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**3<sup>rd</sup> EMES International Research Conference on Social Enterprise**  
*Roskilde (Denmark) - July 4-7, 2011*

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### **EXAMINING THE LABOR MARKET PRESENCE OF WISES IN THE UNITED STATES**

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Work integration social enterprises (WISEs), also known as assistive businesses or social purpose businesses in the United States, have proliferated in the U.S. in the aftermath of the 1996 welfare reform in the United States, which took a bold step in the direction of linking individual well being with ability to secure gainful employment, and led to a resurgence of readiness-to-work programs. WISE organizations that exist to both employ disadvantaged workers and to prepare them for work in the unsubsidized labor market are well positioned to move workers to the front of the labor queue by providing them valuable hands on work experience in real business settings (Altstadt 2007; Cooney 2010). The benefits of the WISE approach lie with its potential to provide both the soft skills (such as attendance, workplace socialization, discipline) and the harder, more work process specific skills required in particular industrial and firm settings. Further, WISE models, in contrast to rapid labor market attachment approaches, provide a first job in a supportive setting with additional skill building opportunities, ancillary services and assistance connecting to specific employers in the unsubsidized labor market; an approach that promises both work experience and the bridge to a better job.

Over the past decade, this transitional jobs approach to workforce development has enjoyed a surge of government support and research attention. Organizations offering transitional jobs as a first step to workforce development with harder to employ populations, such as previously incarcerated men and single parents, are currently the focus of a series of demonstration studies led by the Joyce Foundation and the U.S. Department of Health and Human Services (HHS), in conjunction with MDRC (the research arm of the Ford Foundation), and a new initiative at the U.S. Department of Labor's Employment and Training Administration (ETA), which is offering \$40 million in grant funding to support transitional jobs programs (Bloom 2010). However, welfare leaver studies done in the 1990s provide a cautionary tale that about the challenges of linking disadvantaged clients to quality jobs in the labor market (Carré 2004; Hayashi 1999; Lambert 2003; Rankin 2003; Scott et al. 2004) given the instability and low earnings associated with entry level, low skill jobs in the U.S. (Brauner and Loprest 1999; Holzer and Martinson 2005; King and Mueser 2005; Loprest 1999; Rodgers 2003). A key obstacle for work integration social enterprises is that the businesses that are easiest to launch and best suited to absorb large numbers of unskilled workers may be located in the same low wage labor market sectors out of which these interventions are designed to catapult workers. Further, because WISEs are themselves businesses, to be successful they must compete effectively with other businesses while employing a less productive labor force (clients with barriers to work). Finally, WISEs operating businesses in entry level business niches not only endeavor to compete with less productive workers, but also to create better job conditions than their counterparts.

Although these organizations see poverty amelioration and social integration through employment as central to their mission, very little systematic research has been done in the U.S. on these emergent antipoverty interventions at the organizational or field level. Given the focus in the workforce development literature on the importance of creating programs that build specific skills in industries where there are employer demands for these skills, this paper adds to the current research on transitional jobs through an assessment of an understudied aspect of WISEs: the industrial niches where they are active, the occupations associated with those industrial niches, and the steps WISE models take to add value to the employment-based skill building upon which their workforce development model depends.

## 1. WISES AS ORGANIZATIONS IN TWO FIELDS: MANAGING INTERSECTORAL ISOMORPHISM

Much of the current scholarship on WISE models draws on neo-institutional (NEI) theory (DiMaggio and Powell 1983; Meyer and Rowan 1977) to argue that WISEs are best understood as organizations shaped by forces emanating from two different external fields (Bode et al. 2006; Cooney 2006; Dart 2004): a business field constructed from market forces and the social or civic sector, shaped by the political and donor landscape. This conceptual framework is used to examine the processes whereby competitive pressures from the business fields can lead WISEs to under-perform in relation to their social goal commitments (Cooney 2006; Garrow 2009) but also to explore how social enterprise models use their intersectoral positioning (Bode et al. 2006) to employ social sector support from government and civil society to buffer themselves from competitive forces from the business field.

On the first count, research on WISEs finds that market shocks in the business niche can force an organization to shift its business strategy to remain competitive, which may involve committing scarce organizational resources to the businesses and adjusting client workforce development programs in ways that are disadvantageous to the clients (Bode et al. 2006; Cooney 2006; Garrow 2009). Business enterprises may need capital investments to remain afloat during certain stages of growth and even require long term subsidies depending on the product or service market where the WISE is involved. This is a fact that is underappreciated in the U.S. where normative accounts of social enterprise activity assume that social entrepreneurial ventures are undertaken by nonprofit organizations for revenue generating purposes and lead to self sufficiency (Bloom 2010; Kerlin 2006). The limited U.S.-based survey research on nonprofit social business models offers conflicting perspectives regarding whether nonprofit organizations with WISEs are able to break even and maintain the businesses without subsidy (Foster and Bradach 2005; Massarsky and Beinhacker 2002; Social Enterprise Alliance 2009). But the best evidence, from the only study using a random sample (Foster and Bradach 2005), finds that the vast majority of these ventures (about 70%) actually lose money. Thus competition for resources between the business enterprises and the social program commitments within WISE models illuminated in case study research (Cooney, 2006; Garrow, 2009) may be a tension inherent in WISE models.

Further, research suggests that social subsidies can be a crucial factor in the willingness or ability of WISEs to target more disadvantaged workers and employ them in their businesses (Gardin 2006). For example, as part of the analysis of the data from the PERSE project (*Performance socio-économique des entreprises sociales d'insertion par le travail* in French), a study examining the socio-economic performance of social enterprises in the field of work integration conducted by the European research network EMES (*L'Emergence des entreprises sociales en Europe* in French), Gardin (2006) finds that the WISEs operating in the recycling and “services to business” industries, primarily mobilize market based resources and do not target the most disadvantaged workers. The groups of WISEs relying more heavily on public subsidies employ more disadvantaged workers, with the exception of WISEs providing social services and targeting higher skill workers. These findings suggest that WISEs operating without buffering social supports from the social sector experience stronger pressures of competitive isomorphism, rendering them less able to maintain social commitments in hiring practices.

However, even for WISEs that do secure steady subsidies for their social goals, preliminary research on the impact of a transitional jobs approach on employment and earnings outcomes in the U.S. suggests that there may be limited returns to workers in the low skill labor market for

the form of human capital investment that WISEs provide. Three impact studies underway evaluating subsidized transitional job programs for disadvantaged populations show that the early gains in employment found for the treatment groups (largely attributed to the subsidized jobs) fade within a year to 18 months and that subsidized work experience in a transitional job does not significantly increase the likelihood of employment, the quality of the job or the earnings over time, except for subgroups of highly disadvantaged individuals such as those with no work experience and long term welfare dependency (Bloom 2009; Bloom et al. 2009; Redcross et al. 2009). All of the programs under evaluation placed client-workers in subsidized transitional jobs described as entry level service sector jobs that were “quite basic and required minimal skills”, emphasized “enhancing soft skills” only (Bloom et al. 2009), and involved “steady and repetitive” labor such as “sweeping, mopping, dusting, cleaning bathrooms, breaking down boxes for recycling and grounds keeping” (Redcross et al. 2009). These findings suggest that for many client populations served by WISEs in the U.S., additional work experience in low-skill sectors in the entry level labor market is not rewarded with a higher paying, more stable job.

## **2. WORKFORCE DEVELOPMENT AND THE U.S. LABOR MARKET**

In the post-welfare reform era, building connections to employers with good paying jobs is increasingly viewed as a key aspect of successful employment training programs (Holzer 2009; Holzer and Martinson 2005; Nightingale and Holcomb 1997). Recent analyses of the U.S. labor market data reinforce the importance of strategic attention to the specific industry and occupation targeted by employment and training programs (Holzer and Lerman, 2007). A recent report by Harry Holzer and Robert Lerman’s (2007) on “America’s Forgotten Middle Skill Jobs” directly rejects common depictions of the hourglass shape to the U.S. economy where jobs are most plentiful in the low wage, low skill sectors or in the high wage, high skill sectors. Instead, pointing to Bureau of Labor Statistics (BLS) projections that nearly half of all job openings (45%) between 2004 and 2014 will be middle skill jobs (defined as requiring more than a high school degree but less than a bachelor), they argue that middle skill occupations are positioned to experience continued growth. Middle skill occupations include clerical, sales, construction, installation/repair, production, and transportation/material moving and are distinguished from low skill (service and agricultural jobs) or high skill (professional/technical and managerial) occupations (Holzer and Lerman 2007).

The requirements for middle skill jobs beyond a high school diploma can involve further schooling or completion of certificate programs but also include intensive on-the-job training and work experience (although jobs only requiring on the job training or related work experience were projected to grow at lower rate than those requiring some postsecondary certification) (Holzer and Lerman 2007). BLS projections on the supply side (in terms of educational attainment) lead the authors to conclude that there will be a gap between supply and demand for mid-level skills, creating an opportunity for workforce development programs to train and link workers to jobs in growing, decent wage middle skill occupations. To the extent that WISEs seek to operate business enterprises in these growth niches, they may be well positioned to provide intensive on-the-job training in middle skill jobs; although this will depend on the existing skill levels and severity of barriers to work in their target client populations.

Despite the key role that transitional jobs might play in building hard skills, particularly in WISE models whose *raison d’être* is to operate in-house businesses that provide employment and training for their clients’ benefit, there remains a paucity of empirical investigation of the specific industries or business niches where WISEs are active. Further, much of the systematic research on WISEs has been undertaken in the Europe Union (Galera 2010; Nyssens 2006).

The research presented here is part of a larger effort to develop systematic knowledge about WISE activity in the U.S. To this end, the following research questions are addressed: (1) What product and service markets are WISEs positioned within in the U.S.? (2) What kinds of jobs are associated with these industry locations? (3) and How do WISEs use their hybrid social-business organizational form to add value to the work experience offered in the WISEs (if they do)?

### **3. DATA AND METHODS**

Data presented in this paper is from two sources: (1) a national WISE database developed by the author for 254 business associated with 123 WISEs, and (2) a pilot study including 15 WISEs testing a survey instrument that will be used in a national survey of WISEs in the United States. The national WISE business database includes all “employment and training” social enterprises listed in the Community Wealth Ventures (CWV) Social Enterprise Database (Community Wealth Ventures 2010) as well as all the organizations approached for the pilot study minus those that were not identifiable through a Guidestar search for 990s or web searches. The database includes: financial data, National Taxonomy of Exempt Entities (NTEE) codes signaling charitable purpose, and city location (from IRS form 990 data, available at [www.guidestar.org](http://www.guidestar.org)); organizational age, number and type of business enterprises operated (from the CWV Social Enterprise Database and web research); and industry, occupation, and wage data associated with WISE jobs (from the May 2009 National Occupational Employment and Wage Estimates, available from Bureau of Labor Statistics 2009). These data were analyzed using frequency counts, chi square tests of association and a two-step cluster analysis.

The pilot study used a sample from the nonprofit organizations advanced to Round II of the Yale School of Management-The Goldman Sachs Foundation Partnership on Nonprofit Ventures business plan contest over three years of its duration (2002-2005). All 29 nonprofits in this pool that were using the businesses for employment purposes were approached to participate in the study. Sixteen (16) organizations agreed to participate, although only (15) organizations fully completed the interview protocol for a 52% response rate. Using 990 data publically available from [www.Guidestar.org](http://www.Guidestar.org), comparisons between the WISE organizations that participated in the study with those which declined show that there were no significant differences between the two groups on measures of income, program expenditures, administrative expenditures, funding expenditures, assets and liabilities.

The pilot survey protocol consists of 101 closed and open ended items modeled on a theoretical framework conceptualizing WISEs as organizations operating in two different external fields. The survey inquired about: sources and stability of financial revenues to the organizations from the social sector, the business ventures (e.g., the types of businesses launched by the nonprofit organizations, reasons cited for the decision to pursue business venturing, sources of funding for business start up, issues related to competition, market share, and bringing the businesses to scale), organizational structure, business and service technologies, goal relationships, and business and market risk. The protocol was emailed to each participating organization using an online survey application called Survey Monkey. Eight of the 15 organizations opted to answer the questions through a phone interview rather than through the on-line survey, during which both the participant and the Principal Investigator followed the interview guide by concurrently viewing the questions online through Survey Monkey. These interviews were taped and transcribed.

The phone interview texts were imported into the qualitative analysis software program Atlas.ti along with the text from the open ended questions from those organizations that responded to the on-line survey. Using a multiple case study analysis approach (Yin 1994), the data underwent three stages of analysis, moving from descriptions to themes to assertions (Creswell 1998; Stake 1995). First, holistic descriptions of each case were developed. These case descriptions were 2-3 page organizational profiles that summarized the key data (both quantitative and qualitative) for each element of the survey. Then, through open coding and focused coding techniques (Charmaz 2006), themes that emerged across cases were identified.

## **4. FINDINGS**

### **4.1. WISE Business Niches and Job Trajectories**

Work integration social enterprises are businesses with social goals that include providing jobs and locations for skills training for disadvantaged workers. To examine the type of disadvantaged populations WISEs employ in their businesses, descriptive statistics were generated on WISE NTEE codes for the 231 WISEs in the database for which NTEE codes were available. The NTEE code, assigned by the IRS and the National Center for Charitable Statistics from descriptive data in the agency's application for tax exempt status, contains information about the broad nonprofit subsector where the organization operates (viz. health, human services, education, etc), its activities and functions. The analyses reveal that while two largest groups of WISEs work with developmentally (14%) or physically disabled clients (12%), who have long been served in vocational rehabilitation sheltered workshops, the next largest categories of WISEs engage in general workforce development (9%) and employment readiness training (7%) (table available upon request). A Pearson Chi Square test indicates that there is a significant relationship between organizational age and NTEE code ( $\chi=4912.7$ ,  $df=2365$ ,  $p<.000$ ), suggesting that a new generation of WISEs has emerged to serve a much broader set of client workers, which the data show include: the homeless, ex-offenders, people with HIV, individuals in recovery from substance abuse and the generally unemployed or underemployed population.

To provide an overview of the types of business niches where WISEs are active, web searches were used to code each WISE business according to the products and services they traded in the marketplace. The analyses highlight the wide range of businesses launched by WISEs, including everything from home healthcare, to information technology, to wholesale, to agriculture and farming (table available upon request). The "other" category alone includes businesses in auto repair, upholstery, furniture moving, pest management, car service and childcare. These data also indicate that WISEs are more prevalent in certain business niches. Close to half of all WISE businesses are located in just four areas: light manufacturing, restaurant/catering/café, retail and janitorial/cleaning services.

To get a sense of the skills and wages associated with the business niches where WISEs are active, each WISE business enterprise code was matched with corresponding industry categories from the Bureau of Labor Statistics (Bureau of Labor Statistics 2009) and further distinguished as either a low skill or middle skill occupation based on Holzer and Lerman's (2007) criteria (see Table 1). Those organizations categorized as "staffing services" or "consulting services" were left out of the analysis since these categories were too open ended to code by industry or occupation. Additionally, businesses could be coded more than once if, for example, both clerical skills and packaging/distribution skills were associated with the training in a single enterprise. Finally, website searches were used to gather more information about the

nature of the business activities for those WISEs in the “other” category. This approach yielded 221 codes of occupational categories where client populations training in the WISEs might secure employment.

However, because occupations contain a range of jobs, each occupations/industry category was examined further for a clearer picture of the jobs for which WISE graduates compete, as within each industry category there may be both middle and low skill jobs (Holzer and Lerman 2007). Analysis at the level of occupation category reveals that about 28% of the jobs associated with training in the WISEs fit Holzer and Lerman’s (2007) definition of a middle skill industry/occupation category (see Table 1). The data show that the majority of the WISEs in the middle skill category train workers in construction and production occupations, including highly remunerative work as electricians, masons, carpenters, welders, prepress technicians, metal fabricators and fitters and job printers. The data show other middle skill occupations are also represented. For example, under the Arts, Design, etc. occupation code, WISEs prepare client-workers (typically at-risk youth or low income women) for jobs in web design, fine arts, and graphic design (such as tee-shirt and other print making). The Environmental Science and Protection Technician job refers to a WISE in Milwaukee training youth in Brownfield remediation.

However, 72% of the jobs that WISEs train clients to perform exist in low skill occupations, defined as occupations that require a high school degree or less (see Table 2). The largest concentration of WISE activity, according to this analysis, employs team assemblers in light manufacturing warehouses, the typical sheltered workshop setting where developmentally disabled clients are employed. The second largest area where WISEs provide jobs are in retail sales, a job category with lower mean hourly wages than the vast majority of other jobs in its occupational category and, as work done by Susan Lambert and Julia Henley at the University of Chicago demonstrates, characterized by jobs with low benefits and unpredictable scheduling (Lambert and Henly 2009). In fact, of the 36 occupational categories represented in the analysis, only mean hourly wages for the retail sales category fell from 2008 to 2009 (Bureau of Labor Statistics 2008, 2009). Another large portion of the low skill jobs are in food preparation and in grounds keeping and cleaning.

Because the nonprofit organizations operating WISEs in the United States work with a broad range of target populations, and research shows that work experience in low skill positions can positively alter the employment trajectories for more severely disadvantaged populations (but not other groups), a Pearson Chi Square test was conducted to examine the association between middle skill and NTEE code, a proxy for target population ( $\chi=98.277$ ,  $df=86$ ,  $p<.172$ ). This non-significant test of association suggests that WISEs offer low skill training across different client populations, not just to the more severely disadvantaged. To further explore the features of organizations providing low versus middle skill training, a two-step cluster analysis was conducted on the parent nonprofit organizations operating WISE businesses to examine the association between middle skill training and target population. The analysis grouped the focal organizations ( $n=68$ ) into 5 clusters. The cluster quality measure of cohesion and separation was above 0.5 and considered good.

The most important features in the cluster analysis were, in rank order: age, followed by NTEE code, which provides an indication of the target client population, and number of businesses. Middle skill was used as the evaluation criteria. Age being the most important feature, two clusters were dominated by organizations that were established in the era when President Clinton was in office or later (post 1992). One of these clusters was entirely populated with organizations with an employment and training mission, in which the vast majority operated a

single business (85%) and offered work in low skill occupations (78%). The other cluster of cases founded post 1992 were comprised of a majority of organizations with an education mission (52%), also operating a single WISE (72%) but were divided equally between those that trained in middle skill and those with low skill occupational training. Similarly there were two clusters of organizations where 100% of the membership were organizations founded between 1960 and 1992. One cluster were dominated by employment training organizations with multiple businesses (80%), with nearly half offering work in middle skill occupation training (40%) versus another cluster populated by organizations serving the disabled (100%), split evenly between organizations with multiple businesses and those with just one WISE, majority offering low skill training (78%). The final cluster, comprised entirely of organizations over 50 years old, were a mix of organizations serving the disabled (54%) and those with a health or general employment mission. This cluster of cases were fairly evenly split between those that operated multiple businesses and those that did not and between those that offered low skill vs. middle skill training.

The cluster analysis suggests that within the newer group of WISEs, which are significantly more likely to target the generally unemployed (versus older organizations which are more likely to be populated by organizations working with a disabled population), the majority of WISEs have only one business enterprise and that middle skill training is more often provided by the WISEs with an education mission in contrast to those associated with an employment and job training mission. The analyses also show that the middle age cluster of organizations (those between 18 and 49 years old) operating in the employment and training field were more likely than the younger organizations in this field to have multiple businesses and to offer middle skill training.

While this wage, industry and occupation data provide a snapshot of where in the labor market WISEs operate, with some implied consequences for the client-workers in terms of employment, the pilot data provides a more in-depth picture of how a select number of WISEs integrate workers into the businesses for work experience purposes and the strategies they employ for linking that training to further employment in the labor market.

#### **4.2. WISE Employment Conditions**

Because WISEs exist in large part as employers, a series of questions in the pilot study focused on the nature of the employment conditions, including job structure (training, skill levels, productivity pressures, wages, hours, benefits). Framing WISEs as employers operating in business niches where they face competitive isomorphism to staffing practices that include layoffs, nonstandard scheduling, and prevalent part time employment, one important question is: to what degree do these social mission driven businesses replicate these practices? About half of those responding to these questions (n=12) indicate that clients in training were paid minimum wage, while the other half report paying above minimum wage for their work in the businesses. One WISE operating an upholstery business paid on commission. The location of the WISE enterprise activity in a low wage business niche can make paying higher wages in the social enterprise businesses difficult if the job is meant to be transitional. As one respondent explains, “we find that if we pay significantly above minimum wage, trainees are reluctant to leave the program for an outside job.” Some WISEs report paying bonuses, for making it to a certain point in the program or for performing well on the job. Only one organization pays the clients for ancillary training they received to enhance the work experience they received in the social businesses.

Part of the dilemma WISEs face as employers is integrating a client workforce into their businesses for relatively short training periods. Some of the pressure to move clients from

training to jobs is shaped by policy proscriptions, as is the case with organizations operating short-term work first contracts. However, in the pilot study, a surprisingly large majority (10 out of 15) either employ clients indefinitely in their businesses or renewed contracts on a yearly basis. Of those who have time limited programs that end with job placement assistance, most involve work experience of 6 to 14 months, with time built in for job search. Only one program follows a rapid labor market attachment approach that curtails WISE work experience to 4 months. In terms of scheduling, the pilot data show that only a small number of the businesses guarantee full time hours or substantial part time hours (24-28hrs/week) of work for their client workers. Given that so many aim to employ their target populations in perpetuity, this finding is particularly alarming (although with such a small, nonrandom sample, it may not be representative of mean employment conditions in the WISE population as a whole).

While the data from the pilot study is limited in terms of being able to establish patterns that can be generalized, the examination of labor conditions across 15 cases taken together do describe somewhat unstable working conditions for WISE client-workers where hours are limited or unpredictable and the pay hovers around minimum wage.

### **4.3. Adding Value to the WISE Work Experience**

Very few of the WISEs in the pilot followed an “Employer Model” of social enterprise (Alter 2006) where the social business is the core of the model and employment is the primary activity. Instead, many had well established nonprofit parent organizations which provided the resource base for combining time working in the businesses with other training and ancillary services. The pilot data show that the WISEs added value to the basic work experience in four ways: by providing additional classroom training off site, by integrating work experience into a subsidized housing and services program, by offering additional industry specific mid-level skills training through multiple venturing, and by developing linkages to the unsubsidized labor market.

On the first score, a group of WISEs in the pilot enhance the work experience received in the businesses with classroom based training at community colleges, making the lack of full time hours offered less problematic. In fact, nearly half of the WISEs in the pilot report partnerships or collaborations with community colleges. Secondly, a number of WISEs launch business enterprises to employ client populations as a component of existing housing programs. According to the motto of one of these housing/ business hybrids, this arrangement offers clients “an apartment and a job to pay for it.” This approach is used by nonprofits working with homeless individuals, as a multi-pronged strategy for moving people off the streets, and by nonprofits working with individuals in recovery from substance abuse as part of a residential treatment plan. In these models, concerns about substandard hours and minimum wages are tempered by the fact that client-workers are employed as part of a comprehensive program that includes subsidized housing and, potentially, other income supports.

A third strategy that work integration social enterprises take to add value is to expand the range of skill building available to clients through multiple venturing. In the pilot study, six out of fifteen (or 40%) and 52% of the WISEs in the national sample operate multiple ventures. In the national sample, of those WISEs with multiple ventures, more than half operate three or more separate business enterprises with the largest number reported as seven. Multiple venturing allows WISEs to diversify, both in terms of the business niches that the parent organization operates within and in terms of the range of training experiences for the clients. Among organizations in the national dataset, a Pearson Chi Square test of association between middle skill training opportunities and multiple venturing is significant ( $\chi=501.296$ ,  $df=8$ ,  $p<.000$ ),

suggesting that organizations may add additional ventures as a strategy to provide more skilled training opportunities for their clients.

Data from the pilot study illuminate these motivations. As the business manager of a nonprofit operating multiple businesses which employ developmentally disabled individuals explains, “[we did it] to give our folks choices about employment, not everyone wants to be a janitor.” WISEs can also use the businesses to create training experiences that progress in skill level. For example, a nonprofit training homeless folks in a landscaping and maintenance business (which they plan to perpetually subsidize) launched a second business that is expected to be self-sustaining within a few years. The second business, which features higher skilled work, provides training placements for clients who have already proved themselves and built skills in entry level positions in the street cleaning business. As the manager states, “the [entry level business] acts as a ‘feeder’ business for [higher skill business], providing qualified employees. It would be more difficult to operate the [higher skill business] without an entry-level business that would provide some basic soft-skills training (work ethic, etc)”. Diversifying the skill building available can occur within a single business as well. One WISE in the pilot study created a broader set of middle skill training opportunities within a single business, by developing modules that allowed the WISE workers to learn about the marketing, sales and accounting side of the service business where they were employed.

Finally, WISEs that utilize their social enterprises as transitional jobs make efforts to develop linkages to employers in the unsubsidized labor market, seeking to connect with those employers that offer relatively better employment conditions than their counterparts. Several WISEs have job developers on site to cultivate relationships with local employers or even, in one case, offer assistance to clients hoping to set up their own small business. Linkages in the labor market include, in rank order: job tracks set up to local employers, sectoral strategies where the WISE target sectors in the local economy and trained specifically for these jobs, collaboration with One Stop Service Centers (a federal model for integrating education and workforce development services across a range of specific program funding streams), and time limited placements with local employers for on-the-job training experiences. One WISE reports arranging job shadowing in key occupational sectors where a client will eventually interview.

A handful of the WISEs report continuing to have contact with clients after placing them in jobs outside the social enterprise. These efforts, in many cases, focus on assisting the client to move out of the entry level (low skill) job into a better paying position either within the firm or elsewhere. Some of these initiatives are formal programs, as is the case with an organization working with welfare recipients where “clients who have been employed for over one year are further coached in an effort to help them receive promotions, pay raises or other incentives to promote job retention and growth.” Others are more informal, as is the case with an organization training women for non-traditional jobs in construction, which employs a career advisor to contact its alumni regularly and hosts an annual gathering of graduates.

#### **4.4. Discussion**

As organizations working to ameliorate poverty by creating employment opportunities for disadvantaged populations, nonprofit organizations operating WISEs operate at the cross roads of the government, civil society and business sectors of society. This positioning requires WISEs to manage strategic action in a business field structured by forces of competitive isomorphism and a human services field where they can generate additional resources for their social goals. The exploratory research presented in this paper uses this two organizational field framework developed from neo-institutional theory (Bode et al. 2006; Cooney 2006) as a basis for

examining the industry presence of WISEs in the U.S. labor market, the employment conditions within WISEs and the strategic use of their intersectoral membership to buffer competitive forces and meet social goals.

The analysis finds first, that the vast majority of WISEs establish businesses in low skill industry and occupations. For nonprofits developing social businesses, low skill industries offer some clear advantages. Such industries have relatively low entry barriers in terms of start up costs, infrastructure and specialized business knowledge. Further, they offer the opportunity for immediate work placement for disadvantaged workers, who not only may not have a high school degree, but may also face multiple additional vulnerabilities including long term homelessness, mental illness, chronic substance abuse, and so forth. The dilemma is that work experience in low skill occupations (such as custodial work, retail sales, landscaping and grounds keeping, and team assemblers) may only prepare WISE client-workers for employment in low skill, low wage jobs in the unsubsidized labor market, jobs that in the U.S. can feature unpredictable hours and below poverty line wages.

The pilot data illuminates the strategies that WISEs undertake to add value to these low skill work placements, including tiered training that progresses in skill across multiple ventures, linkages to better employers for job placement, resources for partnerships with community colleges, and post employment programs that include a focus on upwards job mobility. As recent initiatives by the U.S. federal government indicate, there is a high level of interest in the potential for workforce development training models that offer transitional jobs with supports to disadvantaged populations. However, preliminary findings from evaluation studies of transitional job programs suggest that the efforts to add value to the basic work experience must be quite robust to build a bridge from a low skill transitional job placement to a better job in the unsubsidized labor market (Bloom 2009; Bloom et al. 2009; Redcross et al. 2009). The transitional jobs demonstration studies find that while highly disadvantaged groups, such as those without work histories and long term welfare recipients, appear to benefit from low skill transitional job placements; all others do not.

The analyses of the WISE dataset show that a number of WISEs operate in middle skill industries, suggesting that some WISEs may be strategically locating themselves in business niches where the industry specific skills training received might translate into higher paying, more stable employment. Further, the WISE data analyses find significant associations between age, number of businesses and the presence of middle skill training opportunities, suggesting that WISEs operating in the employment and training sector may add businesses to develop more varied and higher skill training opportunities over time. The pilot data support this interpretation. However, for WISEs offering middle skill transitional jobs, while the prevailing employment conditions may be better, the production gap between experienced and inexperienced workers may also be wider. But, although research from the EU (Gardin 2006) suggests that for WISEs operating in higher skilled labor markets, competitive forces from the business field can put pressure on socially motivated hiring practices, to the extent that middle skill enterprises are part of a portfolio of multiple businesses operated by a single WISE, the threat to social hiring goals flowing from higher skilled labor requirements may be reduced. Instead, WISEs with multiple businesses might both expand the set of opportunities for workers through a mix of low and middle skill training slots and preserve an ability to provide transitional jobs for client populations working at higher levels of disadvantage.

WISEs launching businesses in middle skill labor markets may be exposed to stronger isomorphic pressures to market logics in other ways though. The business skills needed to manage a portfolio of businesses in a fluctuating economy may be more advanced, requiring the

recruitment of more business oriented staff and management. Further, if the product or service is more expensive or valuable, socially motivated consumers willing to ignore lower quality or absorb higher labor costs may be harder to find. Clearly, as U.S. policy demonstrations in this area evolve, we need more focused research on the association between the nature of the skills training received in transitional job settings, the industries where WISEs operate, and the employment and earnings outcomes of WISE workers. Taking into account how the nature of the competitive pressures facing WISEs in different industries shape social goals over time should be part of this research agenda.

On the other hand, the transitional jobs studies (Bloom 2009; Bloom et al. 2009; Redcross et al. 2009) indicate that the availability of a transitional job leads to significantly higher levels of employment in the near term, suggesting that WISEs could become an engine for job creation in times of high unemployment no matter where they are located in the labor market. Given the finding that a number of the WISEs in the pilot indicate that they intend to be permanent employers of their client-workers, we also need more research on employment conditions within WISE businesses that compare WISE employment conditions to local for-profit competitors in the same business niche.

## **CONCLUSION**

Social enterprise models that exist to create jobs and train disadvantaged workers in supportive work environments offer a compelling addition to the workforce development landscape in the U.S. Although the exploratory study presented here is limited by the nonrandom nature of the two samples of WISEs utilized for analysis and the small size of the pilot study, this research provides insight into work integration social enterprise activity in the U.S. and explores how WISEs endeavor to add value to work training in low skill entry level positions. These data suggest WISEs have grown well beyond their earlier, narrower niche working with the disabled to employ a broader portfolio of client populations, many higher functioning. However, without more careful attention to the specific industries where WISE businesses locate and the quality of the jobs in the unsubsidized labor market associated with the transitional WISE job, social enterprise approaches to workforce development may find their success limited by the very employment conditions in the entry level labor market their models are designed to alleviate.

Table 1. Occupation and Wage Data for Middle Skill Occupations

No.	(%)	BLS Occupation	Mean Hr. Wage
62	28	<i>MIDDLE SKILL OCCUPATIONS</i>	
3		<i>Arts, Design, Entertainment, Sports, and Media Occupations</i>	24.87
1		Fine Artists, Including Painters, Sculptors, and Illustrators	24.34
1		Designers, All Other	24.24
1		Graphic Designers	22.99
1		<i>Life, Physical, and Social Science Occupations</i>	31.57
1		Environmental Science and Protection Technicians, Including Health	20.92
6		<i>Construction and Extraction Occupations</i>	20.84
1		Electricians	24.45
1		Brickmasons and Blockmasons	23.68
1		Carpenters	20.98
1		Painters, Construction and Maintenance	17.94
2		Construction and Related Workers, All Other	17.55
2		<i>Installation, Maintenance, and Repair Occupations</i>	20.30
2		Automotive Service Technicians and Mechanics	18.21
22		<i>Production Occupations</i>	16.01
4		Prepress Technicians and Workers	17.96
1		Welders, Cutters, Solderers, and Brazers	17.61
4		Job Printers	17.24
2		Structural Metal Fabricators and Fitters	16.87
4		Production Occupations	16.01
2		Upholsterers	15.21
4		Food Batchmakers	12.85
1		Pest Control Workers	15.43
17		<i>Office and Administrative Support Occupations</i>	15.86
3		Office and Administrative Support Occupations	15.86
14		Office Clerks, General	13.32
11		<i>Transportation and Moving Occupations</i>	15.47
8		Refuse and Recyclable Material Collectors	16.23
2		Laborers and Freight, Stock, and Material Movers, Hand	12.16
1		Taxi Drivers and Chauffeurs	11.51
1		<i>Healthcare Support Occupations</i>	12.84
1		Home Health Aides	10.39

Source: Bureau of Labor Statistics, May 2009 National Occupational Employment and Wage Estimates

Table 2. Occupation and Wage Data for Low Skill Occupations

No.	(%)	BLS Occupation	Mean Wage	Hr.
158	72%	<i>LOW SKILL OCCUPATIONS</i>		
39		<i>Sales and Related Occupations</i>	17.32	
39		Retail Salespersons	11.84	
49		<i>Production Occupations</i>	16.01	
48		Team Assemblers	13.87	
1		Laundry and Dry-Cleaning Workers	10.00	
		<i>Building and Grounds Cleaning and Maintenance Occupations</i>		
32			12.00	
13		Landscaping and Groundskeeping Workers	12.18	
		<i>Janitors and Cleaners, Except Maids and Housekeeping Cleaners</i>		
19			11.60	
3		<i>Personal Care and Service Occupations</i>	11.87	
2		Nonfarm Animal Caretakers	10.50	
1		Child Care Workers	10.07	
27		<i>Food Preparation and Serving Related Occupations</i>	10.04	
27		Food Preparation and Serving Related Occupations	10.04	
8		<i>Farming, Fishing and Forestry Occupations</i>	11.53	
		<i>Farmworkers and laborers, Crop, Nursery, and Greenhouse</i>		
8			9.51	

Source: Bureau of Labor Statistics, May 2009 National Occupational Employment and Wage Estimates

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