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Public Policies and Work Integration Social Enterprises: The Challenge of Institutionalization in a Neoliberal Era

DOI 10.1515/npf-2016-0028

Abstract: One particular field of Social Enterprise – WISEs or Work Integration Social Enterprises – has become increasingly recognised as being emblematic of the dynamics of social enterprises and now constitutes a major sphere of their activity globally. From their early roots, focusing on providing productive activity for the blind and those with other physical and/or intellectual disabilities, WISEs are pioneers in promoting the integration of excluded persons through a productive activity. In recent decades, WISEs have incrementally evolved as a tool for implementing national and regional labour market policies. The papers in this special edition explore how populations of WISEs in different country contexts have emerged, and in some instances, shifted in their identities over time in relation to changing national or regional public policies. This special issue is part of the ICSEM project, a worldwide research project aiming to identify, analyze and compare social enterprise models across countries, regions and fields. The special issue features five country specific analyses from the first stage of the ICSEM project where researchers focusing on WISEs examined the policy environment surrounding WISEs and the heterogeneity of the organizational WISE models that have emerged in different contexts: Ireland, the United States, Japan, Austria and Switzerland.

Keywords: WISEs, active labor market policy, neoliberalism

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Background

One particular field of Social Enterprise – *WISEs* or *Work Integration Social Enterprises* – has become increasingly recognised as being emblematic of the dynamics of social enterprises and now constitutes a major sphere of their activity globally. The main objective of WISEs is to integrate the disabled and other disadvantaged groups, including the long-term unemployed, back into the labour market and society through a productive activity. WISEs, like the broader field of social enterprise organizations of which they are a part, are usually viewed as multiple-goal organizations; they mix *social goals*, connected to their specific mission to benefit the community (the integration of people excluded from the labor market through productive activity but also in some cases other goals linked to community development such as supply of services to elderly people, children and recycling goods); *economic goals*, related to their entrepreneurial nature; and *socio-political goals*, given that many SEs originate in a "sector" traditionally involved in socio-political action (Nyssens 2006).

From their early roots, focusing on providing productive activity for the blind and those with other physical and/or intellectual disabilities, WISEs are pioneers in promoting the integration of excluded persons through a productive activity. In recent decades, WISEs have incrementally evolved as a tool for implementing national and regional labour market policies. However, the extent to which WISEs are recognized and incorporated into welfare state policy varies across countries and the dialogue between them has not been uniform or smooth. Indeed, the nature of the accommodation between the views of WISEs and those of public bodies on the contested nature of WISEs' mission is not always easy.

Relations between WISEs and public policies are a key issue explored in each of the papers of this special issue of Nonprofit Policy Forum. The papers in this special edition explore how populations of WISEs in different country contexts have emerged, and in some instances, shifted in their identities over time in relation to changing national or regional public policies. This special issue is part of the ICSEM project, a worldwide research project aiming to identify, analyze and compare social enterprise models across countries, regions and fields.[1] The special issue features five country specific analyses from the first

1 Some 230 researchers working together under the coordination of Jacques Defourny (CES, HEC – University of Liege, Belgium) and Marthe Nyssens (CIRTES, Catholic University of Louvain, Belgium). The ICSEM project (http://www.iap-socent.be/content) is active in over 55 countries, in all regions of the world. This research has been carried out with the support of an Interuniversity Attraction Pole funded by the Belgian Science Policy Office under the title "If not for profit, for what? And how?"

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stage of the ICSEM project where researchers focusing on WISEs examined the policy environment surrounding WISEs and the heterogeneity of the organizational WISE models that have emerged in different contexts: Ireland, the United States, Japan, Austria and Switzerland. To introduce the special issue, in this article, we present a comparative framework, drawing on the work of Brenner, Peck, and Theodore (2010), to argue that the evolution of WISEs in different country contexts can be understood in the ways in which national institutional and organizational actors have responded to, and contended with, the global turn to neoliberalism. A major tenet underpinning the analyses is that the divergence in public policy supports available to WISEs across different countries can be understood in context of three factors:

1) the variance in historic welfare state configurations,
2) the specific, and unique country specific, institutional restructuring in light of the growing global neoliberal orthodoxy,
3) the diversity of WISEs types that have emerged.

WISEs and the Changing Welfare State

Neoliberalism refers to a policy model often equated with a transition of control from an empowered public sphere, active in regulation and intervention in the economy, to an approach that cedes control to the private sector and replaces traditional state activity with market-based approaches. Brenner, Peck, and Theodore (2010) argue that rather than a set of proscriptive, specific policy approaches, neoliberalism is better understood as an ever evolving process of revision of the institutional settlements that underpinned the Keynesian welfare state established in the twentieth century. Characterized by a set of orienting beliefs in competitive individualism, self-regulating markets, devolution of risks and responsibilities to localities, it is argued that neoliberalism is not so much a shrinking of the state as a re-articulation of the relationship between state, market and citizenship such that it "harnesses the first to impose the stamp of the second on the third" (Wacquant 2012).

Building on the varieties of capitalisms approach (Hall and Soskice 2001), Jaimie Peck and colleagues (Peck and Tickell 2002) argue that to understand the neoliberal turn in country specific contexts, one must set a lens on "actually existing neoliberalisms" which are "distinctive to the national, regional and local contexts", and "defined by the legacies of inherited institutional frameworks, policy regimes, regulatory practices and political struggles". As follows then, the broader institutional environment surrounding WISEs varies from

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country to country, with consequences for the organizational characteristics of the WISE populations as they evolve in specific country contexts.

Pioneering Initiatives

WISEs throughout Europe, in the US and Japan have their roots in a pre-1960s era characterized by vocational rehabilitation initiatives targeted at persons (at the time) deemed unable to compete and/or participate fully in the open labor market. These first wave WISEs combined work activities with life skills training and socialization activities for those with intellectual and/or physical disabilities. Any market activity was typically sheltered from full exposure to market competition through government subsidies and procurement policies. As part of broader Keynesian welfare state models, government subsidies and supports flowed from a commitment to providing places of decommodification, sheltered spaces where populations, deemed unable to support themselves, could participate in productive activities by selling their labour.

A second wave of WISEs emerged in the 1980s characterised by a markedly different profile. These WISEs engaged with a broader set of disadvantaged populations, including longer term unemployed, immigrant and refugee populations, individuals struggling with substance abuse, former prisoners, homeless and otherwise struggling low income individuals. Most of these WISEs were founded by civil society actors: social workers, community activists, trade unionists, and so on. In a context of persistent unemployment, the social actors lacked adequate public policy measures to tackle the problem linked hereto. Consequently, initiatives emerged that emphasized the limitations of public intervention on behalf of persons excluded from the labour market like the long-term unemployed, persons lacking qualifications or those with social problem. The aim was similar to those that arose in the 1960s namely to provide work activity and socializing opportunities for those at the margins. However the context had changed. The 1970s brought the crisis of North Atlantic Fordism capitalism, rising unemployment, economic stagnation, inflation and the embrace in the 1980s of neoliberal policy approaches to cut government spending, the emergence of the workfare concept and reduced regulation, in service of economic growth. This is the political economic environment that fostered a second wave of WISEs and served to re-shape and shrink the sheltered workspaces traditionally supported by welfare states.

To this end, this second wave of WISEs emerged at borderlines of the old welfare states, functioning on the one hand to create employment opportunities and services where states and markets were not providing them and on the other hand were almost a forerunner in the implementation of active labour market

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policies, in many instances, before such policies had even come into institutional existence. Indeed, the processes of institutionalisation of WISEs is best understood in the context of the boom in national active labour market policies that emerged in the 1970s. Public bodies, faced with high rates of unemployment and a crisis in public finances, began to develop policies that aimed to integrate the unemployed into the labour market (through professional training programmes, job subsidy programmes etc.), instead of relying only on passive labour market policies based on a system of allocation of cash benefits to the unemployed. In this context, it seems that WISEs have come to represent a tool for implementing these active labour market policies in essence almost becoming a "conveyor belt" of active labour market policies, albeit to varying degrees across country contexts. Below we review a menu of different modes of work integration followed by an overview of the variance among country specific clusters of policy adoption.

Different Modes of Integration

According to previous analyses (Defourny, Gregoire, and Davister 2004), WISE can be classified into four main groups, on the basis of how workers are integrated into the workplace and/or mainstream labour markets:

The first type of integration mode seeks to make up for the gap between the productivity required by the conventional labour market and the actual capacities of the workers through open-ended employment contracts. Historically, these integration modes have been most prevalently offered to WISEs creating sheltered employment for the disabled and subsidized by public authorities. Some newer forms of WISEs, rooted in the second wave also offer such type of work integration, but increasingly, combined with the goal of community service such as those WISEs that benefit from the Community Employment (CE) and Community Services Programme (CSP) in Ireland. CE is an active labour market initiative, which evolved in the 1970s and, the CSP is a community based support programme for social and community enterprises with specific characteristics including: community ownership, a local development focus, and the provision of work integration opportunities for the long-term unemployed and other groups at risk of social and economic exclusion In these cases as well, the participating social enterprises are not required, or expected, to become financially sustainable and consequently often remain reliant on statutory funding.

A related open ended employment integration mode aims to (re)socialize people by means of productive activities. These WISEs aim to serve

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particularly vulnerable workers. The work they provide is "semi-informal", that is, it is not regulated by a legal arrangement or employment contract. Voluntary work is relatively important and market resources are fairly limited. Pertinent examples include some of the Japanese WISEs that provide opportunities for those with disabilities to enjoy a social life. This is similar to the first category of WISEs previously described except that there is no labour contract.

The second major integration mode features work experience ("transit" employment) or training through work. Although enterprises operating this mode of integration all share a common objective – to help their beneficiaries find a job in the conventional labour market – they differ in the ways in which they pursue this goal. A WISE operating in this mode provides temporary jobs with on-the-job training and social support (U.S., Japan, Austria) or offers training leading to a qualification in the form of an internship (Japan,). Such initiatives typically create bridges to employers in the unsubsidized labour market, and increasingly work with mainstream employers to co-create training curricula and work skills building to meet labour market demand. The diversity of approaches to this particular mode of work integration is matched by the diversity in the ways in which resources are mobilized. Some of these countries have direct subsidization schemes for job or employment function of the WISE (Japan, Austria), in some countries the beneficiaries of WISE organizations also receive indirect subsidies through unemployment or social allowances supplements (Switzerland), while in others the job creation or employment function is practically independent from any kind of direct public subsidy, although there may be public resources for ancillary training (U.S.). For many of these models, the ability to generate third party resources through volunteer labour and philanthropy can be important.

A final category of integration mode describes WISEs that offer self-financed permanent employment, that is, jobs that are economically viable in the medium term, to vulnerable individuals. U.S. worker cooperatives, specifically designed to employ disadvantaged workers could be included in this fourth group. The mode of integration is direct employment by firms that are designed with social hiring in mind. In the case of worker cooperatives operating in this mode, the firms are owned and controlled by their workers as well and typically focus on wealth building through employment as a form of community economic development. This is also the case of the Japanese "Workers' Collectives" established by disadvantaged workers themselves. These WISEs aim to create new and democratic workplaces and to provide services for local communities.

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The Neoliberal Turn

Common Trends

The articles contained in this special issue on WISES illustrate a common trend in the trajectory of WISE evolution and development in Europe, the USA and Japan: public policies and measures available to WISEs now shape (at least partially) their objectives and practices, in some cases reducing their role to that of an instrument of active labour market policy, potentially at the expense of broader innovation. Although operating in different country specific political economies, WISEs, as organizations tasked with combining social aims including labour market integration, commercial activity and, political goals share a common set of tensions in the face of changing public policies.

First, against a backdrop of the neo-liberal turn, most societies have witnessed the proliferation of new public management (NPM) (Pollitt 2007). This movement also embraced the introduction of quasi-markets into social services, albeit in various forms. The NPM mantra introduced a new language that described *users* as *consumers* and redefined statutory authorities as *purchasers in a competitive supplier market* (Le Grand 1991). Input-oriented funding was replaced by output-based payments, via fixed-term contracts and benchmark-based evaluation. This was meant to eliminate both (alleged) inefficiencies arising from bureaucratic administration and poor responsiveness to users or payers (McMaster 2002). Consequently, WISEs have been deeply affected, evidence of which can be found in the current shape and form many have adopted. The changing "terms of trade" between the state and WISEs is highlighted in each of the country papers. There has been a transformation in the rules of the game for WISEs as we witness a shift from the *traditional* allocation of statutory grants for their mission of work integration to the *awarding* of statutory contracts arising from an increasingly competitive tendering process open to all types of firms, profit or not for profit, private or public. For WISEs selling products and services to public bodies, this practice of competitive tendering which is also applied to public procurement markets in which WISEs sell their goods and services, obliges them to behave more like their for-profit competitors, pursue increased levels of earned income and adopt a variety of business models that run the risk of causing them to neglect their social mission, reduce their potential for innovation and possibly erode participatory governance structures in the process.

Second, the most common work integration approach is, nowadays, the bridge employment model which offers transitional jobs, work experience

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and/or training (through work experience) sometimes with a host organisation typically for a shortened duration. For example in Austria, the average duration of employment for transitional workers has been reduced from 241 days in 2005 to 116 days in 2012. Whilst in Ireland, the Tus programme (a community work placement programme introduced in 2010) provides a 12-month work opportunity for unemployed people in community and voluntary organisations for the purpose of delivering community based services and a Job Bridge programme (launched in 2011) offers a 6 or 9 months internship to an unemployed person in a host of private, public, community and voluntary sector organisations.

Each of the papers in this special edition also illustrates the changing nature of public active labour market policies, in turn, highlighting the changing regulatory role of the state. There is an increasing tendency to make the unemployed take greater responsibility for improving their own individual employment opportunities. Such labour market policies find their most significant expression in the different kinds of "integration contracts" within a workfare paradigm; essentially these are agreements between the registered unemployed and national Labour Market Offices/Agencies. Such contracts include an agreement on the rights and duties of both parties with a view to ensuring the quickest possible integration into the labour market in line with the profile of the unemployed person. There are associated penalties for uncooperative behaviour e. g. if some instances if the unemployed person rejects a reasonable employment offer, the state can reduce their social benefits.

Varied Patterns

Against the backdrop of these common trends, the different political and economic policy landscapes underpinning WISEs have resulted in varied patterns of WISE development across the countries reviewed in this special edition. Invoking the analytic steps proposed by Brenner et al. (2002) to illuminate the contours of "actually existing neoliberalism" as it unfolds in a given country environment, we proceed by drawing on the analysis of the papers in this special issue to examine the relationship between: 1) the variance in historic welfare state configurations, 2) the specific, and unique country specific, institutional restructuring in light of the growing global neo-liberal orthodoxy, and 3) the diversity of WISEs types that have emerged.

In an earlier study, Nyssens (2006) illustrates that WISE specific policy approaches cluster by country in a manner that corresponds with Esping-

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Andersen's welfare state categories. Building on this work, to illustrate the labour market public policy and regulatory context for the evolution of specific WISE populations, Table 1 examines the levels of spending on Active Labor Market Policies (ALMP) – such as education and training – and degree of the Employee Protection in the labor market-using an OECD metric – across the five countries highlighted in this special issue, by the three worlds of welfare states represented: Liberal welfare states (US/Switzerland), Corporatists (Ireland/Austria) and the outlier (Japan). Our aim is to describe in broad strokes the

Table 1: Categorizing Countries by Welfare State Type, Labor Market Spending and Employee Protection Levels

Country	Welfare state type	ALMP as % GDP[a]	Labor market protections[b]
US	Liberal	0.1	**Low** Employment Protection Legislation (EPL) for permanent workers[c] **Low** EPL for temporary workers[d]
Switzerland	Liberal/Corporatist	0.6	**Med low** EPL for permanent workers[e] **Med low** EPL for temporary workers[f]
Ireland	Corporatist / Liberal	1.0	**Med** EPL for permanent workers[g] **Med low** EPL for temporary workers[h]
Austria	Corporatist	0.8	**Med Hi** EPL for permanent workers[i] **Med** EPL for temporary workers[j]
Japan	Uniquely Unique	0.3	**Med** Employment Protection Legislation for permanent workers[k] **Med low** EPL for temporary workers[l]

Notes:
[a]Source: Labour market programmes: expenditure and participants, OECD Employment and Labour Market Statistics Database.
[b]EPL metric devised by OECD considers 21 indicators of Employment Protection, in areas of: procedural inconvenience, difficulty of dismissal, notice period and availability of severance pay.
[c]6th lowest score out of 71, 1.2 score in range from 1 to 3.5, mean 2.19, median 2.3, st dev 0.54
[d]0.03, mean 2.3, median 2.3, st dev 1.2
[e]2.1 score in range from 1 to 3.5, mean 2.19, median 2.3
[f]1.4, mean 2.3, median 2.3, st dev 1.2
[g]2.1 score in range from 1 to 3.5, mean 2.19, median 2.3
[h]1.2, mean 2.3, median 2.3, st dev 1.2
[i]2.4 score in range from 1 to 3.5, mean 2.19, median 2.3
[j]2.2, mean 2.3, median 2.3, st dev 1.2
[k]2.1 score in range from 1 to 3.5, mean 2.19, median 2.3
[l]1.3, mean 2.3, median 2.3, st dev 1.2

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connection between the welfare state tradition, the WISE specific policies that emerge correlated with that tradition, and the particular mix of WISE organizational population that emerge given these antecedents to and through the neoliberal turn in the country contexts we examine within.

Liberal Welfare States and WISEs

The liberal welfare state, defined by Esping Andersen as being characterized by a limited safety net that is primarily means tested and kept at minimal levels to avoid work disincentives, is represented most robustly in this group of countries by the U.S. On Table 1, we note that in addition to a limited safety net and the lowest levels of ALMP (as a percentage of GDP) spending in the group, the U.S. also features a low level of protection for workers in the labor market (using an Employee Protection Level metric developed by OECD, see Table 1). These data together portray a political economy that emphasizes work as a means of self-sufficiency (limited safety net), combined with relatively low levels of public investment in workforce development training and a labor market with a weak regulatory regime for worker protection. While Switzerland is often classified as a liberal welfare state, it however shares some elements with both the corporatist (employment-related social insurances) and the social-democratic regime (universalistic old age and invalidity public insurance schemes). It could thus be labeled as a "hybrid welfare regime". However although the level of active labour market policies and employment protection is lower than in corporatist state, it is still higher compared with other OECD countries (Duell et al. 2010).

In liberal welfare state countries, Nyssens argues that while there can be public support for social enterprise rhetorically, the spending levels of ALMPs are low and public policies to create or support WISEs are scant or non-existent. The public policy landscape for WISEs in both U.S. and Switzerland is, indeed, weak. Outside of the sheltered workshop model, neither have a WISE specific legal form or specific policy programs providing subsidy support for WISEs, although in the U.S. case this is beginning to change. There are no umbrella organization representing all WISEs in either country; most likely linked in Switzerland to the different conceptual approaches adopted in the German-speaking area, on the one hand (i. e. business-oriented approach of the social enterprise model), and those preferred in the French and Italian speaking regions (i. e. social and solidarity economy model). In the U.S., this is more likely related to the service silos

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that many WISEs operate within (health services, disability services, poverty, homelessness, community development, etc.).

It is only in recent times that WISEs have been included in federal programmes on poverty reduction and prevention in Switzerland and in the U.S. As Cooney's paper demonstrates, the policy support for disability related WISEs that did exist is currently undergoing great transformation as the American Disabilities Act of 1990 erodes support for the sheltered workshop approach. Many WISEs operating in the second labor integration mode (temporary employment with ancillary training and rehabilitation) in both countries take the form of existing nonprofits moving into business venturing to provide opportunities for their target beneficiaries. To the extent that public policy supports exist to support these models, they tend to be in the form of short term contracts for training activities. In the U.S. transitional job creation activities undertaken by WISEs were not eligible for subsidy until very recently. It was not until the 2014 reauthorization of the Workforce Innovation and Opportunity Act that national workforce development system for adults and dislocated youth categorically allowed the employment training funds, distributed by the states, to be used for transitional job work experiences, and this allocation is federally restricted not to exceed 10 % of the systems' funds. In Switzerland, in an already weak welfare state, criticism is increasingly directed at the costs of welfare organizations. "Activation policy" and "workfare" have become the on-going paradigm of social policy and this is gaining popularity as a solution for cost saving. Most beneficiaries rely on social allowances (e. g. invalidity pension, unemployment allowance, social assistance), and grants targeted at WISEs have considerably waned in recent years largely influenced by the NPM philosophy. Nowadays, the State often buys integration services (workplaces, training, coaching.) at standardized costs and stipulate the requirement that WISE's have to fulfill in order to get public support (e. g. goals, quality management, accountability, and so on).

Without access to significant public subsidy or in the face of very minimal support, the WISEs in these settings must develop their own idiosyncratic approaches to combining business enterprise with other support to provide employment opportunities for the disadvantaged. To that end, one strategy for both U.S. and Swiss WISE NPOs is to become more and more entrepreneurial nonprofit in their orientation. In fact, some have even transformed themselves by adopting more commercial forms and have been relabeled as social business. In the U.S., new legal forms such as the Benefit Corporation or L3C, now available to WISEs, offer a broader set of legal forms for WISEs to inhabit, although the need for resources to address the social dimensions of operating WISEs may continue to make the non-profit form attractive.

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Corporatist Welfare States and WISEs

By contrast the corporatist welfare states (e. g. Austria and possibly Ireland[2] are portrayed as having a social insurance system for those who have paid in as well as a safety net for those falling out of this system. The levels of spending on active labor market policies top liberal welfare states like U.S. and UK but do not reach levels in the social democratic states. In a corporatist country, intermediate bodies are important not only for the management of social insurance but also for the delivery of social services. Indeed these countries (Salamon 1999) are characterised by a significant presence of a nonprofit sector, mainly financed by public bodies, in the field of social services. In these corporatist welfare countries, the first generation of active labour market policies was a kind of mix between employment and social policies, the so-called "secondary labor market programs" that create jobs for the unemployed and socially excluded in the nonprofit and public sectors such as the Community Employment scheme in Ireland. Such programs combine elements of employment training and social support with the objectives to provide employment and reduce social spending. These programs have been key for the development of the second wave of WISEs.

Ireland's strong tradition in the provision of passive income support and social assistance to unemployed people has led to a situation whereby the majority of unemployed and inactive people are in receipt of some form of welfare support with social assistance rates being relatively high compared to other OECD countries. Employment support has typically included targeted direct job creation and increased access to education and training. Public sector job creation schemes have been in place since the 1990s. From the Community Employment scheme (CE), which is the oldest public sector job creation scheme in existence and supported the emergence of a wave of community based WISEs in the 1990s to the Social Economy programme and subsequent Community Services Programme (CSP), which emerged in 2006 and primarily seeks to address service deficits in geographically remote and socially excluded communities and create employment opportunities for local groups at risk of social and economic exclusion.

2 While Esping-Andersen (1990: 35–98) locates Ireland in the liberal category on the basis of its low de-commodification score, in contrast, Cochrane and Clarke (1993) describe Ireland as "Catholic Corporatist' while other commentators refer to Ireland in terms of A 'Developmental Welfare State' (O'Rian and O'Connell 2000; NESC 2005). Payne and McCashin (2005:) in their analysis conclude that accounts of Ireland that accounts of Ireland that emphasise its "so called corporatist traits" require revision.

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The community based WISEs supported through the programme are also expected to secure sufficient income from trading and other sources in order to deliver a properly resourced and viable service (though they are not expected to become financially sustainable). The commercial market in which the WISE operates is determined by the associated funding conditions of the programme; essentially WISEs have to observe certain conditions to avoid the potential displacement of existing local commercial activity. These WISEs derive a variety of market and non-market resources from multiple sources including the state, private, philanthropic and community sectors. However, with this come multiple and conflicting demands on the organisations themselves, often coming often under pressure to adopt different practices driven by different sets of external and internal values (Curtis, O'Shaughnessy, and Ward 2011).

Since 2010, there has been a further shift in social policy emphasis and resource allocation in labour activation measures with resulting consequences for WISEs. A shift from passive income support to proactive measures designed for improved progression in economic and social participation is reflected in the latest public job creation programme, the "Tus" Community Work Placement Programme. As the paper on Ireland will illustrate the consequence of an historic prevalence of a labour market integration approach to: solving the persistence of long term unemployment, providing services to peripheral and disadvantaged communities and supporting the development of Irish social enterprises has resulted in the dominance of the WISE model of social enterprise strongly embedded in public policy discourse..

In Austria, the second wave of WISEs emerged in the 80's driven by a community-led movement, expression of dissatisfaction with the mostly state-driven system. The new third sector organizations, including WISEs began to take over more responsibility from the state with the aim to complement state provision and to force the state to improve its own policies towards a "welfare pluralism" perspective. These WISEs were innovative by exploring "experimental labour market policy strategies" and based on a partnership between the state and non-profit organizations. The state provided funding, but WISEs invented and delivered the services. From 2000 onwards, the situation changed reflecting the neo-liberal turn. Current Austrian labour market policy, budget allocations and targets, are, nowadays significantly influenced by European Action Plans with regional service centres being tasked to measure the achievement of those objectives according to a series of strict indicators (among which the placement rate in the first labour market). The most significant Austrian WISE model is that which provides temporary employment with on the job training and accompanying social support. This leaves little room for creative innovations and could be viewed as a sign of a return to a state-centred welfare

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provision typical in the Austrian welfare state structure and culture. This shift from welfare-pluralism to the welfare-market, characterised by a downsizing of the welfare state via marketisation, has created specific challenges for Austrian WISEs: increased competition for public service contracts and shorter duration of employment for beneficiaries. As a consequence, many WISEs have been reduced to the role of service providers. In addition to this, WISEs have been pushed to develop their market strategies and an increasing number of WISEs have adopted the legal form of "public benefit limited employment projects or companies" which in effect allows them to increase their market revenue from the sale of products and services. Such WISEs are either attached to existing, older larger charities or in partnership with the local government.

Japan

Japan, long considered unique in the welfare state literature (Miyamoto, 2003) due its low level of state sponsored welfare but robust commitment to state intervention in the economy to ensure full employment, results in a country with low levels of welfare expenditure, an average level of employment protection, high levels of employment and low levels of poverty. Despite the absence of a legal or regulatory framework WISEs constitute the largest type of social enterprise in Japan. The main focus of these WISEs is either the direct employment and/or integration into mainstream employment of people with intellectual and physical disabilities, mental illnesses, alcoholism and the long-term unemployed. Japanese WISEs date back to the 1960s but have evolved in terms of social goals, operational strategies, governance structures and revenue streams as consequence of these policies. In his paper Laratta provides an historical overview of the changing policy regime underpinning the development of WISEs, illustrating how a contracting welfare state, greater demands for public services and higher expectations of the third sector (to meet these demand) resulted in greater levels of statutory resources for WISEs. Whilst early Acts such as that of the 1960s *Act on Employment Promotion of the Physically Disabled* introduced the notion of a quota system for the those with disabilities in the workforce of all firms, subsequent Acts such as the *Act on Services and Support for the* Disabled (2006) formalised the role of WISEs as key intermediaries for addressing work integration of specific disadvantaged groups. They either offer transitional internship or provide long term integration – with or without labour contracts –in addtion to offering opportunities for the disabled to enjoy a social life. However, as Laratta highlights this additional statutory support for the sector has brought with it consequent positive and negative impacts including

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increased levels of financial viability, often accompanied by growing levels of inter-WISE competition and a changing culture of commercialization at the consequence of a compromised social mission. The majority of Japanese WISEs are earned-income nonprofits and many of these provide training and employment opportunities for people with disabilities in their cafes and restaurants. Some of them are non-profit cooperatives formed with the objective of creating new and democratic workplaces whilst providing essential services for local communities. They are more community orientated, smaller in size, exhibit a greater commitment to participatory governance.

Conclusion

This special edition highlights the central role that public policy plays in shaping the organizational behavior of WISEs over time. WISEs across country contexts are organizations at the front lines of the post-1970s neo-liberal welfare state restructuring project. As such, the rules of the game are changing. Today, the language of neoliberalism has become the shared grammar across the policy landscapes with consequences for WISE organizations. They must produce social goods (through work integration support and sometimes the provision of social services), but also are expected to be market oriented. Their activity in the market is encouraged but, to the degree they are subsidized by public schemes, they must avoid direct competition with and or the displacement of existing commercial businesses. Often rooted in the civil society, WISEs rely on solidarity based resource networks but at the same time embrace competition. They are charged with employing only certain kinds of (often less productive) workers, but must be successful (socially) entrepreneurially. The messages girding the policy proscriptions are rife with contradictions. As this special issues shows, in some countries, WISEs are associated or a byproduct of part of the active labour policy while in others WISEs are viewed as entrepreneurial efforts to develop opportunities for the disadvantaged in the absence of robust active labor market policies. For those WISEs in countries where there is close integration with national or regional ALMPs, there may be a tradeoff between securing financial support for the organizational mission and flexibility to innovate in service delivery. For other WISEs operating in countries with minimal ALMP support for their work integration activity, the tradeoff is between ability to innovate and the financial risk that comes with unsubsidized commercial venturing with a disadvantaged target population who may need a lot of investment to be productive in a competitive commercial business.

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Despite the country specific contextual differences for their work, at this stage in their development beyond the sheltered workshop model, into a role as labour market intermediary and site of community based employment generation, WISEs face a shared set of high level strategic questions:

1) What is the best market niche for selling goods and services that matches the needs for employment, training and ultimate transition into broader labour market?

The signature feature of social enterprises in general is a substantial level of trading activity on the market. WISEs utilize the market activity for an additional goal – as job creation for disadvantaged workers. The consideration of the industry niches for WISEs to enter varies across countries. For example, in Ireland, strong attention is paid to the nature of the goods and services produced. The commitment to have a public good dimension to the market activity results in a very different profile of industry location for WISEs in a country like Ireland, where WISEs are active in health and social care services and recycling, versus a country like the United States where the nature of the goods produced is not a strong consideration. Instead, the business industries WISEs enter in the U.S. tend to be those with low barriers to entry, such as restaurants, bakeries, light manufacturing, coffee shops, and small scale retail (Cooney 2011). A key question for policy makers, social enterprise managers, community leaders, and beneficiaries is the choice of market niche for the WISE businesses. Particularly for transitional jobs or "bridging" WISE models, the job is meant to prepare the participant for gainful employment. Do transitional jobs in specific industries result in better employment and economic outcomes than others?

This leads to a second, related, important policy question:

2) WISE models for labour market preparation… do they actually deliver?

A main insight from the papers in this special issue is that the WISE model has expanded from its early roots in providing a decommodified space for those considered unable to compete in mainstream labour markets, into job training and transitional employment for future employment in the mainstream labour market. In many countries examined in these articles, the data on WISE outcomes for assisting disadvantaged workers, by training and linking to jobs in the mainstream labour market is inconclusive at best. As WISEs become enfolded into ALMP portfolios, policy makers and practitioners should ask: what are the costs and benefits of work integration models? Which populations do WISEs work best for? As detailed in the U.S. paper, there is evidence from recent impact

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studies in the U.S. that these models only make a difference for the most marginalized and long term disadvantaged workers. In Austria, the lack of evidence on efficacy has led to a decline in support for the WISE approach. In Japan, policy makers are asking if education investment might be better use of dollars spent in terms of beneficiaries' outcomes? Our view is that attention must be paid not only to the evidence on impact but also to the context driving the impact. Given that WISEs operate in many different countries in economies with varying levels of employee protections and minimum wage policies, consideration of how the labour market regulatory context is contributing (or depressing) the impacts generated is important for guiding future action.

This leads to a final question raised by the ICSEM studies of WISE across country contexts:

3) How do WISEs balance their role as a "flanking mechanism" (Jessop 2002), utilized by the state to offer solace for social exclusion and underemployment that is a byproduct of neoliberal restructuring, versus their participation in the development of a new social economy that serves as a site of resistance to unfettered capitalism?

On the one hand, WISEs have been framed as agents of neoliberalism, "neoliberal organizations par excellence" (Garrow and Hasenfeld 2014), that function to move individuals on welfare into workfare. According to this view, WISEs assist in neoliberal project of marketization by providing a "flanking compensatory mechanism for the inadequacies of the market mechanism" (Jessop 2002) through the offer of temporary respite for the disadvantaged. On the other hand, WISEs can be viewed as objects of neoliberalism. They are organizations that rely on customer contracts to sell their products and with on the state to implement ALMP. The increasingly short term nature of public contracting results in an unstable resource environment and a need to become more entrepreneurial in a search for sustainability. As WISEs move closer to the market, non-profit models of WISEs experience a loss of participatory governance and connection to their social movement roots. They struggle to do better than low wage "bad job" competitors. Finally, there is evidence that WISEs especially those experimenting with worker owned cooperative models function neither as objects or agents, but rather as sites of resistance to the neoliberal project. WISEs in this modality, for example the U.S. community development worker cooperatives that aim to root capital in place, build community wealth, and create access to good jobs with sustaining wages and profit sharing, inhabit explicitly anti-hegemonic identities. They are embedded in a collective ethos, shared governance, and ownership rooted in community.

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In actuality, the interaction between WISEs and the socio-political field in which they are embedded likely contain elements of all three of the above dimensions. In most of the WISEs explored in this special issue, they simultaneously contribute to the "activating process of individuals" (which suggests a return of the concept of responsibility in the field of social and employment policies), and have to cope with the increasing pressure of contracts (including with the State) while at the at the same time, try to pursue their multiple-goal mission through innovative practices.

The global neoliberal project has been described as a process, not an end state, that continues onwards, finding new targets and updated justifications even in the face of evidence of the failure of its approach (Peck 2010). An interesting byproduct of this fact is that WISEs, like all other actors subject to the rationalizations of the neoliberal project, are learning from this interaction as well. Overtime, the initial promise of efficient unregulated markets and shrinking public investment in safety nets, combined with short term ALMPs, as the panacea for structural changes in the global economy comes up short. At this point in their development, WISEs must consider how to best make use of their innovative capacity, and the diversity of their resource mix, to best meet the challenges of the current moment.

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