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**NATIONAL PROFILES OF
WORK INTEGRATION SOCIAL ENTERPRISES:
UNITED KINGDOM**

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WP no. 02/06

This paper is part of a larger research project entitled "L'entreprise sociale : lutte contre l'exclusion par l'insertion économique et sociale" (ELEXIES). This project is run jointly by the European Network of Social Integration Enterprises (ENSIE), the European Confederation of Workers' Co-operatives, Social Co-operatives and Participative Enterprises (CECOP) and the EMES European Research Network.

The ELEXIES project is financed by the European Commission (DG Employment and Social Affairs) in the framework of the "Preparatory Action to Combat and Prevent Social Exclusion".

The part of the project in which this paper takes place is co-ordinated by Eric BIDEF (Centre d'Economie Sociale, University of Liège, Belgium) and Roger SPEAR (Co-ops Research Unit, Open University, Milton Keynes, UK).

The "ELEXIES" Project

This project is specifically concerned with the different types of social enterprise for integration, also known as work integration social enterprise (WISE) in 12 EU countries. Its aim is to identify and describe their main characteristics as social enterprises, the type of work integration they provide, their numbers, and how they have developed and are supported. The ultimate goal of the project is to build a database accessible on internet.

The study is conducted using the EMES Network definition of social enterprise as a common reference point and guideline for determining the social enterprises to be included in the study. The EMES definition distinguishes, on the one hand, between criteria that are more economic and, on the other hand, indicators that are predominantly social.¹

Four factors have been applied to corroborate the economic and entrepreneurial nature of the initiatives.

a) A continuous activity producing goods and/or selling services

Social enterprises, unlike the traditional non-profit organisations, are normally not engaged in advisory activities as a major goal or in the redistribution of financial flows (as, for example, grant-giving foundations). Instead they are directly involved in the production of goods and the provision of services to people on a continuous basis. The provision of services represents, therefore, the reason, or one of the main reasons, for the existence of social enterprises.

b) A high degree of autonomy

Social enterprises are voluntarily created by a group of people and are governed by them in the framework of an autonomous project. Although they may depend on public subsidies, public authorities or other organisations (federations, private firms, etc.) do not manage them, directly or indirectly. They also have the right of participation and to terminate the project.

c) A significant level of economic risk

Those who establish a social enterprise assume totally or partly the risk of the initiative. Unlike most public institutions, their financial viability depends on the efforts of their members and workers to secure adequate resources.

d) A minimum amount of paid work

As in the case of most traditional non-profit associations, social enterprises may also combine monetary and non-monetary resources, voluntary and paid workers. However, the activity carried out in social enterprises requires a minimum level of paid workers.

¹ See C. Borzaga & J. Defourny (2001), *The Emergence of Social Enterprise*, London, Routledge, pp.16-18.

To encapsulate the social dimensions of the initiative, five indicators have been selected:

i) An initiative launched by a group of citizens

Social enterprises are the result of collective dynamics involving people belonging to a community or to a group that shares a certain need or aim. They must maintain this dimension in one form or another.

ii) A decision-making power not based on capital ownership

This generally means the principle of "one member, one vote" or at least a voting power not distributed according to capital shares on the governing body which has the ultimate decision-making rights. The owners of the capital are obviously important, but the decision-making rights are shared with the other stakeholders.

iii) A participatory nature, which involves the persons affected by the activity

Representation and participation of customers, stakeholder orientation and a democratic management style are important characteristics of social enterprises. In many cases, one of the aims of social enterprises is to further democracy at local level through economic activity.

iv) Limited profit distribution

Social enterprises not only include organisations that are characterised by a total non-distribution constraint, but also organisations like co-operatives in some countries, which may distribute profits only to a limited extent, thus avoiding a profit-maximising behaviour.

v) An explicit aim to benefit the community

- One of the principal aims of social enterprises is to serve the community or a specific group of people. To the same end, a feature of social enterprises is their desire to promote a sense of responsibility at local level.
- The database of work integration social enterprise has been produced for each country. Due to different circumstances in each country (especially legislative frameworks) there have been slightly varied approaches to mapping the sector. Researchers have generally made a great effort to ensure that the most interesting and progressive initiatives are represented. There are certain types of social enterprise which have their own legislative framework, and which are *exclusively* concerned with work integration. The second type, concerns those social enterprise which are exclusively engaged in work integration, but though they are recognisable as a distinctive type, they do not enjoy a complete and specific legal recognition, and thus generally operate under a range of different legal forms also used by organisations out of the field of work integration. Other types of social enterprise do not have their own specific legislation, and only a proportion of that type will be engaged with work integration. Researchers have made particularly strong efforts to ensure that the first two categories are included, but lack of data has meant that some of the latter category may be missing.

National Profiles of Work Integration Social Enterprises: United Kingdom

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Background

The UK has one of the lowest rates of unemployment of industrialised countries. The government's claimant count measure of unemployment rate was 3.1% in September 2002. This measure is based on the number of people out of work and claiming benefit - it fell by 200 to 946,000. The alternative measure, regarded by the government as more accurate, is the ILO measure of those looking for work, based on a survey which includes people not eligible for benefits. According to this ILO measure, Britain's unemployment rate is 5.2%. It dropped by 5,000 to 1,568,000 in the three months ended in August, the latest month for which data is available. The ILO unemployment rate for disabled people was 8.6%, much higher than that of the able bodied in spring 2002. There were 7.0 million disabled people of working age with roughly equal numbers of men and women; about half of these people are in employment (Source: Labour Market Trends Sept 2002).

In this context there has been a major orientation of government policies to support and facilitate disadvantaged groups to get back into the labour market – these measures include working families tax credits for those on low income, and special policies for young people, single parents, over 50s, long term unemployed, etc. The main programmes are "New Deal", which covers disadvantaged and disabled people, and "Workstep", which is for disabled people. But there is also substantial finance available for urban regeneration and training via Single Regeneration Budget (SRB) and the European Social Fund (ESF).

Alongside these supportive measures, there is a government philosophy that expects unemployed people to actively seek work if they claim benefits, and not refuse jobs unreasonably – and this policy is enacted through various procedures that the unemployed are required to follow in order to receive benefits. There have also been major campaigns against benefit fraud (people working in the black economy whilst claiming benefits).

The Government's **New Deal programme** covers most disadvantaged and disabled target groups. Thus over 784,800 young people (18 – 24 year olds) had started on **New Deal** by March 2002; of the 89% who left the scheme, 40% had gained unsubsidised jobs. The **New Deal for the Long Term Unemployed** had enlisted 353,400 people aged 25 years or older with about 118,000 people starting on the modified programme by March 2002. About 28,400 people had gained employment from the modified scheme, 81% in sustained jobs.

For **young people** there are also a variety of training and apprenticeship schemes. In 2001/2 there were slightly fewer people starting on "**Work based learning for young**

people", than in the previous year, but by the end of the year there were more people in learning than at any time during the last 10 years, partly due to a shift towards longer courses supported by the state. In 2001/2 there was a 13,000 (18%) decline (compared to 2000/1) in young people starting on **Advanced Modern Apprenticeships**, although new starts on **Foundation Modern Apprenticeships** showed an 8,000 (8%) increase. Over half of those who completed the former scheme gained a qualification at least of level 3 (National Vocational Qualification - NVQ), while 41% of those who completed the latter scheme gained a qualification of level 2 or above in 2001 (ONS Labour Market Trends, September 2002:450).

For **people with disabilities** there are several state assistance programmes operating at different levels of work and pre-work integration as of spring 2002. **Work Preparation** is a pre-work scheme aimed at disabled people who have been out of work for some time. With the use of local approved providers, people have their skills assessed and gain some experience of employment whilst remaining on welfare benefits. The **Job Introduction Scheme** provides an initial six-week subsidy to an employer to take on a disabled person who receives the normal pay rate for the job. The aim is to provide a trial period for the employee and the employer. The **Workstep** programme aims to provide a route into unsupported employment as well as skills training and support for the employee and employer. Disabled people receive the same wage as others doing similar work. The route onto the programme is through the Disability Employment Advisor at local Jobcentres who refer people to a Workstep Provider. These may be organisations, such as Remploy, which already offer supported employment. The **Access to Work** scheme offers practical support to a disabled person in work or about to start work (including self-employment). Funds can be provided for a communicator to assist a deaf person, a reader for someone who has a visual impairment, or a support worker, as well as special equipment.

Most of these programmes aim for the integration of disadvantaged people and people with disabilities into mainstream employment. Third sector or social economy organisations (especially voluntary organisations) play important roles in these processes through government contracts, supporting people through the above programmes, and through their own training and integration schemes funded through donations, etc.

It should be noted that public policies in general do not support specific enterprises (social or conventional) but provide funding for work integration programmes that are accessible to all types of enterprises.

Work Integration Social Enterprise in UK

The social economy also plays an important *direct* role in work integration through social enterprises that are specifically concerned with training and employment for people with disadvantages and disabilities. These work integration social enterprises (WISEs) or social enterprises for integration (SEIs) are the theme of this project, and the different types of WISEs that operate in the UK are identified and described below.

There are 6 types of WISEs included in this study:

1. worker co-operatives (including social co-ops);

2. community businesses;
3. social firms;
4. intermediate labour market organisations;
5. quasi-state social enterprise;
6. voluntary organisations with employment initiatives.

One of the major difficulties encountered during this study in the UK has been identifying the range of social enterprises engaged in work integration activity. This is largely because in the UK there is no legislation defining social enterprises or work integration organisations. Moreover, although social enterprise has become an extremely popular term in the UK, with senior ministers regularly referring to them, there is still no clear general understanding of their nature and characteristics.

Thus the approach in this study has been to identify types of commonly recognised organisations that seem to have many of the characteristics of social enterprises, and which are engaged substantially with work integration. Some of these types comprise social enterprises which are exclusively engaged in work integration, but other types only have a proportion of their social enterprises engaged in work integration. In addition the boundaries between the different types is fuzzy – the different types identified have overlapping boundaries so a social enterprise might fit in more than one category; so for example a social enterprise identified and commonly recognised (e.g. by a federal body) as a social firm may also be a social co-operative. Nonetheless an attempt has been made to include the majority of the social enterprises recognised as operating in the work integration area.

However, despite some of these ambiguities, these social enterprises as a whole are clearly distinctive in the legal structures they adopt - in general all of them form part of the third sector or social economy. Although they cannot be differentiated amongst themselves on the basis of legislation, most enterprises within the WISE typology may be differentiated from both commercial and public sector organisations, on the basis of legislation (specifically, they are registered under companies limited by guarantee legislation or industrial and provident society legislation).

Worker Co-ops (including social co-ops)

1. Brief historical description

A new wave of worker co-operatives was formed in the 70s and 80s out of alternative and radical social movements. During the 80s and 90s activists associated with these co-ops turned more towards work integration as a major motivation for creating new co-ops. The establishment of large numbers of Co-operative Development Agencies (CDAs) was primarily to support work integration policies, and led to a boom in the numbers of worker co-ops in the 80s. With declines in unemployment since the early 90s we have seen a dramatic decline in this form of WISEs, and a similar decline in the numbers of CDAs. However a good proportion of worker co-ops have never been primarily associated with work integration, and these tend to be the more stable and profitable ones.

2. Key features

2.1. Legal form(s) and structure of ownership

Almost all worker co-operatives (and other social enterprise) are registered under Industrial and Provident Society (I&PS) legislation or Company Law (limited by guarantee, or - less frequently - limited by shares). In either of the latter cases the shares are wholly or majority owned by workers.

These forms of enterprise are within the legal framework: friendly society law (which includes I&PS structures), or company law.

Social employment co-ops are not legally differentiated from other worker co-ops.

2.2. Pursued goals

Typically these are to create employment, improve working life, or achieve environmental/ethical improvements.

2.3. Types of jobs provided

There are no standard forms. But generally they have strong potential for permanent jobs, full or part-time with training. Sometimes jobs may be permanently subsidised with regard to employing disabled workers.

2.4. Weight of training

There is nothing standard for this type of social enterprise; it all depends on accessing different training funding programmes which are not linked to the type of enterprise.

2.5. Type of employed workers

Mainly disadvantaged groups are employed. Most co-op workers were recruited from the ranks of the unemployed and a relatively high proportion are women and from ethnic minorities - partly due to the targeting of such groups in inner city areas where

there are many co-operative support organisations (or Co-operative Development Agencies - CDAs)

2.6. Type of resources

Income from sales of goods is the primary resource. Also at the start up phase the following can be important: own resources (and sweat equity – working for low wages in start up phase); some local state finance (e.g. for feasibility studies); some national state schemes to support new enterprise; banks and some specialist financial institutions e.g. Industrial Common Ownership Fund (ICOF). Finally there may be some non-monetary support from friends, sympathisers (social capital).

2.7. Links with public policies

Worker co-ops are a widely recognised form of social enterprise, though there are no state policies specifically supporting them. Often these co-ops have close local community and/or local trade union links.

2.8. Basic data

Table 1 - Formation and Total Number of Worker Co-ops

Year	Number of new co-ops	Total number of co-ops
1975	11	73
1976	29	91
1977	39	124
1978	82	185
1979	63	252
1980	92	325
1981	94	402
1982	199	519
1983	270	702
1984	325	895
1985	308	1069
1986	317	1261
1988	n.a.	1400
1992	n.a.	1200
2002		419 (*)

(*) *Estimate based on 10% decline p.a. assuming a higher failure rate and a very low formation rate due to fewer CDAs, which have become increasingly concerned with training and other social economy initiatives.*

(Data derived from Cornforth et al, (1988), Hobbs (1989), and Co-ops Research Unit (1989 and 1992)).

Only a proportion (albeit a substantial proportion) of these co-ops (including social co-ops) are concerned with work integration.

Number of jobs created: approx. 10,000 at their peak in 1988-1992 (see table below).

Growth rates: high growth in 1970/80s (at times of high unemployment, i.e. there appear to be some counter-cyclical tendencies); numbers appear stable currently (though data is limited), after general decline during most of 1990s (at a time of low unemployment levels in the UK).

Failure rate: approximately 10% of the population annually, i.e. similar to small firm sector, but possibly more resilient.

3. The relation to the EMES socio-economic criteria

3.1. A continuous activity producing goods and/or selling services

Almost all worker co-ops have a continuous activity producing and selling goods/services.

3.2. A high degree of autonomy

The boards of worker co-ops comprise workers from the WISE, and they enjoy a high degree of autonomy. Where they use permanent subsidies (e.g. for disabled workers) this is usually via state benefits, and does not reduce the autonomy of the enterprise, though the disabled worker cannot usually receive wages above a certain minimum level. State contracts, for example for home care, can be more demanding than normal market relations, and dependency is a concern in such situations.

3.3. A significant level of economic risk

A high level of economic risk applies (mainly for market resources); state contracts, where applicable, tend to create higher risk. Terms of payment for training, etc. are variable, hence generating additional potential risk.

3.4. A minimum amount of paid work

Worker co-ops have mainly paid employment with little volunteer labour (advisory or support); but (see 3.2 above) very low income for workers with disabilities.

3.5. An explicit aim to benefit to the community

This is not required (legally) so it is an empirical question to be explored (by examining legal documents (constitutions), and mission statements) but in a significant proportion of worker co-ops this would be expected to go beyond the work integration aim.

3.6. An initiative launched by a group of citizens

They are usually created by unemployed people disadvantaged in labour market, plus some professional advisors and sympathisers (in some cases trade unionists, where public services are being provided), etc.

3.7. A decision-making power not based on capital ownership

The decision-making process is based on the "one person, one vote" principle.

3.8. A participatory nature involving the persons affected by the activity

Democratic participation of workers is a principle in worker co-ops, and part of the constitution.

3.9. A limited profit distribution

A limited distribution of surplus is usually formally specified in the articles of association.

4. The supporting umbrella structures

Most worker co-ops are linked (or were linked during formation) to a co-op support organisation (such as a CDA).

The majority are members of the workers co-op federation - Industrial Common Ownership Movement (ICOM), which has recently amalgamated with the Manchester-based Co-operative Union, which changed its name to "Co-operatives UK" early in 2003.

Research has shown a higher level of trade union membership by co-op members compared to similar SMEs.

5. The innovative features

Worker co-ops are the most market oriented and autonomous of WISE types.

Good examples of contracting for public service delivery are leisure services and welfare services: home care and childcare.

Community businesses

1. Brief historical description

Community businesses are small businesses and projects owned through a holding structure by the local community and managed by a voluntary board of directors which is elected from the community. They are generally located in areas which are economically depressed and provide a service which is needed locally, while at the same time creating employment and training opportunities. Profits from the enterprise are not distributed but are re-invested in the enterprise to create more jobs, or used for community benefit.

Community businesses were first started in 1980s in the rural Highlands and Islands of Scotland where rural depopulation and unemployment and lack of services were major problems. The model was transferred successfully to inner city areas of Glasgow, and thence to other parts of the UK.

Community businesses are seen as having a unique role in the regeneration of impoverished urban and rural areas, creating new enterprises and jobs and developing skills for local people.

2. Key features

2.1. Legal form(s) and structure of ownership

Almost all community business (and other social enterprise) are registered under Industrial and Provident Society (I&PS) legislation or Company Law (limited by guarantee or - less frequently - limited by shares). In either of the latter cases the shares are wholly or majority owned by members of the community and projects or businesses are controlled through a central community run holding structure.

2.2. Pursued goals

Typically these are overcoming local areas of disadvantage by developing local skills, and building local employment and services.

2.3. Type of jobs provided

Community businesses take many forms ranging from for example: community farms to community transport. Thus generally they are engaged in the provision of local (proximity) services (social and economic); and the provision of full and part-time jobs.

They may also provide training of various kinds depending on funding programmes.

2.4. Weight of training

There are various kinds and levels depending on funding programme.

2.5. Type of employed workers

Long-term unemployed, young workers, ethnic minorities, women, etc. mainly from inner city or rural deprived areas.

2.6. Type of resources

These are varied and include: income from the provision of community services – sometimes direct from users, sometimes from grant funding, sometimes from state contracts; social capital: use of community volunteers is often substantial/significant. Also at the start up phase: they use own resources (and sweat equity – working for low wages in start up phase); and some local state finance (eg for feasibility studies); and national state schemes for training.

2.7. Links with public policies

Community businesses (CBs) are recognised in some local policies, though CBs take many forms (see above). They generally have good local community linkages, with some support from local trade unions.

They have been seen as a strategy for addressing social exclusion in the worst of inner city areas (and housing estates), especially in Scotland.

2.8. Basic data

In 1995, it was estimated there were 400 community businesses, providing 3500 jobs (a majority of these would be work integration jobs).

Table 2 - Community Businesses

	1989 Scotland	1995 UK
Trading companies	160	400
No. staff/trainees	2500	3500
Turnover (£ ²)	17.9 million	30 million

3. The relation to the EMES socio-economic criteria

3.1. A continuous activity producing goods and/or selling services

Most community businesses have a proportion of their activities gaining income through the sale of goods and services.

3.2. A high degree of autonomy

² The rate as of February 2, 2003 was 1 British Pound = 1.52812 euro.

The boards consist of a majority of members of the community, often with some representation from local stakeholders, so they are reasonably autonomous. However, there is often a substantial degree of subsidy creating dependency on the state.

3.3. A significant level of economic risk

A substantial degree of risk due to limited market income and substantial public subsidies (and public contracts).

3.4. A minimum amount of paid work

Paid employment is present in community business, and volunteering is important.

3.5. An explicit aim to benefit to the community

The provision of services to the community is a primary aim with work integration frequently an important secondary aim.

3.6. An initiative launched by a group of citizens

They are usually formed from actions of various members of the community, often with some support from sympathisers and professional advisers.

3.7. A decision-making power not based on capital ownership

They are controlled by members of the community, based on the "one person, one vote" principle.

3.8. A participatory nature involving the persons affected by the activity

This can be varied, involving members of the community and users of services, sometimes together with the participation of workers.

3.9. A limited profit distribution

A limited distribution of surplus is typical (and would be specified in the articles of association).

4. The supporting umbrella structures

There is a National Network of community businesses, based in Glasgow; there are also sectoral groupings such as city farms, and community transport.

5. The innovative features

Community businesses are particularly important strategy for addressing inner city social exclusion in the worst housing estates.

Social Firms

1. Brief historical description

Most social firms have been sponsored or developed through public and voluntary sector partnerships, often with EU funding.

The (UK) definition of a social firm:

- a social firm is a business created for the employment of people with a disability or other disadvantages in the labour market;
- it is a business which uses its market-oriented production of goods and services to pursue its social mission;
- a significant number of its employees are people with a disability or other disadvantages in the labour market;
- every worker is paid a market rate wage or salary appropriate to the work, whatever their productive capacity;
- work opportunities should be equal between disadvantaged and non-disadvantaged employees. All employees have the same employment rights and obligations.

(CEFEC, 1997, European Confederation of Co-operatives & Social Businesses)

2. Key features

2.1. Legal form(s) and structure of ownership

Almost all social firms (and other social enterprise) are registered under Industrial and Provident Society (I&PS) legislation or Company Law (limited by guarantee or - less frequently - limited by shares).

These forms of enterprise are within the legal framework: friendly society law (which includes I&PS structures), or company law.

2.2. Pursued goals

In the UK, social firms need to be businesses that meet the following criteria:

- * achieve more than 50% of their income through sales, and
- * more than 25% of their paid workforce on employment contracts need to be people with disabilities or other disadvantages on the open labour market.

2.3. Type of jobs provided

Every worker is paid a market rate wage or salary appropriate to the work, whatever their productive capacity. Full and part-time jobs are provided.

2.4. Weight of training

Training is usually provided drawing on government programmes.

2.5. Type of employed workers

Typically these are people with a disability (including learning disability) or other disadvantages in the labour market.

2.6. Type of resources

They aim to achieve more than 50% of their income through sales of goods/services in the market.

2.7. Links with public policies

Social firms are a recognised form of social enterprise, though there are no public policies specifically supporting them. They are often closely linked with municipal authorities or local hospitals as well as larger charities (which often act as sponsors, supporting their development).

2.8. Basic data

There are about 38 social firms in the UK (identified by Social Firms UK), 3 of which are social co-ops; there are a further 154 social firms in various stages of development ("emerging", which are fully trading but do not yet meet the criteria above, or "potential", which are trading but not so well established as "emerging").

3. The relation to the EMES socio-economic criteria

3.1. A continuous activity producing goods and/or selling services

With 50% of income from sales of goods/services, they fit this criterion.

3.2. A high degree of autonomy

The composition of boards is not known (and is not based on a standard model), but sponsoring partners (voluntary organisations and local authorities) may have some representation, as well as community members.

3.3. A significant level of economic risk

They have a significant degree of risk through their market operations; there is a problem of risk of employees losing their state benefits if they become permanent employees. However if they retain their benefits this may give greater financial stability to the enterprise.

3.4. A minimum amount of paid work

It is a defining characteristic that every worker is paid a market rate wage or salary appropriate to the work, whatever their productive capacity.

3.5. An explicit aim to benefit to the community

More than 25% of their paid workforce on employment contracts need to be people with disabilities or other disadvantages on the open labour market.

3.6. An initiative launched by a group of citizens

Sponsors frequently include voluntary organisations and state partners (municipality or hospital) together with members of the workforce.

3.7. A decision-making power not based on capital ownership

The basis for decision making is varied, but it is not based on capital ownership.

3.8. A participatory nature involving the persons affected by the activity

The extent of participation is varied, but many are participative.

3.9. A limited profit distribution

They are non-profit or have a limited profit distribution constraint.

4. The supporting umbrella structures

The national umbrella structure is Social Firms UK - registered with Companies House in April 1999. Although the current board consists of people who were on the steering group of UK Social Firms Support Group, the company has been structured so that "ownership" is with the regional social firm networks. The majority of the board of directors will be representatives of the 11 regional social firm networks to ensure that the programmes and measures proposed by Social Firms UK reflect the needs and interests of social firms throughout the UK.

5. The innovative features

These and social employment co-ops (worker co-ops engaged in work integration) are the most important category of WISEs for people with disabilities (physical and learning). Social firms are far more numerous than social employment co-ops, largely because there are many emerging or potential small firms being developed.

Intermediate Labour Market (ILM) Organisations

1. Brief historical description

The intermediate labour market (ILM) model seems to have its strongest origins in Scotland. A famous early example is "Glasgow Works", which in July 1995 was co-ordinating 19 projects employing 232 people. There are clusters of activity in the big cities and older industrial areas of the North, Midlands and Scotland.

2. Key features

2.1. Legal form(s) and structure of ownership

Almost all ILM organisations (and other social enterprise) are registered under Industrial and Provident Society (I&PS) legislation or Company Law (limited by guarantee or - less frequently - limited by shares).

2.2. Pursued goals

Intermediate labour markets organisations provide "waged or salaried, full or part-time jobs with training, which are only available to unemployed people for a limited time period, and where the product of their work has either a direct social purpose or is trading for a social purpose where that work or trading would not normally be undertaken"³.

2.3. Type of jobs provided

Activities include environmental work, childcare, town centre guides, IT services, sports and community work. Seven out of ten places are for 18- to 25-year-olds. Childcare and benefits advice are sometimes provided. Temporary, full and part-time jobs are provided.

2.4. Weight of training

A substantial level of training for qualifications - both vocational training (to National Vocational Qualification (NVQ) level 2 and above) and basic skills training are provided.

2.5. Type of employed workers

The main target group is the unemployed, especially young workers; 70% of places are for 18- to 25-year-olds. At least 50% of recruits have been unemployed for over 2 years (to avoid deadweight - loss of economic welfare resulting from an inefficient allocation of resources – in this case the 2 year criteria avoids giving places on the programme to people who might get a job without it).

³ Simmonds & Emmerich (1996).

2.6. Type of resources

Most programmes use resources from at least three of the following:

- government training and employment programmes, such as New Deal;
- European structural funds;
- regeneration funds (Single Regeneration Budget);
- service delivery funds, i.e. payment or grants related to the work being done.

2.7. Links with public policies

Intermediate Labour Markets (ILMs) are recognised and supported through government work integration programmes:

ILMs are already a feature of the New Deal programme and can be successful where they are tailored to meet the needs of local employers. ILMs now seem firmly within Government policy with the New Deal supporting them; they are also part of the brief for Learning and Skills Councils, and an explicit part of the European Social Fund (ESF) guidelines.

ILM organisations usually have good community and voluntary sector linkages.

2.8. Basic data

The Joseph Rowntree study (2000) carried out by Marshall and MacFarlane identified 5,300 ILM places (jobs) in the 65 operating programmes (N.B. there are probably more now); these involving around 9,000 people per year (the bulk of those operating in Britain).

3. The relation to the EMES socio-economic criteria

3.1. A continuous activity producing goods and/or selling services

This is largely through local authority contracts e.g. for regeneration, housing improvement, etc.

3.2. A high degree of autonomy

ILM organisations are formally autonomous, but are highly dependent on government funding streams: the most significant operational problem experienced by current programmes is the lack of secure and regular funding. Administration of the paperwork associated with funding is the second main problem.

3.3. A significant level of economic risk

Typical funding breakdown is as follows:

Income from sales:	10%
New Deal:	30%
ESF:	30%
SRB:	20%
TEC/LA	10%

ESF: European Social Fund.

SRB: Single Regeneration Budget.

TEC: Training and Enterprise Councils have been transformed into Learning and Skills Councils.

LA: local authority.

3.4. A minimum amount of paid work

A central feature of ILMs is paid work on a temporary contract.

3.5. An explicit aim to benefit to the community

They frequently benefit the community through regeneration (it is not known if this is always explicit).

3.6. An initiative launched by a group of citizens

Initiatives have been led by local partnerships of various bodies: voluntary organisations, Training and Enterprise Councils (now Learning and Skills Councils), local authorities.

3.7. A decision-making power not based on capital ownership

Governance takes various forms, but it is not based on capital ownership, and typically involves representation of local/community stakeholders.

3.8. A participatory nature involving the persons affected by the activity

The extent of participation of workers is not known, but it is likely to vary from case to case.

3.9. A limited profit distribution

A limited profit distribution or non-profit orientation is typical.

4. The supporting umbrella structures

Regular conferences and support activities are carried out via:
Centre for Economic and Social Inclusion (CESI)
Camelford House
89 Albert Embankment
London
SE1 7TP

5. The innovative features

ILM projects can play a significant role in:

- enabling long-term unemployed people to obtain the motivation, skills and work experience they need in order to work their way *permanently* out of welfare and into work;
- delivering new local services, or adding value to existing services provided by the public or private sectors.

Note that job outcomes are good, in that 60% go into paid employment.

Large quasi-state enterprise: Remploy

1. Brief historical description

Since it opened its first factory in Bridgend in November 1946, Remploy has grown to be a company employing over 11,400 people, 90% with disabilities, in over 80 factories and other work sites across the UK (of these 11,000 employees, approximately 6,000 are in their factories, with 5,000 supported in mainstream employment). With a wide range of products and services, it generates sales of more than £ 150 million⁴ – trading with many top UK companies and public sector organisations (such as the National Health Service).

Remploy is Britain's largest employer of people with disabilities. Its origins lie in a wartime committee set up by Ernest Bevin, under the Chairmanship of George Tomlinson MP. Its recommendations were included in the Disabled Persons (Employment) Act passed in 1944. The employment of people - both civilians and military - injured in the war was an important issue at that time. The "Tomlinson Report", and the 1944 Act were closely followed by the opening of the first Remploy factories in 1946. Remploy has two distinctive characteristics:

- its primary task is the creation of employment opportunities for people with severe disabilities. Giving disabled people a real and worthwhile job gives them the money, self-respect and independence which is the right of every citizen;
- the Government gives Remploy a grant (£100,000 in 2002). Since 1992 Remploy has had freedom to raise and use funds from other sources, but it is accountable to Government and Parliament.

Its "Mission Statement" is: "Remploy exists to provide quality services and products to our customers and by so doing create suitable employment opportunities for people with a wide range of disabilities".

(Ref. Remploy website).

2. Key features

2.1. Legal form(s) and structure of ownership

It is a company limited by guarantee (not by shares); independently governed but owned by the government.

2.2. Pursued goals

Its main aim is the employment of people with disabilities (mental/physical).

⁴ The rate as of February 2, 2003 was 1 British Pound = 1.52812 euro.

2.3. Type of jobs provided

It provides permanent jobs through its own factories; it also has a service which provides placements and transfers to mainstream enterprises (Interwork - a division of Remploy - has supported 5,000 such placements in the last 10 years).

2.4. Weight of training

Training is extensive and continual, to NVQ (National Vocational Qualification) accredited standards.

The Disability Discrimination Act 1995 requires any organisation with 15 or more employees to take reasonable measures to ensure that they are not discriminating against disabled people in employment - or in the delivery of goods and services. Remploy (Interwork) also offers a service to employers to assist them in meeting these requirements (NB. There are 7 million people of working age with disabilities in the UK, about half of whom are in work).

2.5. Type of employed workers

Profile of Remploy employees:

- 27% physical disability
- 40% mental/learning/nervous disability
- 14% sight/hearing disability
- 7% respiratory/heart disability
- 12% miscellaneous.

2.6. Type of resources

3/5 of their income is from the market; 2/5 from the state.

2.7. Links with public policies

It makes use of government policies, for example the New Deal programme.

2.8. Basic data

Remploy has about 80 Factories, with 6,000 employees (and 5,000 additional workers supported in mainstream employment). It had a £ 150 million⁵ turnover in 2002. It operates in the following divisions: library and print services, liquid filling (toiletries and cleaning products), training, contract manufacturing and packaging, textiles, orthotics (orthopaedic products), Interwork, furniture, and mobility (wheelchairs).

⁵ The rate as of February 2, 2003 was 1 British Pound = 1.52812 euro.

3. The relation to the EMES socio-economic criteria

3.1. A continuous activity producing goods and/or selling services

Its factories have a continuous productive activity.

3.2. A high degree of autonomy

It has an independent board (with a composition typical of commercial companies, and a senior trade unionist as non-executive Director). It is owned by the government, but the business has considerable autonomy to trade and raise finance as it wishes.

3.3. A significant level of economic risk

It operates in commercial and contracting markets with significant risk; however, it also has a substantial state subsidy.

3.4. A minimum amount of paid work

Employees are paid nationally negotiated wage rates.

3.5. An explicit aim to benefit to the community

It has an explicit aim to support people with disabilities, but no direct aim to benefit the community.

3.6. An initiative launched by a group of citizens

The initiative was launched by the government.

3.7. A decision-making power not based on capital ownership

Decision-making is not based on capital, but it is a conventional management hierarchy controlled by an independent board.

3.8. A participatory nature involving the persons affected by the activity

There is trade union membership, but otherwise no other form of participation by employees.

3.9. A limited profit distribution

It does not have this constraint, but given its substantial state subsidy it may be considered a not-for-profit enterprise.

4. The supporting umbrella structures

Trade associations may be relevant, but there are no supporting umbrella structures apart from the state (subsidy).

5. The innovative features

Remploy has a good continuous training and development system.

The outreach service Interwork is an interesting professional model for assessing/training/support of employees in mainstream employment; it has a unit cost of £3,100⁶ per placement.

⁶ The rate as of February 2, 2003 was 1 British Pound = 1.52812 euro.

Voluntary Organisations (usually large) with employment initiatives/enterprises

1. Brief historical description

This category comprises a mixture of initiatives by voluntary organisations (including charities) to provide employment for their target groups. In some cases, these initiatives lead to some of the above categories of WISE; this is particularly so for social firms, which frequently involve partnership/sponsorship with voluntary organisations.

2. Key features

2.1. Legal form(s) and structure of ownership

No specific legal form but companies limited by guarantee would be the most common form. (Note that some initiatives may be structured as a branch or department within a voluntary organisation, so would not be formally independent; thus it would be debatable whether these should be included as social enterprises – though a good case could be made for initiatives with a high level of autonomy and financial independence).

2.2. Pursued goals

Primarily these are to provide training, employment of disabled/disadvantaged, etc.

2.3. Type of jobs provided

These are varied.

2.4. Weight of training

The level and amount of training is varied.

2.5. Type of employed workers

Typically these initiatives would support the target groups of the larger (sponsoring) voluntary organisation, so for example the Royal National Institute for the Blind would sponsor initiatives for the visually impaired. The broad categories of target groups would be people with various types of disabilities, long-term unemployed, young workers, etc.

2.6. Type of resources

Some resources are from trading in the market or public contracting.

2.7. Links with public policies

Most initiatives would have links with public policies, and make use of state programmes such as New Deal, Workstep, etc. They might also make use of state benefits, such as Incapacity Benefits or Severe Disability Allowance.

2.8. Basic data

No summary statistics are available, although each charity/voluntary organisation has its own figures.

3. The relation to the EMES socio-economic criteria

3.1. A continuous activity producing goods and/or selling services

Initiatives have been selected to meet this criterion.

3.2. A high degree of autonomy

Similarly there may be substantial autonomy, but support from voluntary organisations carries with it dependence.

3.3. A significant level of economic risk

A proportion of income is from market sales.

3.4. A minimum amount of paid work

This applies to initiatives selected.

3.5. An explicit aim to benefit to the community

The main aim is work integration; in some cases there may be other community oriented aims.

3.6. An initiative launched by a group of citizens

There is frequently citizen involvement, though typically the entrepreneurial initiative comes from professionals and volunteers from the voluntary organisation and its partners.

3.7. A decision-making power not based on capital ownership

Decision-making is not based on share capital. Sometimes it may be close to the "one person, one vote" principle.

3.8. A participatory nature involving the persons affected by the activity

The level of participation of workers is varied.

3.9. A limited profit distribution

Voluntary organisations would have this constraint or be non-profit; in some cases, the social enterprise may be profit generating, but the profit is for a social purpose (e.g. The Big Issue - see below).

4. The supporting umbrella structures

Voluntary organisations have support via the National Council for Voluntary Organisations. Development initiatives may be supported by the Development Trust Association. The social enterprises created may take the form of other WISE (with links to their relevant umbrella structures) for example where they are intermediate labour market initiatives, or social firms.

5. The innovative features

WISEs of this category have different innovative features. Each has its special expertise associated with its niche or its target group. Thus Groundwork combines environmental issues with employment and regeneration; Rethink and the Richmond Fellowship focus on mental disabilities and illnesses; the Princes Trust focuses on young people; St. Mungos and the Big Issue serve homeless people, the latter with a particularly interesting way of generating income for individual homeless people; Settlements support inner city disadvantaged communities...

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