

THE SOCIAL ECONOMY OF INTEGRATION
Analysis of the complementarities and efficiency
of the tools of the social economy
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Belgian Section of CIRIEC

Objectives

The social economy of integration is an activity at the crossroads of social action, education and economic activity that works towards continuous comprehensive action (on the part of bodies acting in concerted, complementary fashion) ranging from socialisation (upwards “resetting” of knowledge and personal valorization) via the acquisition of social skills (acquisition of “*savoir-être*” and access to active citizenship) and professional skills (“know-how”) through to active, interdependent participation in the production process. We speak of social and professional integration, because employment has several functions. One of these (and not the least) is social integration.

A variety of tools are used in the social economy of integration. They may arise from public or private initiatives or from the social economy in the narrower sense. Mention may, for instance, be made of the workshops and work training companies (AFT and EFT, *leerwerkbedrijven* and *werkervaringsbedrijven*), the socio-professional integration agencies (OISP), “insertion” enterprises (*inschakelingsbedrijven* and *invoegbedrijven*), the adapted work companies and protected workshops (*ateliers protégés*, *beschutte werkplaatsen*), the *sociale werkplaatsen*, the *arbeidszorgcentra*, local corporation moderate-rent accommodation (*régie du quartier* on the initiative of housing associations) and urban district redevelopment schemes (*RQ* in “brown belt” districts), ...

The social economy of integration has something of the look of a response to the crises of the Welfare State. However, it is important to analyze its strengths and verify the conditions under which its contribution may prove to be useful. It is also important to mark out its limits to render its action the more efficient. The social economy of integration must set its sights on complementarity, and not on competition with the traditional tools of public policy and the classical private economy.

To do this, it would help to reinclude the social economy of integration in the social economy in the broader sense, where the objective goes beyond socialization and/or education and socio-professional integration (Chapter I).

In this context, the general objective of this research is to exploit the results obtained in various studies concerning the social economy of integration at Belgian national level, and more particularly in the Walloon Region, to evaluate the performance of the tools and policies involved in integration and their complementarity. Such analysis should bring out a clearer

picture of the strengths of the social economy of integration in the Belgian institutional landscape and help to formulate the arguments that may illuminate the political decision.

Various Belgian research centres (CERISIS, CES, CIRIEC, HIVA, ...) have been researching the social economy for some years now. Integration in particular. It appeared important to be able to draw together these important collections of data and field experiences and exploit them in a general Belgian setting using the studies carried out at European level as a reference framework. It seemed advisable, in point of fact, to press on with the analysis of integration activities so as to be able to respond more efficiently to the challenges of exclusion and unemployment in Belgium.

The research therefore pursues four main objectives.

- First, by taking stock of the various studies previously conducted and carrying out an original complementary study of integration companies (Chapter III), we have drawn up a register (Chapter II) of all the various tools of the social economy of integration used during the past few years in Belgium, and more particularly in Wallonia. Besides the characteristics of these tools (number of beneficiaries, legal status, target public, financing, ...), this register also includes the results of the partial evaluations run for some of them. A first set of teachings and a synopsis of the different tools used in the three Regions is proposed on the basis of this information. The problems of suitability of these tools to the target publics, the disparity of professional integration rates between tools and between regions, the advantage of professional immersion and complementary training, ... are that many subjects measured off against the yardstick of the integration objectives pursued by the public authorities at federal and regional level. The problems of (i) evaluation of efficiency and (ii) complementarities and partnerships between tools and players are clearly identified as success factors.
- Given the lack of homogeneous, systematic evaluations of each tool, the second research objective is to hammer out a general methodological evaluation framework that would bring out reliable performance indicators and help future decisions with regular figures. Two lines of analysis are explored.

The first technique is based on analysis of financial ratios. Taking earlier studies in the social economy sector, it appears that this method maps the contours of significant trends as regards the potential and the perpetuation of these tools. These (admittedly only partial) performance indicators of the financial type are a perfect match for the developing structures of commercial activities without losing their validity for non-profit organizations. This evaluation method is applied to measure their relevance to integration companies approved by the Walloon Region (Chapter III).

The second evaluation method proposed is a more ambitious method based on indicators of the costs/resources - result/impact type (Chapter IV). These indicators, in part used in earlier studies (Chapter II), were constructed and selected in the light of, one, their suitability for the purposes of analysis and, two, their potential for application by the competent public authorities. Considering the available data, it is

not as yet possible to conduct a study of this kind for the full set of social economy tools designed for socio-professional integration. However, by way of an illustration, a synopsis presenting the adopted evaluation model is constructed for the *entreprises de formation par le travail* (EFT) of the Walloon Region.

- The third research objective is to identify the various complementarities that exist between the tools of the social economy of integration and between those tools and the tools wielded by public authorities and private enterprises, ditto the partnerships between the players that help to uphold the sector of the social economy that aims at integration (Chapter V). After a brief presentation of the channels of integration at European, Belgian and regional levels, the discussion and proposals draw inspiration from the current course of integration developed in the Walloon Region. Various avenues and arguments are considered in the hope of increasing the efficiency of such networking. However, these recommendations seem to require guidance and support by the performance gauges obtained through the proposed evaluation methods.
- The fourth objective, bundling the whole research, is to work up a number of recommendations allowing an improvement of the role and missions of public authorities in terms of accompaniment of integration tools in the more general context of research into social cohesion. There are two types of recommendation.

The first type of recommendation concerns setting up, integrating and harmonizing coherent longitudinal data bases for each of the tools and applying a multi-criterion evaluation method allowing systematic and repeatable measurement of the efficiency of the different tools.

The second type of recommendation, based on comparative analysis of experiences to date in the three Regions, maps out more lines of action enabling the valorization and strengthening of the four dimensions necessary for efficient, lasting socio-economic and professional reintegration, i.e., accompaniment and social support, training and skilling, social reintegration and lasting reinsertion in the employment market be it traditional or of a more protected nature.

Main conclusions and recommendations

The main conclusions of the study and the various lines of action intended to improve the apparatus of the social economy of integration can be summarized by mention of the elements that follow.

The social economy of integration began to develop in the late Seventies as a response to the problems of exclusion from the employment of persons at greatest risk. In fact, neither the private companies moved by the sole objectives of cost-effectiveness, nor the financially constrained, organizationally arthritic public authorities have been able to solve the problem of social exclusion.

Today, against the backdrop of the socially active State, these devices of the social economy of integration are attracting renewed interest among the public authorities which see them as a simple, efficient solution for the professional integration of those strata of the population hardest hit by long-term unemployment.

A strategy of partnership and networking

To reach their goal of integration efficiently, the tools of the social economy must preserve their autonomy and functional energy but also be integrated, in broader networks made up of public and private partners. The *Parcours d'insertion* attests to the need for synergies between the different players active in integration and education. However, the synergies now up and running still have a number of gaps.

The passage from training tools to integration companies will probably be encouraged among the operators of the social economy. In fact, the beneficiaries of training courses seem to be insufficiently represented among these operators. Recent amendments to the legislations of the three Regions designed to ensure the financial viability of these companies will have knock-on effects on the beneficiary public. Caution is in order.

Concerning the highest-risk public, if the Flemish Region permanently subsidizes its *sociale werkplaatsen*, the Brussels Capital and Walloon Regions prefer to avoid this kind of device, judging it to be too stigmatizing. It therefore seems important to activate the federal measure SINE¹ in these two Regions. SINE would allow that public to be integrated into the various existing systems, avoiding any connotation of a ghetto. This regional divergence of approach results in part from the place-value assigned to the right *to* work in Flanders and the right *of* work in the other two Regions, which fear skewing the organization and functioning of the employment market and stigmatizing the highest-risk workers.

It seems that the complementarities between the tools of the social economy are mainly active at the first two steps of the *Parcours* while the public training/skilling tools are insufficiently developed within the *Parcours d'insertion*. This is in part explained by the skimming practised

¹ The federal measure SINE (from *Sociale Inschakelingseconomie*) offers a sustainable financing through the activation of social allowances (unemployment benefit and minimex) with a view to encouraging the integration of persons receiving benefit who are very difficult to place in the social economy of integration.

by these public training centres which recognize few pre-training courses. The competence balance-sheets should enable a reduction of the gap between the thresholds of competence at the outlet of pre-training tools and the intake of public training/skilling centres. It should be noted that the social clauses may improve this type of partnership.

These lacks of complementarity arise in part from the absence of a sufficiently clear definition of the target public of each tool. Such definition ought to be the subject of regular examination by the competent authorities, since the public actually affected will very much depend on the economic situation. Inaccurate mapping of these publics might encourage the skimming process, especially in tools that are heavy-maintenance in terms of profitability.

Furthermore, contractualization between public authorities and the organizations of the social economy of integration in the name of public policy is not without consequence for the development of the social economy sector. Finally, we should not forget the frequency of the budgetary resources allocated to the tools and devices (generally annual) and their service life as regards integration, which is not annual.

The majority of studies also reveal the need for real synergies with private enterprise. The integration policies, initially of the hierarchical, sequential and adaptative type, must tend towards a co-operative type model. In fact, policies designed to improve the employability of a single worker by readapting him to the social and economic structure overlook the role of enterprises which should upgrade their workers through a training and skilling organization. The fear of disloyal competition goes some way to explaining this lack of openness. Without such partnerships, the social economy of integration risks confining itself to the management of social exclusion at the expense of the most marginalized. The experiments conducted by the public authorities - such as the social clauses, jobcoaching, the Regional Missions or the Employer's Groups - are all solutions that should be encouraged. It is interesting to note that immersion in a real production situation seems to be conducive to successful professional integration that could only have been developed by this kind of partnership.

Finally, structure to co-ordinate and support initiatives by the social economy of integration could improve the efficiency of the various tools by contributing to their integration in a more general view of social and professional reintegration. A good integration of financing structures in the social economy should likewise be encouraged.

The partnership strategies will be stepped up by the active participation of the beneficiaries. In particular, self-integration rather than hetero-insertion, where the integration professionals unilaterally decide the type of integration that should be encouraged. The new status of *coopérative d'activité* in the Walloon Region should support this campaign.

The efficiency of an integrated general policy to combat social and professional exclusion is also measured off against its capacity to unify campaigns in a given territory. Besides the improvement of synergies between the different players, these local dynamics should allow the creation of new activities not catered for by the market or by the State, activities that meet local needs. The *Coordination locale d'actions d'insertion socioprofessionnelle* set up by the Regional Mission for Charleroi is one example of this new type of local approach. The Local

Employment Development Initiatives (*Initiatives Locales de Développement de l'Emploi* (ILDE)) initiated by the Brussels Capital Region represent another course of action.

The guarantee of quality employment

Despite this need for synergies with the public training/skilling tools and, more generally, the need for tailored supply and demand policies, the social economy of integration must avoid becoming instrumentalized at the price of its objective of restoring to employment, regardless of the content thereof put up by the socially active State. The wake of such a societal model would bring the creation of a secondary employment market made up of unskilled, under-paid workers not benefiting from any training and unable to enter the primary market.

According to Liénard, “we must take critical stock of these policies that put forward the return to employment as the sole strategy in the fight against exclusion. Not only by rejecting all that has been done, but by calling attention to the quality of the jobs thus produced². (...) The creation of suitable jobs is an essential structuring condition if the integration policies are not to lose themselves in an exclusive logic of control and social containment of the persons and groups ‘pushed to the wall’ who could otherwise become ‘permanently integratable’³.”

In the same line of thought, a more fundamental question again arises as to the tools to be used for integration: the question of the place to be accorded to those without access to the “standardized” labour markets. More precisely, it is a matter of knowing how to recognize the social utility of the activities of those who cannot find employment. By virtue of the relations and exchanges that they develop, these activities - which could be created, e.g., in the environment and recycling sectors - also create links of social cohesion.

The main challenge is not to ratify the distinction between employable and unemployable. This involves the risk of creating zones of activity that are too stigmatizing for those affected. The point of the exercise is not to become enclosed in the current debate on “poverty traps”, but rather to shift the question from incentive to work and employability to that of the quality of jobs and the legal frameworks that define those jobs.

Social integration and citizenship drives based on autonomous objectives not structurally subordinated to acquisition of the skills required for professional integration remain fundamental characteristics of the social economy of integration. They must continue to be.

A methodological framework for costs/resources - results/impact-type analysis

To guarantee the transparency and efficiency of the tools of the social economy of integration, it further seems necessary to measure their results and impact as well as their costs. After inventorizing the existing works on the subject, we propose the construction of a general evaluation tool or the purpose. The tool features several key quantitative and qualitative indicators adapted to the field of analysis and is simple to use. The quantitative

² G. LIENARD (éd.), *L'insertion : défi pour l'analyse, enjeu pour l'action*, pg. 152.

³ Ibid, pg. 197.

criteria are always referred to as INDICATORS, while the qualitative criteria are referred to as DESCRIPTORS.

In the tables we propose, all the criteria must be arranged in columns (as many columns as criteria). There are as many lines as tools to be analyzed and compared. Each cell thus presents the evaluation of the tool for the criterion in question. However, it is clear that the estimation methods may differ according to the nature of the criteria, since the INDICATORS are expressed in absolute, relative or monetary statistical data, whereas the DESCRIPTORS are expressed in the form of comments or notes.

The priority criteria that we finally selected are the following:

* For the INDICATORS:

- the indicator of total gross annual budgetary cost;
- the indicator of average gross annual budgetary cost per tool;
- the indicator of comparison between target public and actual-catchment public;
- the indicator of final professional integration rate with reference to target public;
- the indicator of professional integration rate, x months after training, with reference to target public;
- the indicator of enrolment for a training course on completion of the probationary period;
- the indicator of rates of re-enrolment for a training course x months after completion of the probationary period;
- the indicator of financial surplus at the end of the month, one year after training, implicitly measured either by comparison with a reference group or against a previous situation (on completion of the probationary period) ;
- the indicator of budgetary profit issuing, e.g., from the induced effects on the employment market; this indicator⁴ may be expressed in aggregate figures or per reintegrated formerly unemployed person;
- the indicator of number of workers (trainers) in the tools;
- the indicator of commercial value-added and its movements;
- the indicator of self-sufficiency as regards wages and salaries;
- the indicator of commercial productivity of the work factor;
- the indicator of commercial self-sufficiency;
- the indicator of the percentage of aid in incomes.

* For the DESCRIPTORS:

- the descriptor of social integration:
This category of descriptor can be modulated according to the type of tool analyzed and its type of measure. In fact, criteria such as the reduction of criminality rates seem more relevant for tools such as the *régies de quartier*. For other tools, according to the level of analysis (civil behaviour study, family cell, human relations), a set of criteria are placed may be included to moderate the thesis;

⁴ The global amount (if positive) is deducted from the gross annual budgetary cost to obtain a measure of the net annual budgetary cost to the public authorities.

- the descriptor of impact on quality of life:
This implicitly underlies a series of different but closely related impacts: impact on way of life (accommodation, habits) and mental and physical health;
- the descriptor of impact on welfare:
This descriptor is exclusively subjective as it draws on the perceptions among persons in the target public of the impact of their passage into the organization on their life and general welfare;
- the descriptor of impact on feelings of personal efficiency, self-esteem and confidence:
Closely connected with the previous descriptor, this descriptor naturally appears to be complementary. It may, however, also be considered optional in our table, depending on the terms in which the former is presented and the type of response elicited;
- the descriptor of general impact on social capital (social cohesion, social value-added) and on human capital:
Evaluation of this descriptor remains very complex, since it covers aspects of a global nature affecting individuals other than the direct beneficiaries or having effects that cannot be measured except over the very long term. This might be done in a more general way on all the tools taken together, with a more pronounced weight for social cohesion in certain types of tools (local corporations) or for human capital in others (EFT, insertion enterprises, ...).

Bearing in mind the difficulties encountered in the collection of data, it is unfortunately not possible to complete all the lines and columns in the table exhaustively. However, by way of practical example, we decided to complete the exercise by means of a representative tool, i.e., the *entreprises de formation par le travail* (EFT) in the Walloon Region. It should be pointed out that the statistical data or commentaries that we have included were not taken from the same studies and do not necessarily relate to the same year of observation. Care must therefore be taken in the interpretation of this information. Furthermore, besides the fact that the results presented should ideally be refined (in terms of evolution, disaggregation) to correspond better with the problem in question, it falls to us to interpret them in the light of the specific nature of each tool.

A methodological framework for financial-type analysis

Finally, it should be noted that the financial-type result indicators that we have proposed and applied to insertion enterprises should allow more precise future analysis of the suitability and impact of public subsidy policies for the financial viability of the tools and the realization of their objectives.

The following variables are used for this financial analysis.

Among the absolute quantities:

- *Turnover*
- *Gross Margin*
- *Commercial Value-Added*
- *Net Profit or Loss*

- *Total Subsidies (or Aid).*

Among the ratios:

- *1 - (Subsidies / Gross Wages and Salaries)*
- *Work Factor Commercial Productivity* calculated in two ways:
 - *Gross Margin / Gross Wages and Salaries*
 - *Commercial Value-Added / Gross Wages and Salaries*
- *Commercial Self-Sufficiency Ratios:*
 - *Gross Margin / (Total Expenditure - Intermediate Consumption)*
 - *Comm. Value-Added / (Total Expenditure - Intermediate Consumption - Miscellaneous Goods & Services)*
- *Percentage of aid in income* also expressed in two possible ways:
 - *% Subsidies in Turnover*
 - *% Subsidies in Sales & Services.*

The statistical processing that we applied to the data base concerning insertion enterprises yielded some interesting and instructive lessons about the relevance of the proposed analytical method. This tool appeared to be necessary and complementary to the purely micro-economic analysis and gave a clearer picture of the behaviour of this type of company. Although the results as such remain limited at present and are not amenable to generalization for reasons of size and lack of available samples, they nonetheless brought out (i) the potential general risk of non-profitability and the absence of commercial self-sufficiency of the companies under review and (ii) the need to pursue the exercise on other similar tools of the social economy in a more comparative perspective (which has been started for the work training companies and also effected for the advisory agencies). A new application on the same sample of enterprises in the years to come is all the more warranted by the degression of subsidies over five years. It will therefore be interesting to see the extent to which insertion enterprises will be capable of squaring up to the totality of their expenses or whether another means of subsidy (SINE or subsidy on demand for the proximity services). Failing this, another means of functioning, (social workshops such as already exist in Flanders) might also be considered.

The creation of relevant data bases

It is therefore the task of the competent public authorities, according to the definition and setting of the objectives considered to be priorities and in line with their action strategy, to promote the integration and harmonization of data bases for each tool. This must be done for each key indicator selected, whether through surveys or interviews with players or by means of more precise investigation tools for public and private operators.

In fact, the success of networking and partnership strategies will depend very much on the knowledge that the decision-makers have of the efficiency of the available insertions tools, be they public or private.