their resources in different ways.

In the context of the PERSE project, sales of goods and services account on average for 53% of WISE resources, direct and indirect subsidies for 38.5%. The subsidies are for the most part linked to the enterprises' employment-related objectives. The commercial resources depend, in part, on the ability of WISEs to build up trading activities which take into account their social objectives. Contracts which fit this description are generally concluded with the public authorities, whose purchases of goods and services from WISEs are in most cases motivated by the convergence of purpose between the parties. This type of economic relationship can be referred to as a 'socio-politically embedded market'.

We have evaluated non-monetary resources so as to highlight those that are founded on reciprocity (such as voluntary work) and to emphasize the support deriving from redistribution (exemption from social security contributions, secondment of personnel, provision of premises free of charge). Non–monetary contributions, very probably underestimated, account for roughly 8.5% of WISEs' resources and reflect the extent to which WISEs are embedded in civil society networks. The social enterprises most embedded in these networks are more able to mobilize voluntary/charitable resources than those set up by public bodies. These voluntary resources have an important part to play in the start-up phase, and also in the pursuit of the twofold objective of some social enterprises: the integration of disadvantaged workers, on the one hand, and the supply of goods and services to disadvantaged users, on the other. This twofold objective is frequently found among the enterprises more socially embedded in local networks, which are also characterized by a high participation rate on the part of volunteers as in Ireland.

But all this presents an "average" picture of the resources of European WISEs. Careful examination of each enterprise reveals a more disparate situation, and various ways of thinking emerge from the different "mixes" of resources. Social enterprises which supply social services to

vulnerable clients, or those which employ very disadvantaged workers, obviously need a larger proportion of non-market resources. The different types of resource "mix" must therefore be analysed taking into account the weighting of the objectives pursued by any particular WISE.

Structures with multiple objectives

The integration of vulnerable workers through productive activity is central to the WISE mission, and herein lies the main criterion for defining this type of social enterprise. Empirical results show that European WISEs perform this social mission by employing people in different ways: stable jobs, stepping-stone jobs or placements, protected jobs, etc. However, not all WISEs give priority to this work integration objective. A sub-group emphasized that their principal mission was to contribute to local development, particularly in disadvantaged communities, by providing a set of goods and services; as a by-product, they have created training and employment opportunities for marginalized groups. For this sub-group, the "mission of integrating disadvantaged workers through productive activity", although important, is seen as secondary to their mission of promoting local development. This is the case, for example, with local development initiatives in Ireland, community businesses in the United Kingdom and *régies de quartier* in France.

Production is an integral part of the identity of WISEs, as a support to their work integration objective. It emerges clearly that, in most cases, the work integration and production objectives are closely intertwined and relatively well balanced, and this seems to be one of the distinguishing features of WISEs. From this point of view, they do not really accord with the approach of the commercial resources school, for which commercial activity is seen simply as a source of revenue, even if it is not related to a social enterprise's mission. The data also reveal that some WISEs produce quasi-public goods (social services or environment-related activities) and benefit the community through this activity, which is therefore not just a way of achieving the objective of integration. These WISEs therefore have a twofold social objective: on the one hand, to integrate disadvantaged workers who are in danger of being permanently excluded from the labour market; on the other, to produce quasi-public goods.

Finally, where socio-political objectives are concerned, we need to distinguish between two levels: instrumental and axiological.

In terms of the instruments used, most WISEs attach importance to defending interests and lobbying through networking activities. However, the importance ascribed to this activity varies from one WISE to another. For some, the objectives of such lobbying are purely strategic: to promote their social mission and secure resources for integrating disadvantaged workers, or to facilitate their production activities, i.e. to win contracts. For others, these practices are not only strategic but also intended to demonstrate the unique contribution made by social enterprises, which differ from other active public policy instruments in the employment field in that they take into account the social exclusion of disadvantaged groups. They make efforts, for example, to develop more participatory decision-making processes and have a special concern for socially and politically embedded markets.

At the axiological level, we can consider these socio-political objectives from a "production of social capital" point of view, the mobilization of mutual aid translating into networks which facilitate coordination and cooperation. The social-capital approach emphasizes complex bonding relationships between persons sharing a common identity and bridging relationships whereby mediators or go-betweens are able to build bridges between previously isolated worlds.

This dynamic of bringing together persons from different backgrounds is reflected in the fact that 85% of the WISEs in our sample were described as having several different categories of stakeholder on their governance bodies ("multiple-stakeholder enterprises"). Moreover, the information we gathered would seem to show that this multi-stakeholder participation has a real influence in promoting a balanced governance structure. These characteristics – the participatory nature of WISEs and the fact that most of them have been founded as partnerships – make for greater trust among different types of stakeholder.

The results therefore clearly confirm the multiple-objective structure of European WISEs. However, although the sharing of ownership among various stakeholders may be a good way of managing structures with multiple objectives, it is not the only one: single-stakeholder WISEs have also found ways of managing their multiple-objective structures. A structure with multiple stakeholders does not seem to be essential for managing a plurality of objectives. It should be stressed, however, that the mode of governance of social enterprises is here analysed only through their ownership structure and the dynamic of their boards as apprehended by questioning their directors. The data gathered suggests that social enterprises also entertain relations with external partners (local community, customers, beneficiaries, public authorities, etc.) through informal channels without these being officially represented on their boards.

Between social innovation and isomorphism

Historical analysis shows that social enterprises were the first to promote the integration of the marginalized through productive activity. Their innovative approach has had clearly identifiable effects in bringing to light hidden social problems and influencing public policy. In turn, the public policies specific to WISEs, or those adopted by WISEs, now influence their objectives and practices, at least in part.

The social objective

Where the social objective is concerned, the innovative social enterprise philosophy that emerged in the 1980s clearly consisted in developing the abilities (or "capabilities", according to Sen, 1985) of the marginalized and integrating them by recruiting them into WISEs whose objective was to offer vulnerable workers an opportunity to rediscover the benefits of work and help them to empower them. This concept implies not only providing work for people but also promoting specific values, for example the creation of democratically managed structures in which disadvantaged workers are entrusted with a role, or the production of services which generate public benefits in the district in which the WISE operates.

Returning workers to the "primary" labour market was therefore not the absolute priority. But, over the years, gradual institutionalization, as a result of public programmes more and more closely linked with active employment policies, has visibly built up pressure to integrate vulnerable workers into the primary labour market. It has therefore become difficult to reconcile the objective of restoring capabilities to groups of marginalized people with that of integrating the beneficiaries into "normal" jobs.

First of all, the type of integration performed by WISEs depends to a large extent on the way such integration is defined by the authorities responsible for the labour market. These integration programmes generally consist in a short-term public subsidy intended to make up for the "temporary unemployability" of disadvantaged workers. But it would seem that these programmes are not sufficiently geared to the real profile of the workers concerned. The

temporary nature of the subsidies can therefore result in "creaming off". In other words, it encourages enterprises to recruit only the most "employable" workers for the duration of the project and retain only those who have achieved a certain level by the end of the subsidized period.

Secondly, although the pioneering initiatives gave considerable importance to the task of strengthening workers' capabilities through participatory decision-making, daily practice tends to be influenced more by other factors, such as enhancing the organization's professionalism and developing production methods along business lines. WISEs sell their products in markets where they are in competition with profit-making enterprises. They may consequently be led to adopt the standards of their competitors. Analysis of formal participation systems, such as membership of the board, shows, on the one hand, that the participation rate of the workers being integrated is low and, on the other, that managerial staff are one of the most influential categories on the board of the WISEs examined. This situation may be due to the process of "professionalisation", which tends to limit participation.

The production objective

Where the production objective is concerned, the first challenge facing WISEs is to find a productive activity which corresponds to the capabilities of its workers and which at the same time enables them to be trained as part of the production process.

The identification of market niches has proved to be a good strategy in achieving this objective, but WISEs which manage to establish themselves in such niches sometimes discover, when the market tends to stabilise, that they have to contend with competitors which are less dependent on social concerns and constraints. Recycling services are a case in point. WISEs have played a pioneering role in this sector. Nowadays, it is a more profitable sector and, as a result, WISEs have to compete with new entrants from the profit-making sector. Moreover, WISEs sometimes have to make compromises between the type of production activity chosen and the profile of the participants concerned. For example, the data indicate that the construction and gardening sectors employ more poorly qualified workers, while those working in the social services and in education are more highly qualified.

Although most WISEs ascribe importance to their objective of producing goods and services because it enables them to pursue their integration mission, some also set themselves a production objective because they believe it to be of social importance, in that it generates various public benefits (e.g. the provision of social services). These WISEs are faced with another challenge when it comes to procuring the resources for this type of production activity. The fact is that, while specific programmes conceived for WISEs prioritize the production objective as the principal lever for integrating their beneficiaries into work, only some such programmes give them the opportunity to produce quasi-public goods. Moreover, even when this is possible, this public dimension is rarely accorded specific public funding, which makes it more difficult for these WISEs to combine the integration of disadvantaged workers with the production of quasi-public services.

The socio-political objective

Where the socio-political objective is concerned, although WISEs have contributed to shaping public policies in the field of work integration, dialogue has never been easy and has not resolved the issue of the controversial nature of WISEs. Public authorities and promoters of WISEs agree on the fact that the recruitment and vocational integration of disadvantaged workers lies at the

heart of their mission but, as we have seen, there are disagreements as to how this integration should be understood. The dominant model tends to see them as producing only one kind of benefit: the integration of workers into the "ordinary" labour market. WISEs are encouraged to adopt this single objective, with the danger that they will thereby abandon the multiple objectives that inspired them in the first place, and compromise their capacity for innovation.

4. Directions of public policy

As mentioned by Denourny, Favreau and Laville (1998), it is possible to envisage three directions which work integration might take.

- The formation of an intermediate economy: in this case, work integration organizations provide employment and training opportunities for a limited period, thereby putting people in a position to find permanent work.

- The constitution of a protected employment sector: this option recognizes the fact that some groups are effectively excluded from employment and aims to reserve long-term jobs for them in certain fields of activity.

- The building of new relationships between solidarity-based organizations and local districts: this option recognizes the need, if work integration is to be fully accepted, to replace targeted approaches with a transversal one, whereby work integration becomes a component in an approach based on the development of local potentialities.

Public policies have given priority to the formation of an intermediate economy, making it the vocation of work integration social enterprises to prepare disadvantaged persons for recruitment into other enterprises. Two limitations have become apparent.

Firstly, the results of our research show that WISEs are trying to serve an extremely diverse clientele, which can be divided into a number of sub-groups. The circumstances of vulnerable workers are very diverse and the problems some of them have to resolve are more than just "temporary unemployability". Lack of qualifications, mental disabilities and social problems may have long-term effects on their productivity. This being the case, the idea of a "springboard for work integration" (i.e. temporary public aid to compensate for periods of "temporary unemployability" prior to integration into the primary labour market) may not be a suitable solution for some groups of workers in particularly difficult circumstances. One way of taking into account the specific nature of the different groups targeted by WISEs might be to differentiate work integration subsidies according to the profiles of their beneficiaries, and allow some beneficiaries to remain in their WISEs for longer periods. This has been tried in several countries, such as Italy, where social cooperatives have demonstrated the effectiveness of prolonging work integration subsidies in proportion to the severity of their disability. Another example is Sweden, where the integration of a worker into a WISE is the result of official or unofficial procedures between the WISE and the public authorities responsible for monitoring the worker’s progress. In Belgium, the federal subsidy (SINE) for integrating the most vulnerable workers may in certain cases be granted for an unlimited period. Whatever the case may be, the generally accepted diversity of the workers concerned should encourage public authorities to develop, as part of their employment policy, a whole range of integration arrangements to enable WISEs to cater for workers presenting different profiles.

In this intermediate economy approach, the development of new activities at local level tends to be neglected, despite the fact that it is a way of responding to the lack of local jobs – another cause of difficulties in social integration, which cannot be explained solely in terms of the problems of disadvantaged workers. All in all, the positive discrimination that public authorities have practised in favour of the intermediate economy has been severely tested by the persistence of the "crisis". The relevance of the two other options – the protected employment sector and the development of solidarity among local economies – cannot therefore be discounted.

A good example of protected employment can be found in Flanders (Belgium), where various types of social workshops have been developed. This may be an extension of work integration practices for the disabled, with the private sector sub-contracting work or WISEs which recruit poorly qualified persons for simple tasks (packing, for example). It may also be of social utility in two related ways: the goods and services produced, even though intended for individual consumers, are of public interest, as the jobs created support the integration of particularly disadvantaged groups. This is undoubtedly the philosophy that underlies "reserved" markets, which are permitted by European directives "when the majority of the workers concerned are persons who, because of the nature or severity of their disabilities, cannot exercise a professional activity in normal conditions". Associative experiments continue to plead for a solution of this type, to ensure that employment is not inaccessible to the most disadvantaged. The criticisms advanced by trade-unions, and also some work integration organizations, relate to the risk of the beneficiaries concerned becoming imprisoned in a sector disconnected from the rest of the economy and to the stigmatisation this may entail.

The building of new relationships between solidarity-based organizations and local districts is based on the possibility of forming alliances with enterprises that are still well rooted in the local community and with local authorities. Far from being subservient to the capitalist dynamic, this scenario holds out the prospect of a pluralist economy which has room for the different forms of entrepreneurship: profit-making, public and social. And in this case economic pluralism can be matched by democratic pluralism. The social enterprises concerned can draw strength from the views of their participants, regarded as citizens, not merely as "clients". The development of new jobs also depends on recognition of the public dimension of the productive activities of certain WISEs, for example care of the environment, improvement of people’s living space, social services… When the productive activity of a WISE is focused on this public dimension which market forces are not able to cater for, it should be supported in part by public funding or by voluntary work. However, public funding is on the whole directed only to achieving the objective of integrating disadvantaged workers. WISEs are obviously entitled to subsidies of this kind to meet the needs of their work integration mission.

However, the legal context at European level is fragile. The fact is that, in future, if member states of the European Union wish to provide special public support for WISEs in recognition of their work integration mission, they will have to adopt appropriate commissioning techniques and request derogations from measures prohibiting state aid. Moreover, when they can point to the provision of quasi-public services, they should be entitled to funding to enable them to carry out this mission, which is of benefit to the community as a whole, in addition to the aid they receive for implementing work integration programmes. Let us remember the importance, for social enterprises, of embedded contracts concluded with the public authorities that are concerned, at least in some cases, with the supply of these quasi-public services. This brings us back to the broader debate about public contracts and the organization of social services of general interest,

which are crucial for many social enterprises. Social enterprises, now seen mainly as work integration organizations, are only rarely recognized by the public authorities as viable vehicles in other fields of activity. The European Commission's communication (SEC(2011) 1278 final) concerning social entrepreneurship initiatives, advocating the construction of a favourable environment for social enterprises at the heart of the economy and social innovation, may be seen as a sign of such recognition. With the services sector, and in particular the personal services sector, really taking off, analysis of the specific characteristics of social enterprises needs to be looking beyond the field of work integration. Of course, many operators organized in different ways and with different forms of governance provide personal services (profit-making enterprises, traditional associations, social enterprises, public sector enterprises). Moreover, the development of these services generates hopes based on what they may contribute to the community (in terms of meeting important needs, but also of creating quality jobs). It is therefore important that the question of the value added by the social enterprise model – which is driven by the explicit desire to meet community needs – be studied in greater depth.

Is the development of social enterprise a sign that the state is withdrawing from its protective role? Or, in contrast, does it herald a new form of governance of common good as posited by Elinor Ostrom? The answer must be carefully qualified. If public authorities limit their role to developing quasi-market policies, offering all and sundry the same kind of contracts without taking into account the corollary public benefits, the innovatory role of social enterprises will be diminished – as, very probably, will their ability to resolve these collective problems. If, on the contrary, public authorities recognise the characteristics of social enterprises and encourage their development, the latter will probably then be able to contribute, in their own way, to both the common and the public good.

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