

# Social enterprise as an opportunity for re-integration of disadvantaged people

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***Study day on***

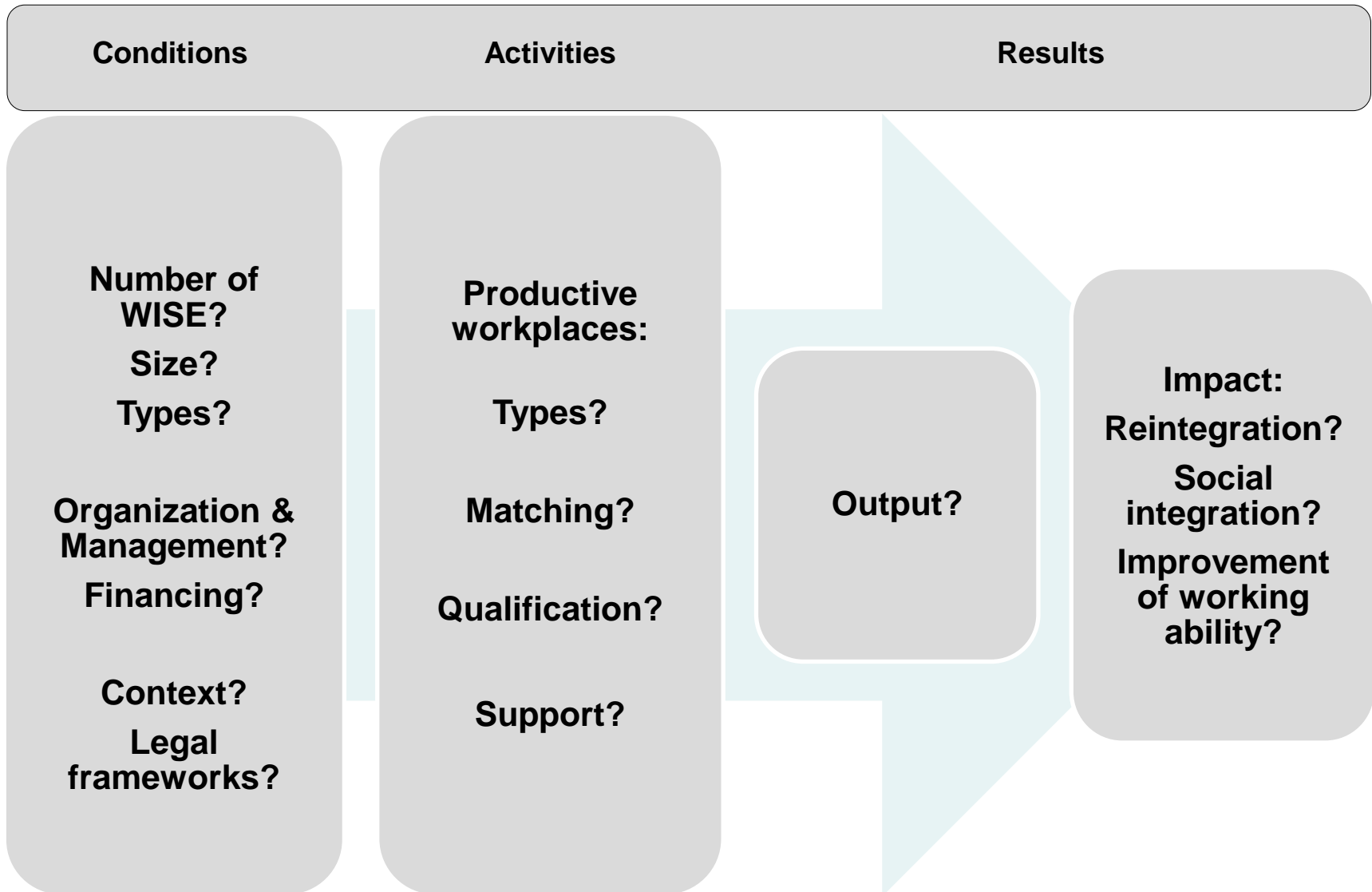
**« *Social enterprise as a driving factor of social innovation* »**

***Lugano, 19<sup>th</sup> May 2015***

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# Swiss WISE research: Why? Who? When?



# Swiss WISE research: Why? Who? When?

## **Interdisciplinary research team**

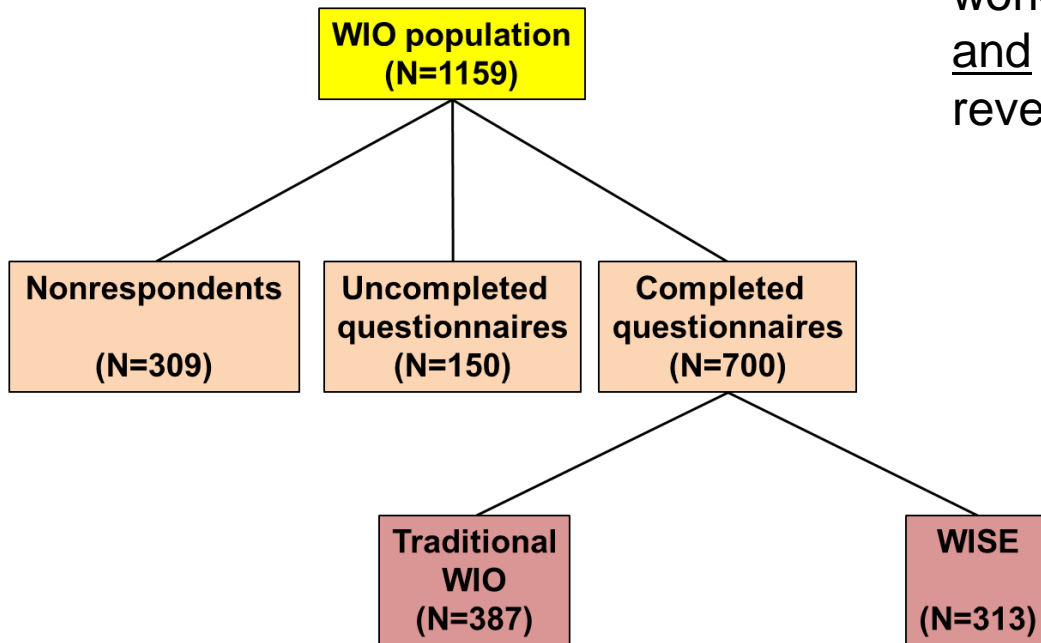
- Three Universities of Applied Sciences (SUPSI, FFHS, FHNW)
- Economics
- Business Administration
- Social Work
- Sociology

## **When**

- November 2014 – Spring 2016

# How done: Survey participation overview

- Comprehensive address collection:
  - Cantonal Offices for labour, social assistance, disability
  - Federal Social Insurance Office
  - Umbrella organizations
- Web-based questionnaire with 41 questions
  - General part (25 questions) for all Work Integration Organizations (WIO)
  - Specific part (16 questions) only for Work Integration Social Enterprises (WISE) identified due to the offer of workplaces for disadvantaged people and the achievement of sales revenues



# Some evidence: The Swiss WISE landscape – Global estimations (WITHOUT selection bias)

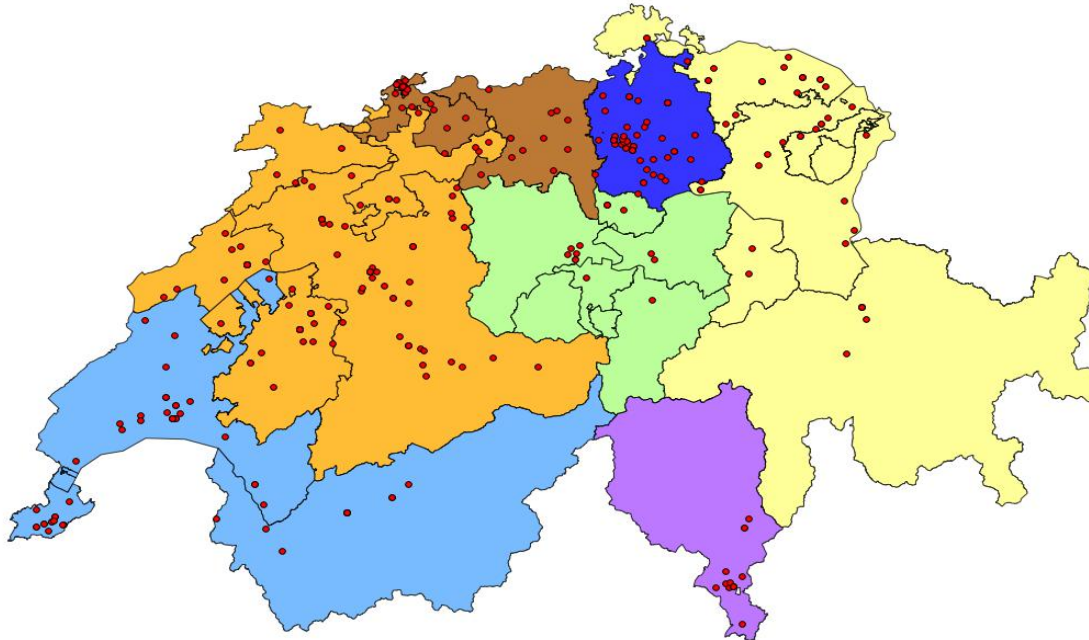
	Estimates according to the variable «legal form»	Estimates according to the variable «canton»	Estimates according to the variable «membership in an umbrella organization»
WISE	496	517	521
Disadvantaged employees (clients)	51'346	53'520	53'934
Non-disadvantaged employees (FTE)	12'193	12'709	12'807
Sales turnover	CHF 759 Mio.	CHF 791 Mio.	CHF 797 Mio.

# Some evidence: The Swiss WISE landscape – Global estimations (WITH selection bias)

	Estimates according to the variable «legal form»	Estimates according to the variable «canton»	Estimates according to the variable «membership in an umbrella organization»
<b>Selection Bias: 25%</b>			
<b>WISE</b>	450	466	469
<b>Disadvantaged employees (clients)</b>	46'610	48'240	48'551
<b>Non-disadvantaged employees (FTE)</b>	11'070	11'457	11'530
<b>Sales turnover</b>	CHF 689 Mio.	CHF 713 Mio.	CHF 718 Mio.
<b>Selection Bias: 50%</b>			
<b>WISE</b>	405	415	417
<b>Disadvantaged employees (clients)</b>	41'873	42'960	43'167
<b>Non-disadvantaged employees (FTE)</b>	9'947	10'204	10'253
<b>Sales turnover</b>	CHF 619 Mio.	CHF 635 Mio.	CHF 638 Mio.

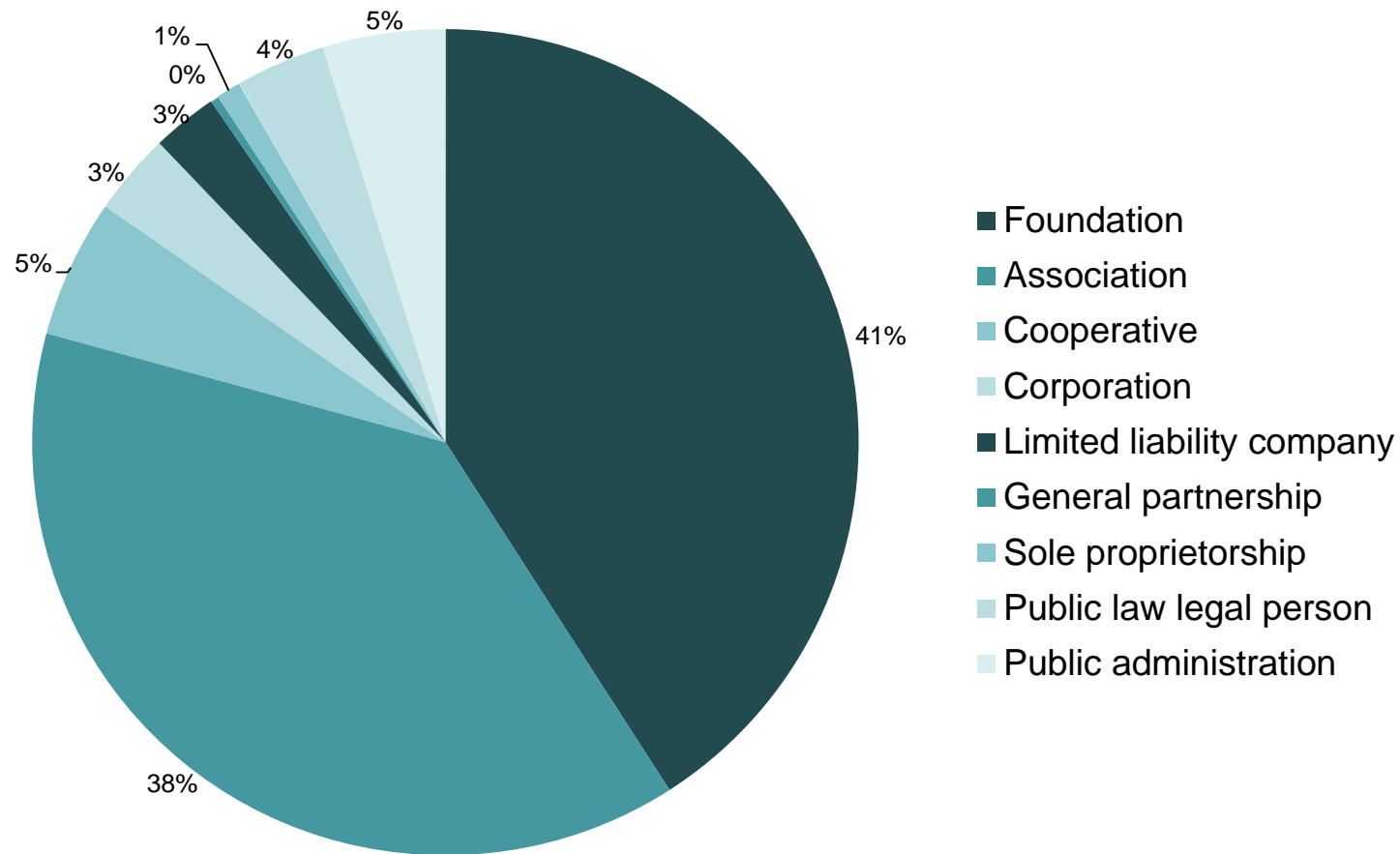
# Some evidence: The Swiss WISE landscape – Geographical distribution of headquarters

0 200 km

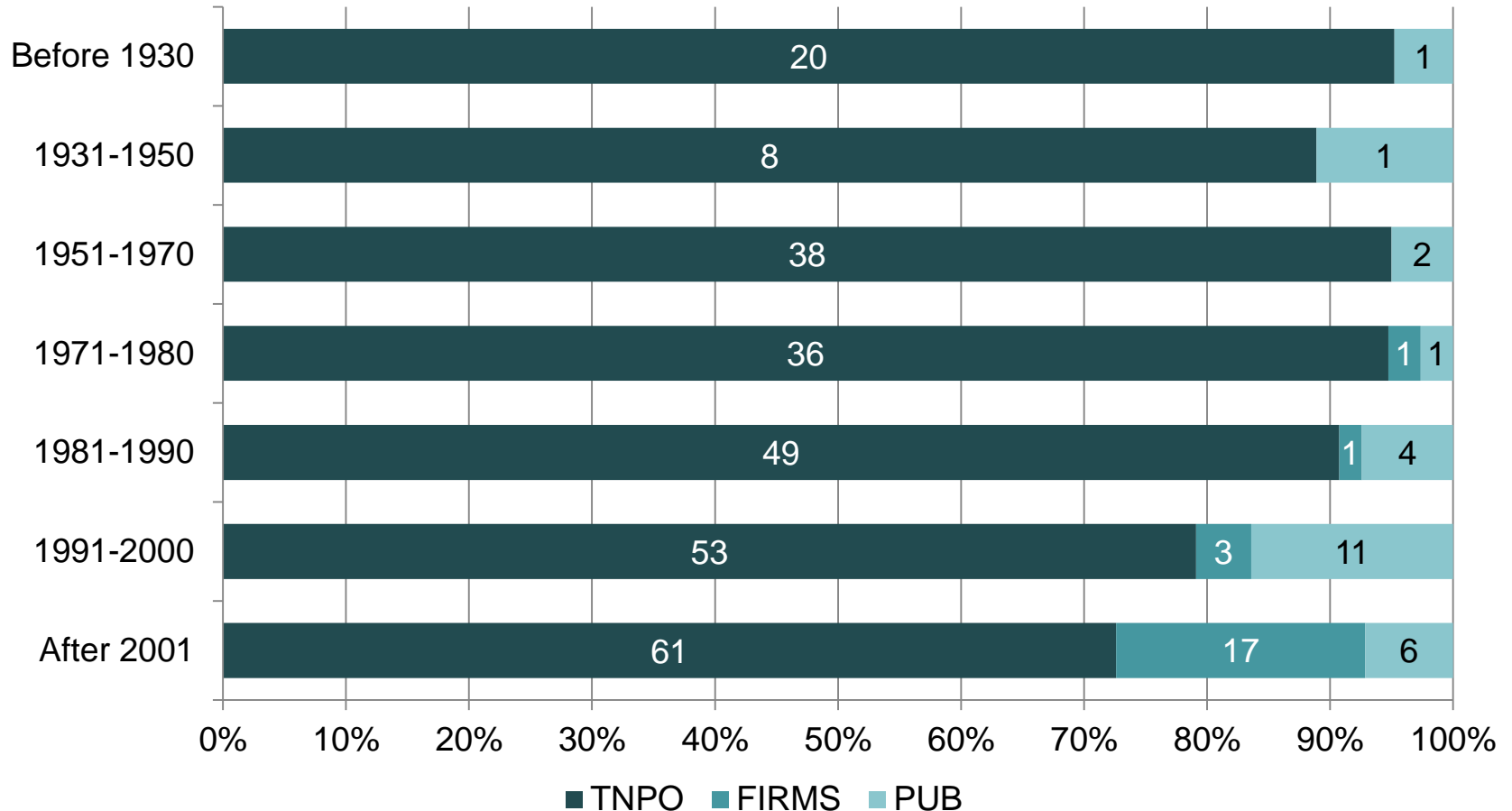




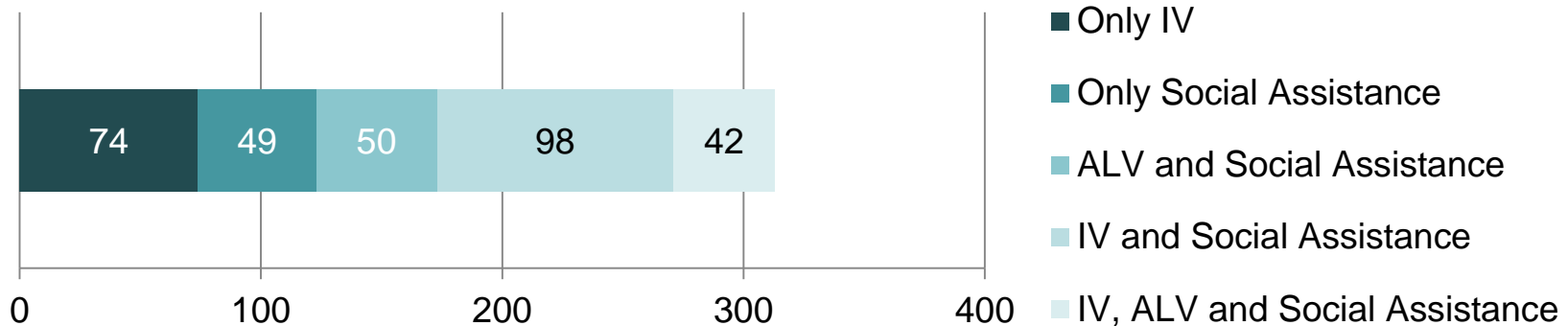
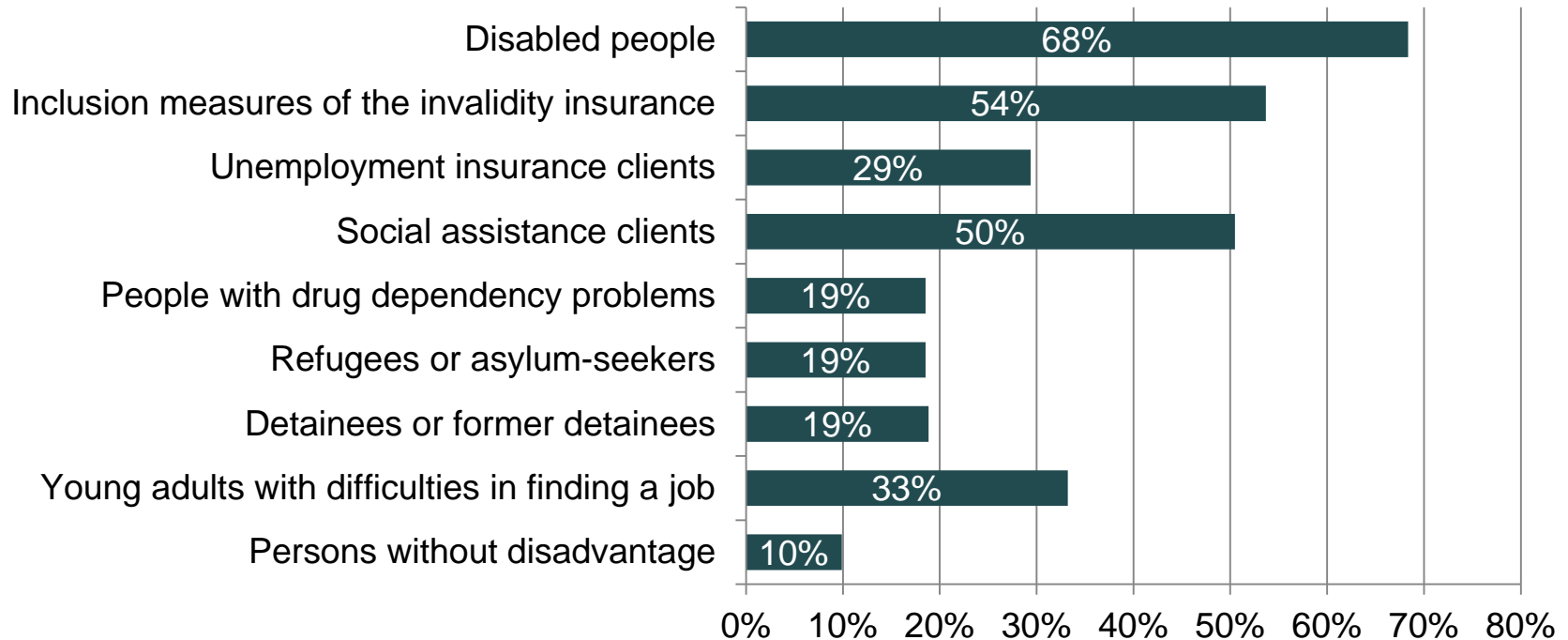
# Some evidence: The Swiss WISE landscape – Legal forms



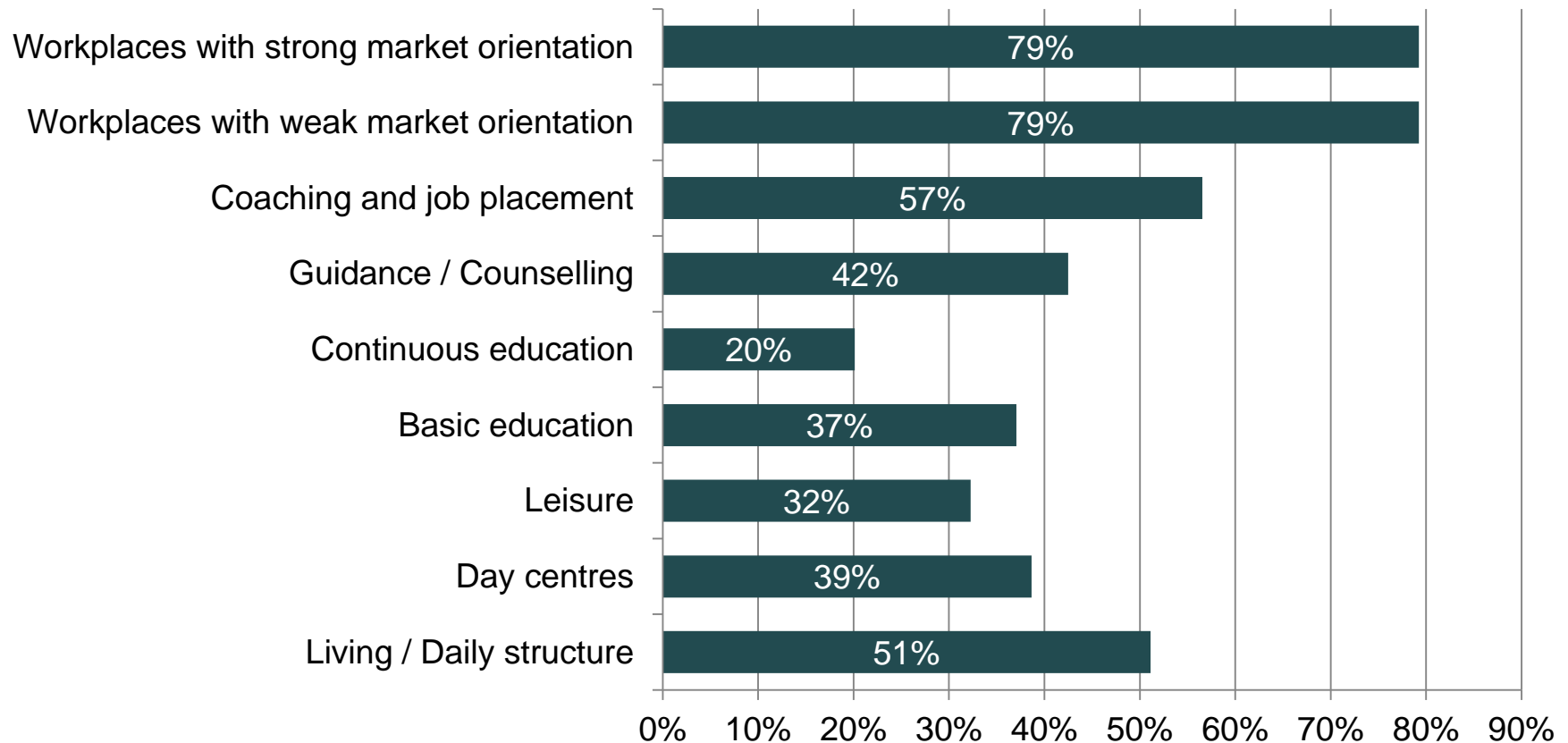
# Some evidence: The Swiss WISE landscape – Year of foundation and legal forms



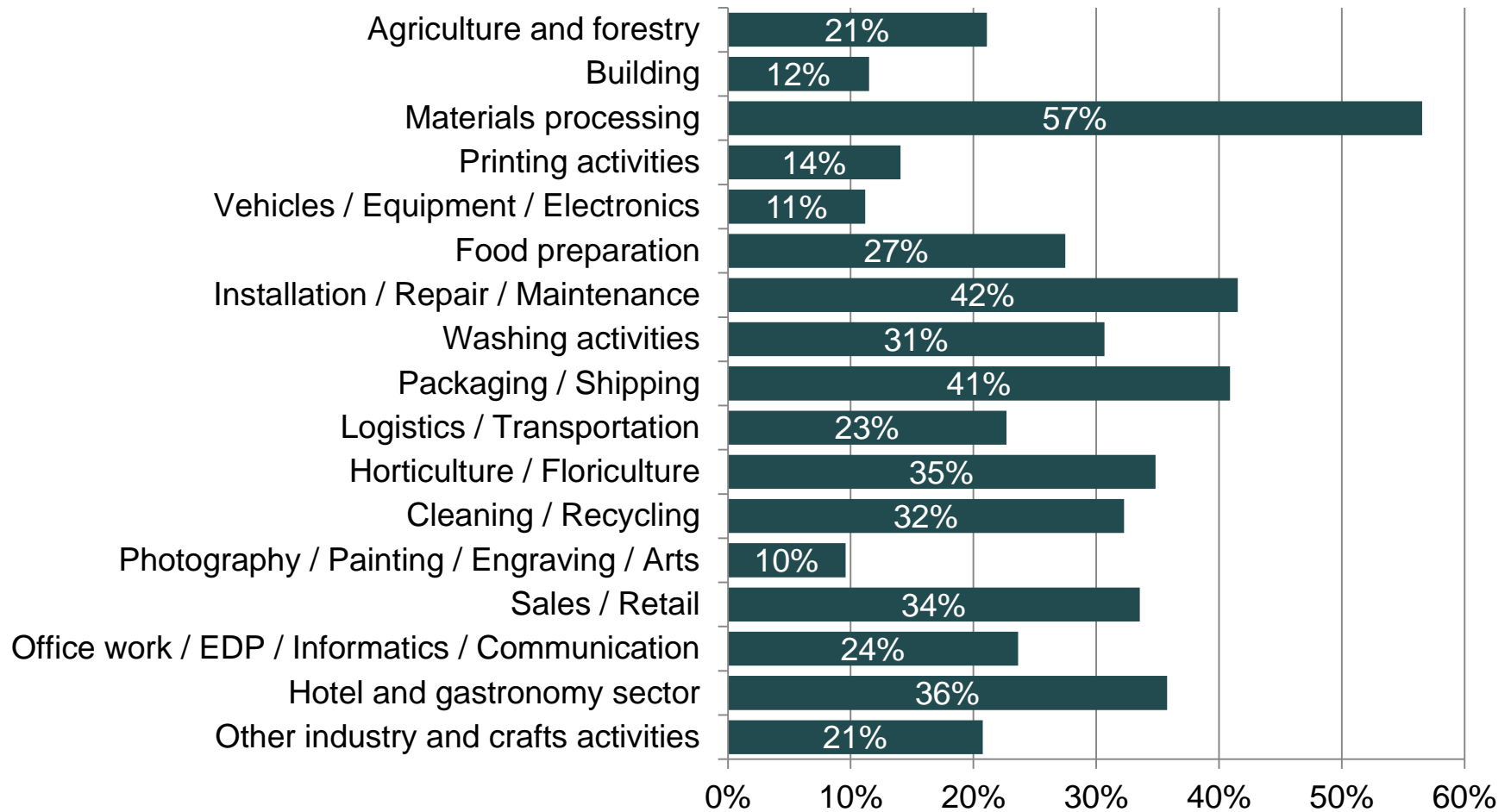
# Some evidence: The Swiss WISE landscape – Target groups



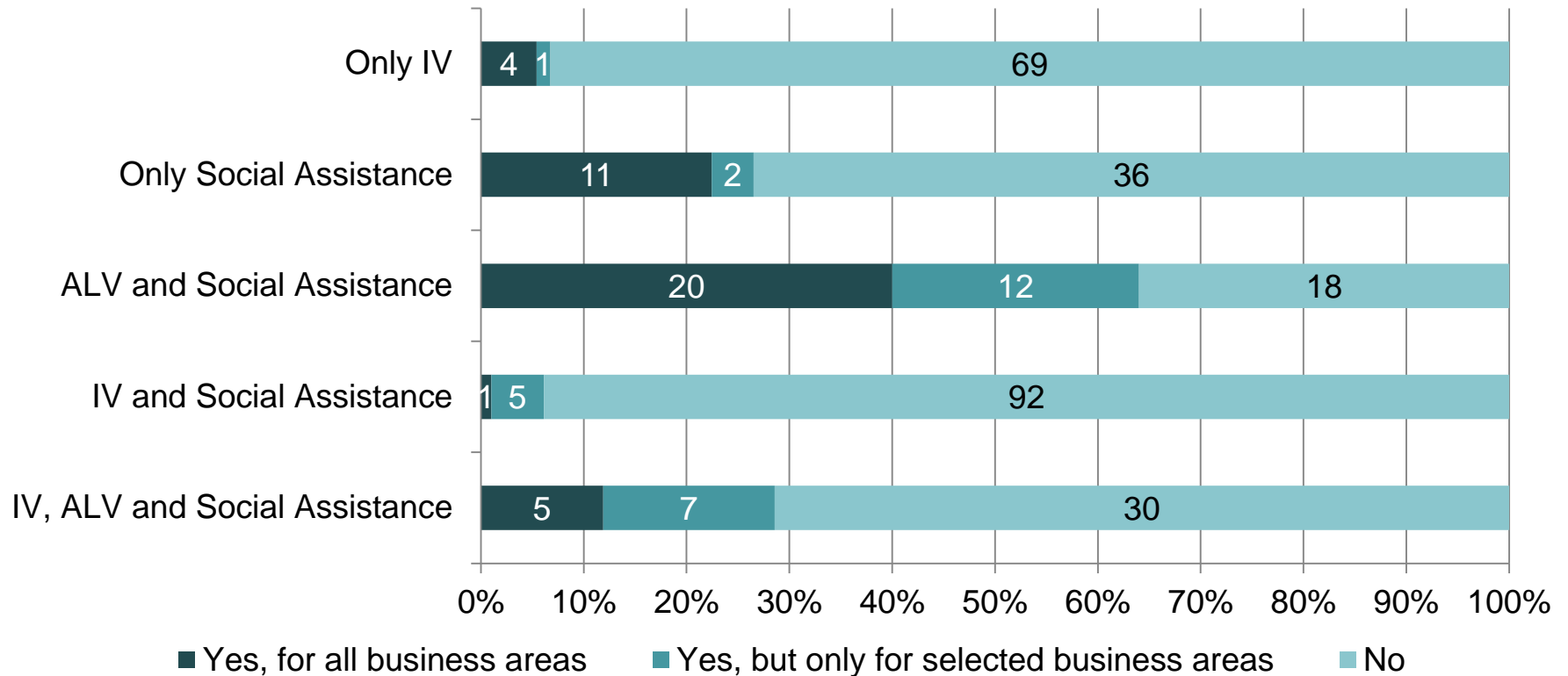
# Some evidence: The Swiss WISE landscape – Service offer



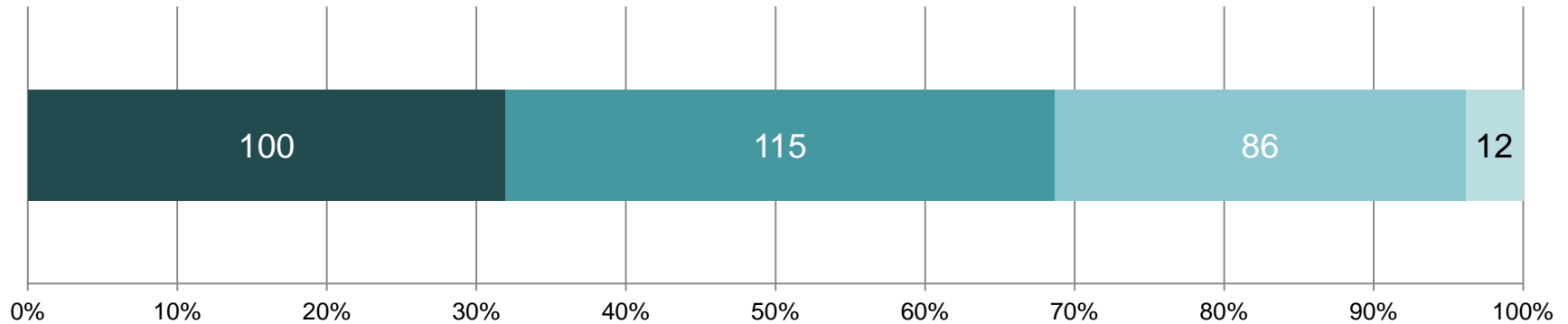
# Some evidence: The Swiss WISE landscape – Economic sectors



# Some evidence: The Swiss WISE landscape – Competition ban and target groups

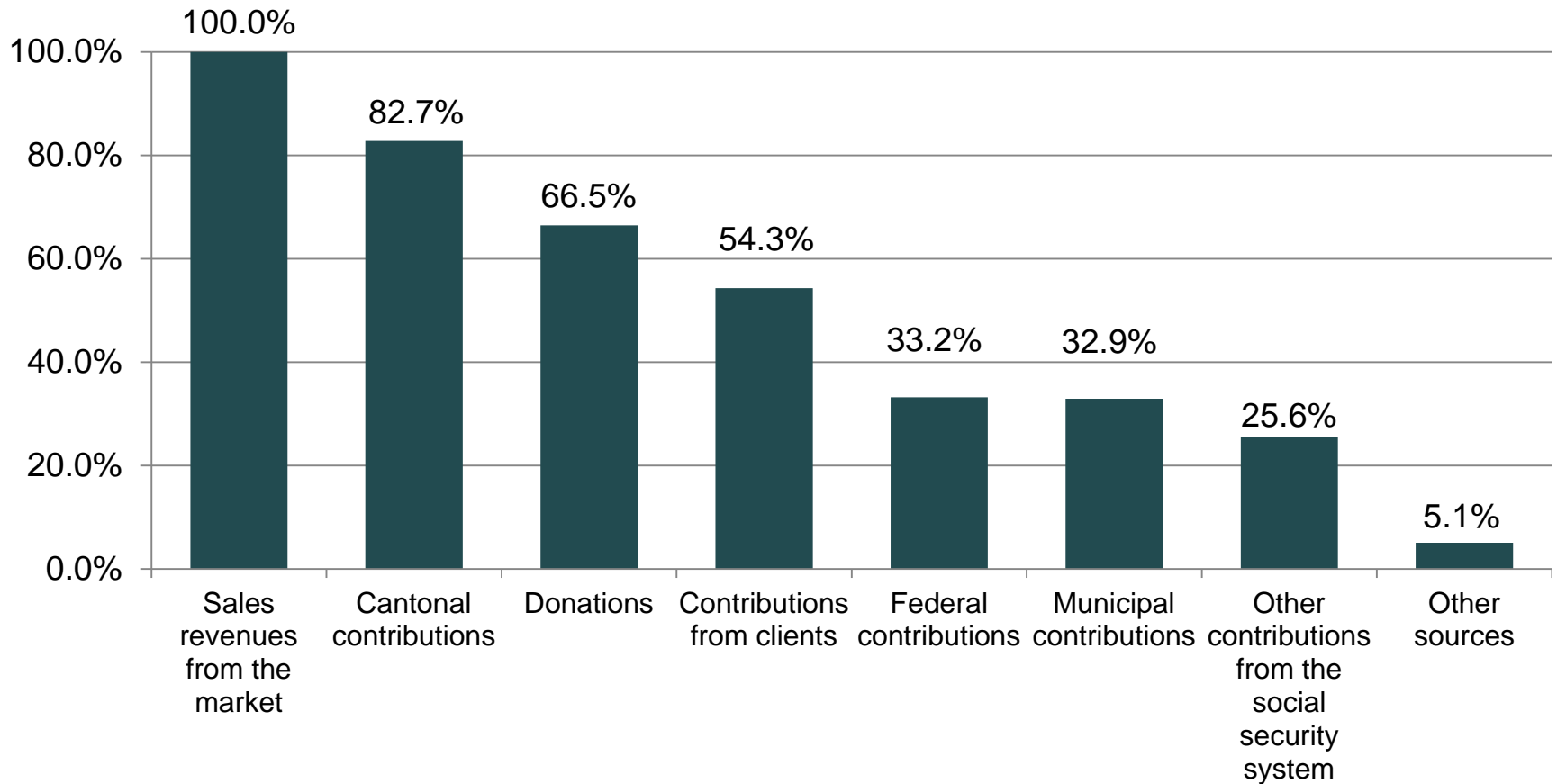


# Some evidence: The Swiss WISE landscape – Remuneration models



- The clients don't receive any remuneration from the organization
- The clients receive a (modest) remuneration as an increase of their pension or daily allowance
- The clients receive a remuneration which almost reflects their limited productivity level
- The clients receive the remuneration which is usually paid in their domain of activity (market salary)

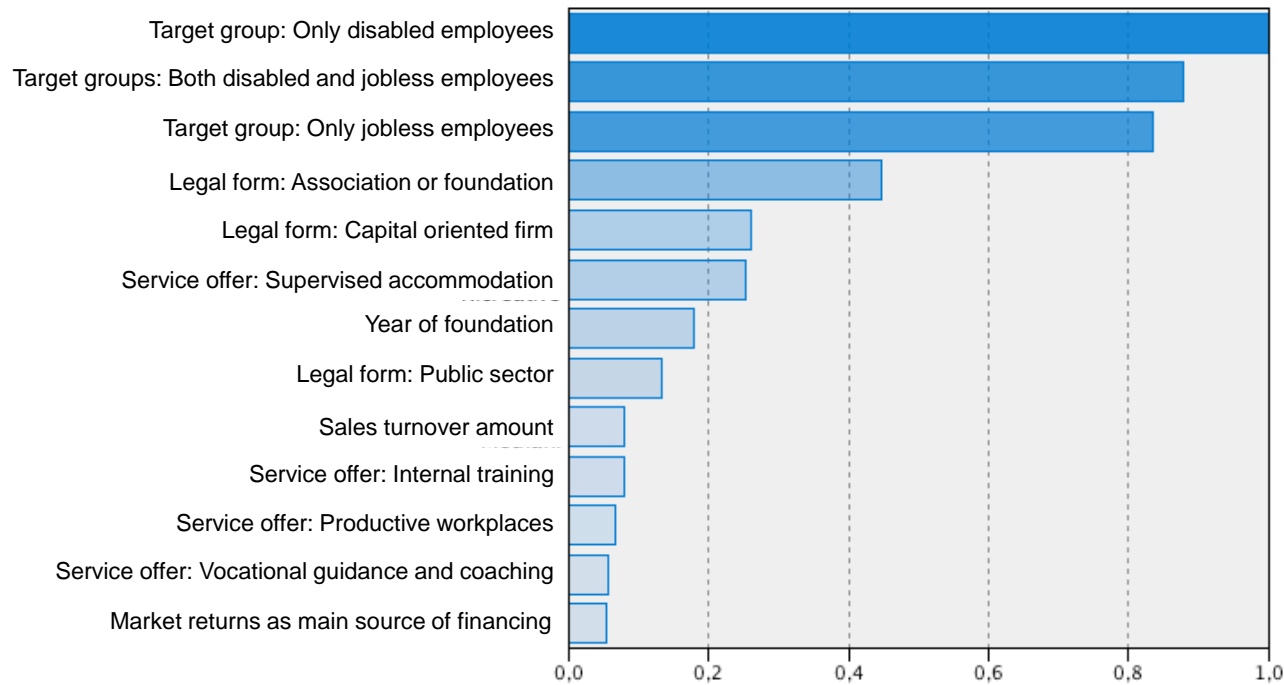
# Some evidence: The Swiss WISE landscape – Sources of financing





# Some evidence: The Swiss WISE landscape – Cluster analysis

- Cluster analysis on the subsample of WISEs (N=313) performed using the BIRCH algorithm
- 16 classification variables have been considered
- No predefined number of clusters → optimal number of clusters automatically determined applying the Bayesian information criterion of Schwarz
- Four clusters have been identified



Classification  
value of the  
variables

# Cluster 1 (N=60)

Criteria	Description	Frequency ( f ), Mean ( $\bar{X}$ ), Median ( $\tilde{X}$ )
Target group(s)	Only disabled employed employees with validity pension	f = 100%
Legal form	Associations/foundations	f = 100%
Date of foundation	Before 1990s	f = 85%, $\bar{X}$ = 1962, $\tilde{X}$ = 1971
Production/sales activities	Limited amount of sales revenues in CHF	$\bar{X}$ = 926'250, $\tilde{X}$ = 425'000 f = 1.7% (main source of return)
Size	Medium to large with respect to operating costs in CHF and number of clients	$\bar{X}$ = 9'972'500, $\tilde{X}$ = CHF 8'500'000 (costs) $\bar{X}$ = 83.3333, $\tilde{X}$ = 65.0000 (n. of clients)
Supply priorities	Supervised accommodation	f = 95%
	Sheltered employment	f = 93%
	Jobs in production/services	f = 60%
	Coaching/vocational guidance	f = 45%
	Internal training	f = 30%

Criteria	Description	Frequency ( f ), Mean ( $\bar{X}$ ), Median ( $\tilde{X}$ )
Target Group(s)	Only jobless people (short-, middle-, long-term unemployed)	f = 100%
Legal form	Mixed, but mostly associations/foundations	f = 68% (associations/foundations) f = 18% (capital oriented legal forms) f = 14% (public sector organizations)
Date of Foundation	After 2000	f = 37%, $\bar{X}$ = 1988, $\tilde{X}$ = 1996
Production/sales activities	Limited amount of sales revenues in CHF	$\bar{X}$ = 811'869, $\tilde{X}$ = 375'000 f = 23% (main source of return)
Size	Small to medium with respect to operating costs in CHF and number of clients	$\bar{X}$ = 3'554'545, $\tilde{X}$ = 1'750'000 Mio. (costs) $\bar{X}$ = 72.8283, $\tilde{X}$ = 35.0000 (n. of clients)
Supply Priorities	Jobs in production/services	f = 83%
	Coaching/vocational guidance	f = 82%
	Sheltered employment	f = 75%
	Internal training	f = 35%
	Supervised accommodation	f = 28%

# Cluster 2 (N=99)

# Cluster 3 (N=41)

Criteria	Description	Frequency ( f ), Mean ( $\bar{X}$ ), Median ( $\tilde{X}$ )
Target group(s)	Mixed: employees with invalidity pension <i>and</i> the long-term unemployed; or only employees with invalidity pension	f = 66% (invalidity pension and the long-term unemployed) f = 34% (only invalidity pension)
Legal form	Mixed, but mostly capital oriented legal forms	f = 50% (capital oriented legal forms) f = 30% (public sector organizations) f = 20% (associations/foundations)
Date of foundation	Heterogeneous: some before 1990 and some after 2000	f = 46% (before 1990) f = 34% (after 2000) $\bar{X}$ = 1970, $\tilde{X}$ = 1992
Production/sales activities	Significant high amount of sales revenues in CHF	$\bar{X}$ = 2'039'024, $\tilde{X}$ = 750'000 f = 31% (main source of return)
Size	Large with respect to operating costs in CHF and number of clients	$\bar{X}$ = 6'478'049, $\tilde{X}$ = 2'750'000 (costs) $\bar{X}$ = 145.9756, $\tilde{X}$ = 55.0000 (n. of clients)
Supply priorities	Jobs in production/services	f = 71%
	Sheltered employment	f = 68%
	Coaching/vocational guidance	f = 68%
	Internal training	f = 34%

Criteria	Description	Frequency ( f ), Mean ( $\bar{X}$ ), Median ( $\tilde{X}$ )
Target group(s)	Mixed: employees with validity pension <i>and</i> long-term unemployed	f = 100%
Legal form	Associations/foundations	f = 100%
Date of foundation	Before 1990	f = 74%, $\bar{X}$ = 1973, $\tilde{X}$ = 1980
Production/sales activities	Significant high amount of sales revenues in CHF	$\bar{X}$ = 2'294'912, $\tilde{X}$ = 1'100'000 f = 15% (main source of return)
Size	Large with respect to operating costs in CHF and number of clients	$\bar{X}$ = 9'477'434, $\tilde{X}$ = 7'500'000 (costs) $\bar{X}$ = 125.4867, $\tilde{X}$ = 75.0000 (n. of clients)
Supply priorities	Jobs in production/services	f = 89%
	Coaching/vocational guidance	f = 82%
	Sheltered employment	f = 80%
	Internal training	f = 64%
	Supervised accommodation	f = 26%

# Challenges: Framework conditions

- General legal and regulation framework
  - Absence of a specific legal form
  - Absence of specific accountability standards
  - Multiplicity of governance, management and participation models
- Interactions with the social security system
  - Multiplicity of social security measures effectively or potentially eligible for (clients working in) WISE
  - Availability in some Swiss cantons and municipalities of specific regulations explicitly conceived for WISE, mainly in the domain of Social Assistance (for ex. cantons of Neuchâtel and Valais, municipalities of Zurich and Winterthur)
  - Lack of coordination between the different social security frameworks (IV, ALV, Social Assistance)
- Complexity of the internal and external environment
  - Interaction between clients and non-disadvantaged employees
  - Multi-stakeholder character (clients/non-disadvantaged employees, customers, institutions of social security, society)
  - Importance of a multi-perspective approach to impact measurement

# EMES criteria: Assessing the Swiss WISE development

<b>Economic project</b>	
Productive workplaces	Extent differs among WISE clusters
Paid work	Different remuneration models
Economic risk	WISE are hybridly financed. The extent of market returns range from small to high. Economic risk higher than in traditional WIO
<b>Social mission</b>	
Social aim	Overall aim is work AND social integration, improvement of working ability. However: It is not clear to what extent WISE may prevent precarious living condition

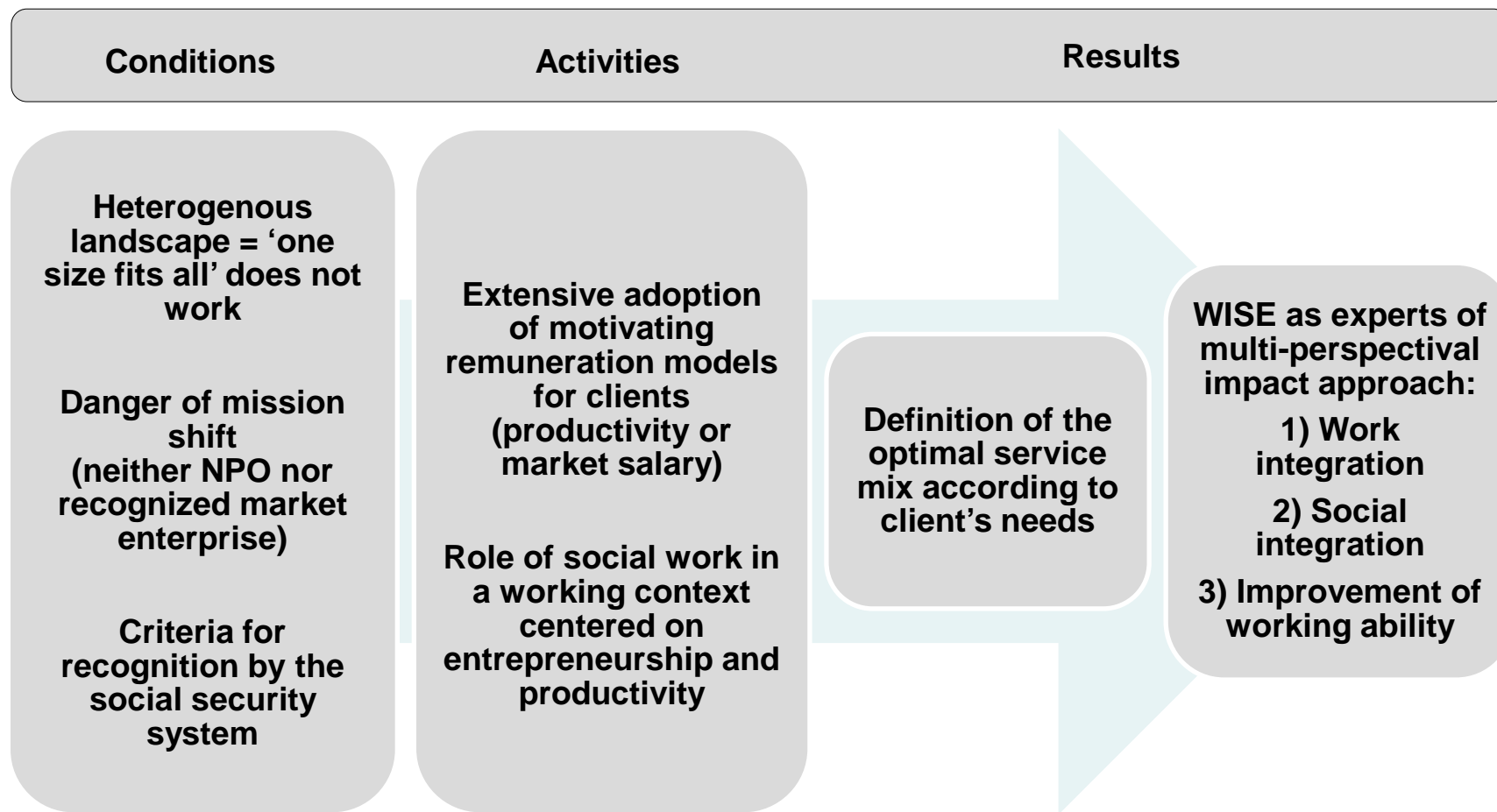
# EMES criteria: Assessing the Swiss WISE development

<b>Social mission</b>	
Limited profit distribution reflecting the primacy of social aim	Most WISE have legal forms prohibiting profit distribution (associations or foundations). The few WISE with capital oriented legal forms (plc, pc) re-invest modest profit into the enterprise.
<b>Participatory governance</b>	
A high degree of autonomy	Limited by performance mandate contracts; higher by WISE with capital oriented legal form (plc, pc).
A participatory nature involving various parties affected by the activity.	Highly participative; WISE are enterprises with conflicting stakeholder interests.

# EMES criteria: Assessing the Swiss WISE development

Policy issues	
Special WISE legal framework	No
Umbrella organisation	Nationwide: AIS (Work integration Switzerland) comprising all WIO (WISE, traditional WIO) German-speaking CH: FUGS (Association of entrepreneurial managed Social Firms) French-speaking CH: Après-Ge (Chamber of Social and Solidarity Economy)
Federal programme	Specific federal programme on WISE role regarding poverty reduction and prevention.

# Conclusion



**Next step: Identifying success factors for impact 1, 2 or 3**

**Final step: Summary of social innovation aspects on conditions, activities and results**