

If not for profit,  
for what and how?

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E N T E R P R I S E

## WISE's in Flanders: steppingstones to sustainable work?

Laura JACOBS

Research Institute for Work and Society (HIVA), Catholic University of Leuven

Caroline GIJSELINCKX

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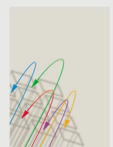
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# 1. INTRODUCTION

In recent years, a key social economy policy target in Flanders is the transition of target group workers<sup>1</sup> from jobs in Work Integration Social Enterprises (WISE's) (cf. Davister et al., 2004; Nyssens & Defourny, 2012) towards jobs elsewhere in the economy.<sup>2</sup> Both target group workers and WISEs are supported and stimulated to realize this transition. The regulation with respect to some types of WISEs, such as Work Experience Enterprises (WEE) and Work Integration Enterprises (WIE), stipulates that transition towards a job elsewhere in the labor market in Flanders is an explicit goal,<sup>3</sup> while for other types of WISE's, like the social workplaces, this is not. Furthermore, in the new policy regarding the social economy there's a lot of attention for the transitions that are being made from the SIE towards the NEC. In addition, target group workers and work forms respectively are supported and stimulated to transfer to a job in the NEC.

This paper, based upon a study (cf. Jacobs et al., 2012) conducted within the framework of the Policy Research Centre Work and Social Economy (Steunpunt WSE), seeks to give more insight into transitions of target group workers from the WISE's towards other labor market positions in Flanders. Moreover, we investigate the sustainability of these transitions and the features of the jobs these target group workers move to.

To do so, we used data from the Federal Crossroad Bank for Social Security (KSZ) which provides information about employees, employers, jobseekers etc., and data from the Flemish Subsidy Agency for Work and Social Economy (FSAWSE), which provides information about the target group workers in the WISE's in Flanders.<sup>4</sup>

We start with a brief introduction of the policy framework on WISE's in Flanders and describe the main features of the three studied types of WISE's. In the second section, we describe the research design and the used methodology, as well as the data being used and general data limitations which apply. The research results are the main focus of the third section. We will respectively discuss the profile and labor market history (cf. unemployment duration) of the transferred target group workers, the transitions towards work (sustainability and features of the new job), the transitions towards unemployment and inactivity and the transitions back into the Social Insertion Economy. In the last section we present the main conclusions and pathways for future research.

## 2. POLICY FRAME AND TYPES OF WISES

### 2.1. Policy frame

In Flanders, work integration has been one of the key objectives of social economy policies and social enterprises are generally put on a par with work integration social enterprises (WISE's) (Gijssels & Van den Broeck, 2008; Jacobs, Gijssels & Heylen, 2012; Van Opstal, Deraedt & Gijssels, 2009; Van Opstal, Deraedt & Gijssels, 2010; Deraedt, Van Opstal & Gijssels, 2009a and 2009b; Spear, 2012). On an aggregated level, these social enterprises form the Social Insertion Economy (SIE), which has the inclusion of people with a large distance to the labor market as their main goal. The development of social enterprises aiming to create jobs for lowly-qualified workers dates back essentially to the 1960s, when the first "sheltered workshops" were created to provide work

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<sup>1</sup> Target group workers are the persons that are being targeted with the different Work Integration Social Enterprises (WISE's) in the Social Insertion Economy (SIE). Depending on the type of WISE, the conditions on which these workers are being prescribed are the duration of unemployment (long-termed unemployed), the schooling (low- and semi-skilled workers) and the presence of medical, mental, psychological or psychiatrically (MMPP) problems (for example workers with a disability).

<sup>2</sup> We will use the abbreviation of 'WISE' throughout the rest of this paper.

<sup>3</sup> We will use the abbreviation of 'NEC' throughout the rest of this paper.

<sup>4</sup> We will use the abbreviations of 'KSZ' and 'FSAWSE' throughout the rest of this paper.

for handicapped people. From the end of the 1970s on, and especially during the 1980s, other initiatives targeting disadvantaged groups were created (De Mey et al., 2008). Since the beginning of the 1990s, the Flemish government has recognized and supported different types of work integration enterprises (WISE's) as important tools for social integration through employment. WISE's developed into important employers generating employment for those people who experience severe difficulties to get and hold a job elsewhere in the labor market. WISE's actively invest in coaching and training for those target workers. They develop all kinds of economic activities, selling their products and services in the market. They are risk taking and innovative in the way they work with target groups and in the services and products they develop. They make up a heterogeneous family of initiatives, encompassed by a variety of coexisting policy frameworks. They differ largely in the way they realize work integration, in resources used and in target groups that are served (Deraedt, Van Opstal & Gijselinckx, 2009a; Van Opstal, Deraedt & Gijselinckx, 2009; Jacobs, Gijselinckx & Heylen, 2012).

WISE's were originally established as private initiatives offering work integration to disadvantaged persons, but along the way more and more focus was laid on integration of target group workers into the regular labor market. Most of the schemes established from the 1990s onwards offer temporary compensations for 'temporary unemployability' of the employees and intent to support the transition from unemployment to employment in a job elsewhere in the labor market (Defourny & Nyssens, 2008; Van Opstal, Deraedt & Gijselinckx, 2009; Deraedt, Van Opstal & Gijselinckx, 2009a; Jacobs, Gijselinckx & Heylen, 2012).

In Flanders, the government wants to stimulate the creation of jobs for disadvantaged groups: not only people with disabilities, who since more than half a century find tailor made employment in sheltered workshops, but also long-term unemployed persons, people with a low level of education, etc. Whereas older WISE's focus on the provision of long term tailor made jobs for people with disabilities, the more recently created employment programmes are directed to broader target groups and have a stronger focus on socio-professional integration in the labor market (Van Opstal, Deraedt & Gijselinckx, 2009). These younger types of WISE's are notably social workplaces (SW's), Work Integration Enterprises (WIE's) and Work Experience Enterprises (WEE's). It is those types of WISE's that form the object of the present study. In the following paragraph, we provide a short description of those types of WISE's.

## 2.2. SW's, WIE's and WEE's

*Social workplaces (SW)* are oriented to jobseekers that face serious difficulties in finding employment due to physical, social or psychological problems and therefore are inactive for a long period of time. The legislation stipulates a period of inactivity or unemployment of minimum five years. Offering 'tailor made labor' within a production process is a core activity of the social workplaces. Social workplaces receive subsidies to support the employment of the target group as well as the persons accompanying them. The activities are diverse: social restaurants, green maintenance, cleaning, shops specialized in recycled goods, etc.

*Work integration enterprises (WIE)* are enterprises that are willing to provide low-skilled and long term unemployed jobseekers (12 months for persons under 50, 6 months for persons aged 50 and older) an opportunity for sustainable employment with a particular focus on on-the-job-training. Work integration enterprises receive digressive subsidies for their target group workers; subsidies diminish every year and stop after a certain period (in the regulation until 2005 this period was four years, as from 2005 the subsidies stop after the second year). After this period, the target worker is offered a regular contract. Every enterprise that adheres to principles of 'Corporate Social Responsibility' (CSR) and that offers a minimum amount of workplaces for target group workers can be recognized as a WIE. The enterprises are active in a wide variety of economic sectors.

*Work experience enterprises (WEE)* are non profit organizations or public enterprises who offer a work experience for 12 months (which might be extended up to 18 months) to long-term unemployed jobseekers (at least 24 months unemployed or 12 months inactive). Work experience enterprises

focus both on providing work experience as well as on providing the skills aimed at successful integration in the regular labor market. These enterprises receive subsidies for the target group as well as for personnel coaching these target group employees. Examples of activities deployed by WEE are health and social care (cleaning, ironing, family care, household services), green maintenance, construction, etc (De Cuyper et al., 2010).

### 3. RESEARCH DESIGN, METHODOLOGY AND DATA

#### 3.1. Research design

With this study, we seek to provide insight into the transitions of target group workers towards work outside the three types of WISE's described above. We answer the following research questions:

1. To what extent do target group workers in the three types of WISEs studied (cf. SW's, WIE's and WEE's) move to a job elsewhere in the labor market? What is the profile of the target group workers making those transitions?
2. Are these jobs they move to sustainable?
3. What are the main features of the jobs they move to (sector, wages, hours worked,...)?
4. To what extent there are transitions towards unemployment, inactivity and back into a WISE?

#### 3.2. Methodology and data

##### 3.2.1. Population and methodology

The starting point of the study are the target group workers who made a transition from a Social Workplace (SW), Work Integration Enterprise (WIE) or Work Experience Enterprise (WEE) in the years 2002, 2004 and 2006, to another labor market position regardless of the direction of the transition (to a another job in the SIE, to a job elsewhere in the labor market, to inactivity or to unemployment). In other words, we investigate the career paths of the group of target group workers who left these three types of WISE's in 2002, 2004 and 2006. This is important to bear in mind, since the studied population does not equal the total group of target group workers at work in the WISE's in those years, but the group of target group workers who left the WISE's in these years.<sup>5</sup>

In total, we studied a population of 11 978 persons in the years 2002, 2004 and 2006. Table 1 shows these numbers. The largest share of the population is the group that transferred from a WEE. The smallest group is the group who transferred from a WIE. Because of the limited amount of transferred target group workers from WIE's in 2002 (37 persons in total), we will not take this year into account for the WIE's. The reason for this small amount of transferred target group workers is that the WIE's started up in 2000 and a 'full employment' in a WIE at that time was aimed to last for 4 years (cf. 2.2). Hence, in 2002 the transitions were very limited. Therefore, we only study the transitions from the WIE's for the years 2004 and 2006.

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<sup>5</sup> To refer to the studied population in the rest of this paper, we will be talking about the 'transferred target group workers'.

**Table 1. Transferred target group workers, by type of WISE, 2002, 2004 and 2006 (= population studied)**

	<b>2002</b>	<b>2004</b>	<b>2006</b>	<b>Total</b>
Work Integration Enterprise (WIE)	37	191	615	843
Work Experience Enterprise (WEE)	369	507	633	1 509
Social workplace (SW)	3 304	3 104	3 218	9 626
<b>Total</b>	<b>3 710</b>	<b>3 802</b>	<b>4 466</b>	<b>11 978</b>

Sources: KSZ and FSAWSE (own calculations)

With the most recent data available at the time of the study being 2008, this allowed us to look at the short, middle-long and long term transitions made, as well as the sustainability of these transitions. This choice also brought into account some important policy changes concerning these three types of enterprises. The earliest available data refer to the second quarter of 1998. This allows us to take the labor market history of these target group workers into account, since this is an important element that can help to indicate future positions in the labor market (cf. we take the duration of unemployment at the moment of inflow into the WISE into account). The complete time span studied for each research unit is therefore a period of 10 years (1998-2008).

### **3.2.2. Datasets and data**

We used two datasets: the dataset of the KSZ and the dataset of the FSAWSE.

The dataset of the KSZ gathers information from databases of different social security agencies, for example for the private sector (RSZ), for the public sector (RSZPPO) and for the self-employed (RSVZ). Furthermore, also data from the National Employment Office (RVA) and the Social Service (OCMW) is gathered into this dataset. We requested information from all these datasets, by using a formal application with the KSZ. We thus received anonymized information about the population for these different datasets. Via these datasets we obtained information about the labor market position of the population (employed, unemployed, inactive), socio-demographic features (gender, age group, family situation,..), duration of unemployment and features of the new job (sector, wage, job regime,...). This allowed us to give an overview of these features.

The dataset of the FSAWSE contains information about the target group workers and organizations in the WISE's. This agency is responsible for the recognition and subsidizing of the target group workers and organizations. In addition, this dataset included information about the level of schooling of the population, a variable that is absent from the dataset of the KSZ.

The dataset of the FSAWSE was essential to identify the target group workers in the three enterprises, as the KSZ does not provide information about employment in the WISE's. Therefore the FSAWSE provided a list of the population (cf. 3.2.1) of target group workers who transferred from WISE's to another labor market position (another job, inactivity or unemployment). This list was used to obtain data for these target group workers through the KSZ. To this aim, unique identification numbers were used to couple data from FSAWSE with the data in the KSZ. We received different data subsets for the different features studied. We had to link all these different datasets to construct an aggregated dataset at the level of the population, containing socio-demographic features, features of the labor market history as well as labor market positions (unemployment, inactivity,...) and features of the new job (after transition). Thus, we obtained an aggregated dataset at the level of the total group of target group workers who made a transfer from the studied WISE's to another labor market position in the given years.

### 3.3. General data limitations

The data used allow us to sketch a profile of target group workers who made a transition to a job in the labor market outside of the three types of WISE's studied, with a specific focus on their labor market history (unemployment duration before inflow), number and kind of transitions, and features of the job(s) they moved to. However, the data don't allow making any explanatory or causal analyses and the design of this study was not explanatory.

Moreover, the policy and legislation concerning the studied types of WISE's was subject to different recent changes. Modalities were adjusted, stipulations concerning the target group workers changed and/or were expanded, budgets were adjusted, etc. These changes interfere with the search for possible explanations and causes for transitions from the WISE's towards other jobs in the labor market.

Finally, it is important to be aware of the fact that the starting point of this study is the group of target group workers who made a transition out of the WISE's in 2002, 2004 and 2006, and not the whole population of target group workers employed in those WISE's. Therefore, the population studied is the 'flow' of target group workers out of the WISE's, not the whole population of target group workers who are employed in these three types of WISE's. This should be taken into account when interpreting our results.

## 4. RESEARCH RESULTS

In the next section, we will discuss the most important research results. In the first paragraph, we will give an overview of the features of the population studied, in terms of personality features and unemployment duration (before 'inflow' into the WISE's). In the second paragraph we provide a summary of the transitions to labor or other labor market positions (inactivity, unemployment) from the WISE's. In a third paragraph we discuss the transitions towards work, the sustainability of these transitions and the features of the new jobs. We give a short overview of the transitions to unemployment and inactivity in the fourth paragraph. In a fifth paragraph we shortly discuss the transitions back into the Social Insertion Economy, or back into a WISE.

When discussing the most important research results, we often use the year 2004 as starting point. This is so because for 2002, the population for the WIE's is too limited, while for 2006, we are only able to analyze a short-term transition (cf. two years, from 2006 to 2008). Besides, discussing the results for all of the three years would be too extensive and will most likely result into lack of clarity. To avoid this, we also always refer to the year and state if we use quarterly figures or yearly/general averages.

### 4.1. Profile of the target group workers

We analyzed the profile of the studied population of transferring target group workers in terms of gender, age, education level, nationality, employability and family type. Because labor market history has an effect on the later positions on the labor market, we also analyzed the duration of the unemployment of the population before 'inflow' in the WISE. If applicable, we test these features against the selection criteria for recognition as a target worker for each of the three types of WISE's.

#### 4.1.1. Socio-demographic features

Gender is never a criterion in the official regulations on the profile of target group workers in the different WISE's. Nevertheless, the percentage of women in the transferred target group workers in the studied WISE's is different between WIE's en WEE's on the one hand and SW's on the other hand, and also varies among the WIE's between the two studied years. Slightly over 50% of the transferred

target group workers from WIE's were men in 2004, whereas in 2006 almost 70% were women. A possible explanation is the great amount of WIE's who started working with service vouchers (cf. legislation in 2005 which created a framework for WIE's to work with service vouchers). These activities are mostly female, for example household services like cleaning and ironing. The majority of the studied transferred target group workers from WEE's was also female, with an average of 64% over the three years. The population studied in SW's had an average of 58% female transferred target group workers.

While also age is not a sole criterion in the specifications of the target group workers in WISE's, we also noted important differences between the studied WISE's. A third of the population analyzed in the WIE's is aged 26-35. The older transferred target group workers, from the age of 46-65, are represented only to a small extent (16%). The number of older transferred target group workers is highest in WEE's, with an average of 30%. In SW's we found a quarter of 46-55 year olds, as opposed to an average of 12% in the WIE's.

For SW's and WIE's, schooling is a selection criterion for recognition as a target worker. For the SW's, only low-skilled persons are considered as target group workers and only semi-skilled persons qualify for an employment as a target group worker in a WIE. For the WEE's however, schooling is not a criterion, but priority is given to low- and semi-skilled persons. In accordance with these criteria, we noted that the population of SW's is lower educated compared to the other types of WISE's studied. An average of 85% of the studied transferred target group workers in SW's is low educated, for the WIE's and the WEE's this share is about 10% less.

The majority of the population studied has the Belgian nationality and this for all three studied organization types. In WIE's, we noted a slightly lower share of Belgians (77%) as opposed to WEE's (87%) and SW's (91%). A larger share of the population in WIE's therefore has a foreign nationality.

13% of the transferred target group workers from SW's has a limited employability or has a disability, which is more than double compared to the other two types of WISEs. This is in accordance with the selection criteria for recognition as a target worker (cfr. suffering from a social, physical or mental disorder).

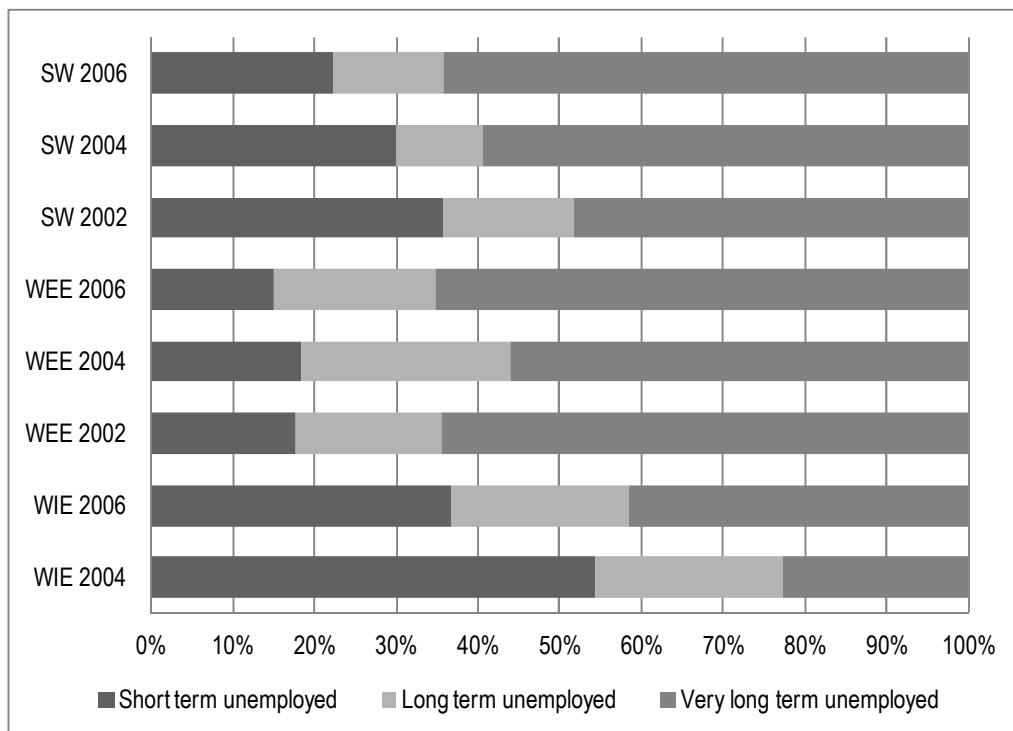
Finally, the greater part of the studied transferred target group workers from a WIE or a WEE cohabits with a partner and children, with an average share of 35% and 31%. This share is slightly less in the SW's. For this type of organization, the share of singles is a lot higher, with an average of 30% as opposed to 21% for WEE's and a quarter for WIE's.

#### ***4.1.2. Unemployment duration***

Unemployment duration is an important criterion in the official regulations on the profile of target group workers in the different WISE's. This criterion also varies between the three types of WISE's. Target group workers in WIE's have to be at least 6 months (persons aged 50 and older) or 12 months (persons younger than 50) unemployed to apply. For WEE's, the criterion is more strict, with a minimum unemployment duration of 24 months, or 12 months inactivity (not active on the labor market). For SW's, target group workers have to be at least 5 year inactive or unemployed. We analyzed the unemployment duration in the quarter before 'inflow' (start of employment) in each WISE, and this for the population flowing out of the WISE's in the three (two for the WIE's) studied years (2002, 2004 and 2006). We used a classification from short term unemployed (less than 12 months), long term unemployed (13-24 months) to very long term unemployed (more than 24 months). Figure 1 provides an overview of this information.



**Figure 1. Unemployment duration of transferred target group workers one quarter before 'inflow' in SW's, WEE's and WIE's, flowing out of WISE's in 2002 (not for WIE's), 2004 and 2006 (percentages)**



Sources: KSZ and FSAWSE (own calculations)

On average, the target group workers flowing out of WIE's in the studied years had the shortest unemployment duration before inflow in WIE. In 2004, half of the group was short term unemployed, in 2006 this added up to almost 40%. This is in accordance with the selection criteria (cf. above). Also in accordance with these criteria is that a large part of those target group workers flowing out of SW's and WEE's in the studied years was more than 24 months unemployed ('very long term unemployed') before employment in the WISE, with an average of respectively 35-40%. These types of WISE's explicitly focus on long term unemployed. The data show that the population of target group workers flowing out of the WISE's studied, indeed met the criteria set forward for their selection as target group worker before entry in a WISE.

However, we also note that over 30% of the studied target group workers who flew out of SW's in 2002 was less than one year unemployed before inflow. An explanation is that these target group workers have to be inactive for at least five years, but they only have to be registered with the Flemish Department of Unemployment Agency (VDAB) one day before employment in a SW (e.g. someone can be inactive for 6 years but only registered with VDAB after 5,5 years) – provided that the condition of 5 years inactivity is satisfied. Another cause may be so called periods of inactivity put on a par with periods of employment, like periods of disease or invalidity. The studied target group workers of SW's often suffer from physical or mental disorders, thus may often have been in such a situation.

## 4.2. Transitions from the WISE's to other labor market positions

We used two different types of data to provide an overview of the labor market positions after transition from the WISE's. At first, we used data regarding the labor market position of the population on the last day of the quarter as an indicator. This indicator is readily available from the consulted databases. It is important to bear in mind that all labor market positions before this last day are not taken into account (e.g. a person who is unemployed during most of the quarter and

finds a job during the last week of the quarter is being registered as 'employed'). This variable however allows us to get a quick look at the different labor market positions of the population.

Table 2 gives an overview of the different labor market positions on the last day of the quarter for target group workers flowing out of WISE's in 2004 (average annual percentages).

**Table 2. Labor market positions after flowing out of the WISEs, 2004, annual averages (percentages – last days of quarter)**

	2005	2006	2007	2008
<b>Work</b>				
WIE	59,8	63,0	64,5	62,8
WEE	47,4	51,8	55,6	56,6
SW	51,1	48,9	50,8	51,5
<b>Unemployment</b>				
WIE	21,5	18,5	16,8	15,2
WEE	31,2	25,8	20,4	18,5
SW	28,0	27,7	21,6	18,2
<b>Inactivity</b>				
WIE	7,2	6,5	6,7	9,1
WEE	12,7	13,0	13,9	14,2
SW	14,1	14,4	17,4	20,0

Sources: KSZ and FSAWSE (own calculations)

The transition towards work (or employment) is the highest for transferring target group workers of WIE's, with a general average of 62,5%. Important however is the finding that the transferred workers out of WIE's to a large extent left a WIE after less than four years. We noted that in 2004, as much as 80% of the transferred workers left a WIE after a period of 9-12 months. 60% even transferred after less than 5 months. This means that a large share of the transferred workers didn't stay at work within a WIE during the whole subsidized period (cf. 2.2). This leads to the question to what extent employment in a WIE has had an effect on the transition towards work.

We find the second highest share for WEE's, with an average of 52,8%, followed by 50,5% for the target group workers transferring from SW's. Furthermore, the average share of target group workers making a transition towards a job elsewhere in the labor market increases every year. This is also the case for the two other types of WISE's. The share of target group workers making a transition to work is higher for SW's in 2005 compared with WEE's, but this changes after 2005. However, the differences between these two types of WISE's are rather small.

The transition towards unemployment declines over the years for all three types of WISE's. In accordance with the transitions towards work, the share of target group workers that become unemployed after flowing out of a WISE is the lowest for WIE's. Here, we also note small differences between WEE's and SW's.

Finally, the share of target group workers flowing out of WISE's who become inactive increases slightly over the years. Again, this share is the lowest for WIE's. The increase is higher for SW's compared to the other two types of organizations, but then, this type of WISE has the most vulnerable target group.

## 4.3. Transitions towards work

### 4.3.1. Do the target group workers flowing out of WISE's get a job in the NEC?

As we stated above, we used two different kinds of data to analyze the labor market positions after transition from the WISE's. Figure 2 provides an overview of the transitions towards work, based on the variable showing the labor market position on each last day of the quarter (cf. table 1), for the target group workers flowing out of WISE's in 2004.

Figure 2. Transitions towards work, quarterly figures, 2004-2008, (percentages – last day of quarter)



Sources: KSZ and FSAWSE (own calculations)

This figure shows the same information as the table, but instead of averages it displays quarterly percentages. It's obvious that the transitions towards work are the largest for the target groups of WIE's. The figure also clearly shows minor differences between WEE's and SW's and an increase over time. An exception is a decrease from the second quarter of 2008 onwards, which presumably is a result of the economic crisis.

In what follows, we will discuss the transitions towards work, based on more detailed data. Because of the incomplete information we get from the readily available variable on labor market position registered on the last day of each quarter, we extracted information about the different labor market positions available in the datasets from the different agencies and organizations that are being gathered in the KSZ (RSZ for employment, RVA for unemployment, OCMW for inactivity). This was more time-consuming, but also allowed us to present a more accurate view of the labor market positions, since we could take into account flows in and out of work within each quarter. It also allowed to provide information about the features of those labor market positions (e.g. features of the new job). This method resulted in higher average percentages of target workers flowing out of WISE's into a job elsewhere in the labor market. Where we noted an average of 62,5% transitions towards work for the WIE's based on the readily available variable pointing to the situation at the last day of each quarter, this share is 81,4% when we combine information about labor market positions from separate datasets. The same holds true for WEE's and SW's, with averages of respectively 71,5% versus 52,8% and 61% versus 50,5%.

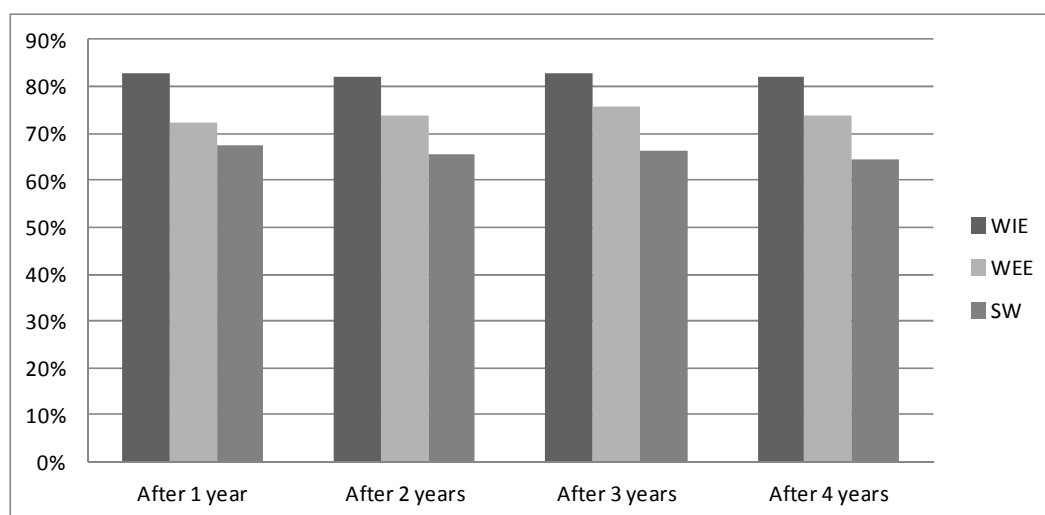
Based on these figures, we again find the highest transitions towards work for WIE's, with a yearly average (average for 2004 and 2006, based on quarterly figures) of 81,4%. For WEE's, the share of target group workers moving into a job elsewhere in the labor market adds up to an average of 71,5%. For SW's, this share is the lowest, with an average of 61%. However, considering the fact that transition towards work is not an explicit goal of this type of WISE, and the target group workers are relatively more vulnerable compared to the target group workers in the other WISE's (cf. due to the criterion of social, physical or mental disorder, the lower level of education and the longer period of inactivity or unemployment), this may come as a positive surprise. We can however presume that it is the more 'stronger' target group workers, those with the smallest distance to the regular labor market, who flow out of SW's into another job. The others either move to another job in an SW (which is allowed for in the regulation) or flow into inactivity or unemployment. Nevertheless, the transitions towards work from the SW's are rather high.

Finally, for the WIE's, the final goal is to move from a subsidized to a non subsidized job within the same WIE. At the end of the subsidized period, the WIE has to employ the target worker with a regular contract (cf. 2.2). Therefore, we verified whether the transferred target group workers from WIE's actually got employed by the same employer but in a non-subsidized job. For those target groups flowing out of a WIE in 2006 this was the fact, with 62% of the transferred workers who worked with the same employer one year after they made the transition. For those target group workers who flew out of a WIE in 2004 however, this was less the case.

### 4.3.2. Are the transitions towards work sustainable?

Table 2 already showed that the transitions towards work are sustainable, since the figures stayed stable or even increased over the years, and this for the three studied types of WISE's. The more refined analysis using data from different datasets (cf. 4.2), confirms this sustainability of the transition towards work. Figure 3 shows, for the group who made the transfer in 2004, the share of target group workers that is still working after respectively 1, 2, 3 and 4 years.

**Figure 3. Sustainability of the transitions towards work, 2004, yearly averages (percentages)**



Sources: KSZ and FSAWSE (own calculations)

For WIE's, the share of workers in a job elsewhere in the labor market remains at the same level during the 4 years after transition. For WEE's we may observe even a slight increase, from 71% to 75%. Based on these data, we can conclude that the transitions towards work are in fact sustainable. The analysis with the variable describing the labor market position at each final day of the quarter shows an even more obvious increase. One year after the transition, 56% of the transferred target group workers from the WEE's in 2004 was working. After 4 years (in 2008), this share has increased

to almost 67%. We noted that one year after transition in 2002, on average 41% of the transferred target group workers from the WEE's was working. Six years later, in 2008, this share added up to half of the group.

Based on these findings, and the fact that the share of target group workers who flew out of WISE's and became unemployed afterwards decreases over time (cf. table 2), we can conclude that the transitions towards work from the studied WISE's are sustainable. The WIE's, WEE's and SW's thus seem to be, to an important extent, steppingstones towards sustainable work.

### **4.3.3. What are the features of the new jobs in the NEC?**

In this section, we present the most important results concerning the features of the jobs the target group workers moved to. We give an overview of the sector, statute, subsidized employment, employment regime and average wages. To conclude, we give an overview of the extent to which the transferred workers stay with the same employer (or the 'employer mobility').

#### **Sector and statute**

The largest share of the workers who flew out of WISE's in the studied years found a job in the private sector. This share is the highest for WIE's, which is not surprising given the fact that WIE's are enterprises who are active in the private sector (cf. as opposed to WEE's which are mainly enterprises in the non-profit and the public sector) and transition towards a regular job with the same employer is the explicit aim of the policy measure. Compared to the other enterprises, more transferred workers from the WEE's went to the public sector, with an average share of 14% as opposed to 5% for the WIE's and 3% for the social workplaces. Only a limited amount of transferred workers became self-employed.

In comparison with the others, target group workers who flew out of WEE's were to a larger extent active in a job as white collar worker (20-25%) compared to 10% or less for the WIE's and the SW's. A possible explanation is that one of the important tasks target group workers fulfill in WEE's is administrative work. In general, we noted a decrease of the share of blue collar workers over the years after the transition towards a non-subsidized job elsewhere and, in accordance with this, an increase of the share of white collar workers for all target group workers who flew out of WISE's and into employment. This increase is the highest for the WIE's, with 5,8% white collar workers one year after transition (in 2005), and 13,4% four years after the transition (in 2008). This increase is more modest for WS's. A possible explanation is the fact that their target group workers are generally lower skilled compared with the others (cf. 2.2).

#### **Subsidized employment**

Besides subsidized employment in the social economy, subsidized employment is also possible outside WISE's. In this case, employees are being subsidized by individual measures or subsidies, granted to the employers.<sup>6</sup> The data allowed us to give an overview of the extent to which the employment of the transferred target group workers is subsidized.

We noted that, whereas target group workers flowing out from SW's also made a transfer towards work in enterprises outside the SIE, a higher amount of them (almost 50%) is being employed in a subsidized job compared to the target group workers who flew out of the other WISE's (25-30% for WEE's and 10-20% for WIE's). The weaker profile of the target group workers in SW's, and more specifically the fact that these target group workers often suffer from physical and/or mental disorders, can be a possible explanation for this finding.

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<sup>6</sup> The specific subsidies are GESCO, Activa, Sine and DAC/PRIME.

## ***Employment regime and wages***

With regard to employment regime, we make a distinction between full-time, part-time and special employment. A special employment regime includes seasonal labor and periodical work alternating with temporary unemployment. A greater share of target group workers who flew out of WEE's and WIE's are employed in a part-time regime. For WEE's, this share is about 50%, for the WIE's this share rises up to 60% in 2006. In 2004 however we note the opposite, with more than half of the target group workers who transferred to job is employed in a full-time regime. Once more, a possible explanation for this increase may be possible combination until 2008 of employment in a WIE with employment under the system of service vouchers. These service vouchers were mostly used for household activities, such as cleaning and ironing. We noted a large increase of the share of target group workers in the system of service vouchers as from 2006, and these activities are mostly executed on a part-time base (e.g. cleaning, ironing, maintenance of public green) (De Cuyper et al., 2010). An assumption can be that this group was employed in similar activities after transition. Approximately 30% of the target group workers who left SW's worked subsequently on a part-time base, over half was working full-time.

Our data also allow us to provide an overview of the average full-time gross daily wage earned by target group workers of WISE's who found a job outside the WISE. This construct allows us to compare the wages of full time and part time workers, since it calculates the gross daily wage that somebody would earn in a specific job when working full-time (38 hours per week) regardless of the labor regime.

Despite the given that target group workers flowing out of SW's are to a larger extent working full-time, they relatively earn less compared to their fellow workers who transferred from the other two types of WISE's studied. An explanation may be the lower level of education of those target group workers who are maybe working in low paid and blue collar jobs. One year after transition in 2004, 75% of the target group workers who came from SW's earned 50-70 euros a day. After 4 years, this daily wage raised to 60-80 euros a day. We note the same trend for the target group workers coming from the other WISE's, the 'starting' wage however being higher. One year after transition, 75% of the workers who transferred from WIE's earned 60-90 euros a day. After 4 years, almost 75% earned 70-110 euros a day. Almost 60% of target group workers coming from WEE's earned 60-80 euros a day, one year after transition. After 4 years their average wage has increased to 70-100 euros a day.

## ***Do the transferred workers stay with the same employer?***

Finally, we analyzed the extent to which those target group workers who transferred from a WISE to another job changed employer (after transition). To this aim, we analyzed the amount of employers a person had during one year. For example, if a target worker was (not simultaneously) employed by 2 employers in one year, he or she has changed jobs one time. We noted that the job careers of workers who transferred from SW's are relatively more stable in comparison with the others. On average, 13% of this group changed employer once (over the three years studied), compared to 20% for target group workers who transferred from WEE's and WIE's. We can thus conclude that workers who made the transition from WEE's and WIE's changed employer more often compared to the workers who came from SW's. However, in general job careers of all workers studied remained fairly 'stable'.

## 4.4. Transitions towards unemployment and inactivity

Based on the analysis of the variable who gives information on the labor market position at the last day of each quarter (cf. 2.2), we get an overview of the transitions towards unemployment (e.g. target group workers actively seeking a job and receiving an unemployment benefit from the National Employment Office (RVA)). Figure 4 provides an overview of the share of target group workers who left WISE's in 2004 and became unemployed, over the quarters after the transition (until the last quarter of 2008).

**Figure 4. Transitions towards unemployment (share of transferred target group workers), quarterly figures, 2004-2008 (percentages-last day of each quarter)**



Sources: KSZ and FSAWSE (own calculations)

As opposed to transitions towards work, transitions towards unemployment decline over the quarters and years (except for a small increase from the second quarter of 2008 onwards, which presumably is a result of the economic crisis). Whereas this share was almost 25% for WIE's one year after transition, this has decreased until 14% in the second quarter of 2008. For WEE's, the share went from 33% in the first quarter of 2005 to less than 20% in 2008. Almost 35% of the target group workers who left SW's was unemployed one year after transition, at the end of 2008 this share was less than 20%. The share of workers who left WIE's and became unemployed is the lowest, with an average of 18%.

Figure 5 provides the same information with respect to transitions towards inactivity (that is, target group workers who are not actively seeking a job and do not receive employment benefit).

**Figure 5. Transitions towards inactivity (share of transferred target group workers), quarterly figures, 2004-2008 (percentages-nomenclatuur)**



Sources: KSZ and FSAWSE (own calculations)

Transitions towards inactivity slightly increase over the quarters and years, but the increase is much less obvious compared to the transitions towards work. The share of target group workers who left a WISE and became inactive is the smallest for target group workers coming from WIE's, with an average of 7,4%. The differences between the ex-WEE' and SW'-workers is more obvious compared with the transitions towards work and unemployment, with average shares of 13,4% and 16,4% respectively. Former SW-workers have the biggest chance to become inactive. For this group, the increase also was the highest. This is not surprising, since those target group workers often suffer from physical and/or mental disorders.

#### 4.5. Transitions towards another WISE

Finally, we analyzed the transitions back into one of the three types of WISE's, or the transitions back into the Social Insertion Economy. This appears to be very limited, with less than 3% of the target group workers who left a WISE coming back to work in one of the three studied types of WISE's. This share is clearly the highest for the SW's (7%) compared to 2% for the ex-WIE-workers and 2,6% for the ex-WEE-workers. For both WIE's and SW's, the majority of this group went back to work in the same type of enterprise. For the WEE's however, the majority of this group transferred to employment in an SW. A possible explanation may be that these target group workers, at the point of inflow in the WEE, did not meet the condition of 5 years inactivity or unemployment (a necessary condition for inflow in SW's) while they are not 'strong enough', even after a trajectory of 'tailor made employment' in a WEE, to get and keep a job elsewhere in the labor market.

### 5. CONCLUSIONS

This study led us to three important conclusions. First, we noted transitions towards work for all three WISE's, even for the SW's who do not have a specific goal of transfer of target group workers to a regular job. An average of 61% of these target group workers flowing out of a SW had a job. The transitions towards work are the highest for the WIE's, with an average of 81,5%, followed by the WEE's, with an average share of 71,5%.

Secondly, these transitions are sustainable. The share of target group workers who went to work after flowing out of a WISE remains stable during the years after the transition was made, and in some



cases even increased. In addition to this, the share of target group workers who left WISE's and got unemployed decreased year by year. By this, we know that most of the target group workers who left WISE's and found a job elsewhere remained at work. This indicates that the studied WISE's may indeed be perceived as steppingstones towards sustainable work.

Nevertheless, a third and last conclusion is that this is only the case, as far as the WEE's and WIE's are concerned, for a limited group of target group workers. Despite the fact that transition towards a job elsewhere in the labor market is an explicit goal for these WISE's, the overall transition of target group workers from a job in a WEE or a WIE to a job outside the SIE is rather limited. We also noted that the majority of the target group workers transferring from WIE's already left after less than 1 year. This leads to the question to what extent the employment in a WIE has had an effect on these transitions.

At this moment, a new legislation is being set out for the Social Insertion Economy in Flanders, which will have a great impact on the different WISE's. In this new legislation and policy, transitions towards the regular economy get a great deal of attention. Both target group workers and enterprises are stimulated and supported to realize these transitions. Given our conclusions, this is a positive decision and may even be, especially for the WIE's and WEE's, a necessary tendency. After this new legislation and policy will have been put into reality, further research will allow us to give more insight in the effectiveness of the different policy measures aimed at stimulating transitions towards a job outside the SIE.

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