



WORK INTEGRATION SOCIAL ENTERPRISES IN PORTUGAL

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Introduction

Identifying and analysing the performance of Work Integration Social Enterprises (WISEs) in Portugal constitutes a challenge and an opportunity: an opportunity because this is a rather new field of investigation for the Portuguese scientific community; and a challenge because, to talk about Portuguese WISEs, we must refer to recent trends and realities, since most of the initiatives traditionally included in the so-called third sector do not meet the criteria of the EMES Network definition of the WISE.

After careful consideration of the EMES criteria for the definition of WISE, integration companies (*Empresas de Inserção*) appear as the type of Portuguese initiatives which are closest to these criteria.

After a first section on the context – labour market and social situation - in which these initiatives have developed, and a second one setting the framework for the analysis of the emergence of WISEs in Portugal, the third section presents the main results of our research; a special emphasis is put on the analysis of the individual benefits for the workers. Finally, we offer some final remarks as general conclusions of the study.

1. The context – labour market and social situation

The Portuguese labour market has known, in the last years, two distinct periods: a first period, until 2000, characterised by significant economic growth and rising employment; and a second one, after 2001, marked by economic slowdown and rising unemployment. The employment rate continued to decrease at the beginning of 2003, reaching 67.2%.¹

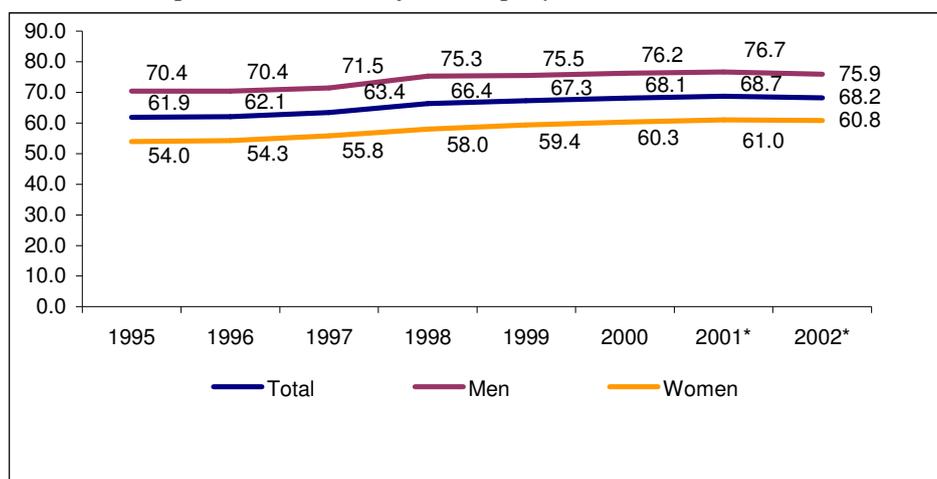
It is important to notice that the employment rate of Portuguese women increased more rapidly than the male one and did not reflect as much as that of men the effects of the labour market crisis following 2001. In 2001, the female employment rate had already overshoot the targets defined for female employment rate in the European Union, i.e. 57% by 2005 (Stockholm Summit), and 60% by 2010 (Lisbon Summit).

However, the female unemployment rate remains persistently higher than the male one. Even in the context of low and decreasing unemployment (compared to the European Union average) which prevailed until 2001, the unemployment rate was still higher for women. After 2001, with a significant increase in unemployment (still in progress), the greater vulnerability of women towards unemployment remained.

¹ Data for the 2nd quarter, Ministério da Segurança Social e do Trabalho (2004).

Youth unemployment (again particularly for women) has also increased sharply in the last few years, from 10.3% in 1998 to 14.6% in 2003 (INE, *Estatísticas do Emprego*).

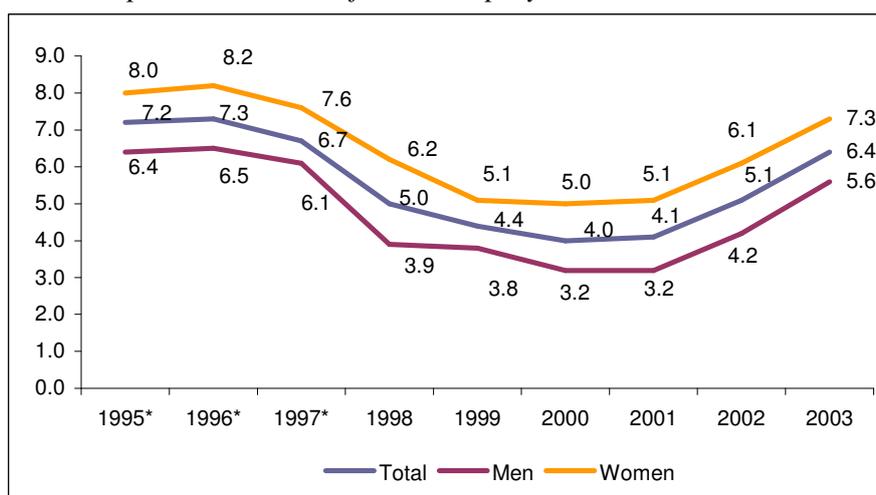
Graph 1: Evolution of the employment rate, 1995-2002



Source: INE, *Inquérito ao Emprego*, 1995-1997 and *Estatísticas do Emprego*, 1998-2000, annual average.

* Eurostat data, based on the *European Community Labour Force Survey* for 2001 and 2002.

Graph 2: Evolution of the unemployment rate, 1995-2003



Source: INE, *Inquérito ao Emprego*, 1995-1997 and *Estatísticas do Emprego*, 1998-2003, annual average.

* Values for Mainland.

Divergent trends thus seem to be at work. Positive elements (as noticed by the *National Action Plan for Employment*, 2003) include the decrease in the weight of long-term unemployment (from 45.5% of total unemployment in 1998 to 35.5% in the 2nd quarter of 2003); a relatively high employment rate of low qualified workers as well as of immigrants; and the decrease in the proportion of people living in jobless households (from 5.9% in 1998 to 5.4% in 2002, values well below the European Union average).

However, having a job in Portugal is not synonymous of not being poor. Exclusion from the labour market is in fact only one of the many dimensions of poverty and social exclusion, and the situation of the “working poor” in Portugal shows that the poverty risk extends beyond access to employment.

This raises the issue of the persistence of structural fragilities in the country, namely related to a low level of education associated with high school failure and early drop-out rates; a low skill level of large sectors of the working population, together with low participation in life-long learning; low wages and low quality employment; and low productivity.

In Portugal, the situation regarding poverty and social exclusion remains worrying: in 2001, 20% of the population was exposed to the risk of poverty, and 15% to the risk of persistent poverty.² Moreover, due the shortcomings of the social protection system, the rate of people at risk of poverty is not reduced notably by social transfers; for 1999, for example, social transfers (excluding pensions) only reduced this rate by 6 percents - from 27% to 21%.³

Inequality in income distribution, as measured by the income quintile ratio, was also higher in Portugal (6.5%) than anywhere else in the European Union in 2001, despite a clear reduction compared to the 1995 figure (7.4%).⁴

Additionally, the present slowdown in economic growth and in public and private investment has prompted the new Government, elected in March 2002, to make reducing the public deficit a paramount priority. In the field of social policy, the Government has implemented a vast reform of the social security system, the health system and the education system and has adopted a new Labour Code (Commission of the European Communities, 2003).

2. WISEs in Portugal – the specific case of Integration Companies

To understand the emergence and development of WISEs in Portugal, it is important to start by a short description of the national political and institutional framework.

The social enterprise concept is not yet stabilised in Portugal. There is an on-going discussion about the meaning and the contents of this concept, mainly among the representative unions of third sector organisations. The Portuguese third sector covers a wide range of organisations, including *misericórdias* (charitable organisations closely related to the Catholic Church), mutual benefit associations, private institutions of social solidarity (*Instituições Particulares de Solidariedade Social*, or IPSS) and co-operatives.

The role of third sector organisations in Portugal has to be understood within a national context in which the high incidence of poverty and social exclusion (as shown above) goes along with a late and slow development of the welfare state. Full juridical and institutional acknowledgement of the Portuguese social security system came only after the Portuguese Revolution of 1974, with the enlargement of social rights and the centrality of the role of the state in terms of the provision of social

² According to Eurostat, ECHP data, efforts made to fight social exclusion have brought the poverty risk rate down (from 23% in 1995 – and even 27% in 1999 - to 20% in 2001). Nevertheless, Portugal still has one of the highest rates in the EU, and is 5% above the EU average (Commission of the European Communities, 2003).

³ Eurostat, 2003.

⁴ Commission of the European Communities, 2003.

protection to citizens. This occurred in a broader context of national and international economic recession and of crisis of the welfare state.

The Portuguese system of social security⁵ is based on a model in which responsibilities are shared between the state – through public bodies, including local authorities – and the non-governmental and non-profit sector.⁶ According to the principle of complementarity, it recognises the articulation among the various forms of social protection - public, social, co-operative, mutual and private for-profit organisations - for developing, replacing or complementing state initiatives for social security purposes and especially for social action.

The activity of private institutions of social solidarity is regulated, fiscally controlled and financially supported by the state, through co-operation agreements. In 1996, for the first time, a “Covenant on Co-operation for Social Solidarity” was signed, setting a common strategy of co-operation between institutions of the third sector which pursue social solidarity-oriented aims, the central administration, and the local and regional administrations. In the 2003 Protocol between the state and these social solidarity institutions, a new "Programme of Co-operation for the Development of Quality and Safety in the Social Answers" is mentioned – this was launched in March 2003 and it will be in force until the end of 2006.

The emergence of WISEs is closely related to these contextual elements as well as to the priorities of the national strategy to fight poverty and social exclusion. The Social Employment Market (*Mercado Social de Emprego*) was launched in 1996 within that strategy, as part of a set of measures aiming at the work integration of people with specific social difficulties or vulnerable groups, such as the disabled, the long-term unemployed, former drug addicts or young people looking for a first job.

The *National Action Plan for Employment*, until 2002, and the *National Action Plan for Inclusion, 2001-2003* clearly emphasise the potential for job creation in the Social Employment Market, aiming, among other things, at stimulating the social economy, especially as a means of promoting the employment of groups who have been excluded or who are more vulnerable to poverty and social exclusion.

Social economy, in its dual meaning of "economic activity supported by the State and aiming at the satisfaction of needs unmet by the market" and of "system of work integration of disadvantaged groups", thus constituted an important instrument for these policies.

The Social Employment Market involves several measures, such as the creation of integration companies, occupational programmes for the unemployed, sheltered employment and workshop schools.

⁵ Cf. *Lei de Bases da Segurança Social*, Law n° 32/2002, of 20th December.

⁶ It was our decision to refer to the different legal and policy sources using their own wording: third sector, non-governmental and non-profit sector, social economy, etc. These different wordings may reflect the ambivalences and the on-going discussion about the meaning and the contents of the concept of social enterprise in Portugal.

Referring to the definition of WISE adopted for the purpose of the present study, we have identified two types of work integration social enterprises (both part of the Social Employment Market) currently operating in Portugal: sheltered employment and integration companies. Both types may be run / promoted by different third sector organisations as defined above. However, due to the methodological option taken in the PERSE project not to include sheltered employment, the present national study focuses on integration companies only.

The Integration Companies (*Empresas de Inserção*) Programme was created in 1998 within the Social Employment Market. It aims at the social local development via the social economy and the development of a new social entrepreneurial spirit, allowing for the resolution of problems of unemployment, training, poverty and social exclusion through the creation of jobs and economic activities addressing unsatisfied social needs such as home-care, proximity services, green spaces arrangements, rehabilitation and restoration of patrimony. Only non-profit collective bodies may create integration companies. They may have several legal forms, namely mutual societies, associations, co-operatives, foundations or private institutions of social solidarity.

A general assessment of the Social Employment Market was done as part of the Impact Evaluation of the European Employment Strategy.⁷ According to this assessment, the Social Employment Market is clearly orientated to job creation. It has developed significantly since it was launched, both in terms of measures implemented and of target groups (the number of beneficiaries rose from 36,090 in 1996 to 65,341 in 2000). The Social Employment Market covered, in 2000, 16.5% of the total registered unemployment and 21.2% of female unemployment. It corresponded, on the other hand, to 50.5% of the total employment in the non-profit sector. Its activities are mainly developed in depressed inner regions of the country.

In spite of the positive effects on the beneficiaries, the implementation of the measures of the Social Employment Market is deemed to involve several problems: high job rotation, limits to the creation of stable jobs; low level of qualification, of professional experience and of motivation of the workers to perform certain activities; difficulties in reconciling the demand for quality services with an unqualified and unstable labour force. The outcomes in terms of employability are also below expectations: in 2000, only about 20% of the beneficiaries entered the mainstream labour market after taking part in Social Employment Market programmes.

The second phase of the European Employment Strategy as well as of the European Strategy for Social Inclusion coincides, in Portugal, with the election of a new Government in early 2002. In this new context, the *National Action Plan for Employment 2003* no longer makes reference to the Social Employment Market; it rather emphasises the role of the social economy in the development of new types of goods and services, which may be produced by people at a disadvantage in the labour market. Creating new job opportunities, reducing unemployment and preventing the social exclusion of vulnerable groups – identified as school drop-outs, the disabled, the unemployed and jobseekers, low skilled workers, the long-term unemployed, immigrants, ethnic minorities and other groups with a low participation in the labour

⁷ Ministério da Segurança Social e do Trabalho, 2002a.

market (lone-parents, older workers, beneficiaries of the social integration minimum income) - are the aims of the (selective) measures to be implemented to promote social inclusion and an inclusive labour market. Integration companies are mentioned as one of the instruments to be implemented at this level. The promotion of the development of the social economy and the third sector is also mentioned as a line for action towards the reduction of regional employment disparities under a "territorialisation" of the employment policy approach.

The articulation of these directives with the *National Action Plan for Inclusion 2003-2005* is proposed namely as a means to mainstream social inclusion in national policies. The *National Action Plan for Inclusion 2003-2005* defines as one of its major goals the promotion of labour market inclusion, through the adoption of preventive and active policies, mainly focusing on the most vulnerable people and/or groups, re-enforcing the goal of full employment. Among the priorities identified at this level, emphasis is put on the re-enforcement of the potential of the Social Employment Market measures (although this is not explicitly mentioned in the *National Action Plan for Employment 2003*, as already mentioned) aiming at an increased employability and at the creation of sustainable self-employment initiatives, also as a means to reduce gender disparities in the labour market. The Plan establishes a close relationship with the "Operational Programme for Employment, Professional Training and Social Development" (*Programa Operacional Emprego, Formação e Desenvolvimento Social* or POEFDS⁸) and with the EQUAL Community Initiative⁹, namely regarding the proposed instruments which relate to the promotion of integration within the Social Employment Market instruments; this is the case of the integration companies¹⁰ and the re-enforcement of the social economy (third sector) in general and public utility services in particular, with a special emphasis on the improvement of job quality.¹¹

Strategic goals and quantitative targets regarding the Social Employment Market and the social economy were defined, but information allowing for an evaluation of the actual implementation of these policy measures has not been released yet.

As said before, when talking about Portuguese WISEs, we can only refer to recent trends and realities (whose actual outcomes still have to be evaluated), since most of the initiatives traditionally included in the so-called third sector do not meet the criteria of the EMES Network definition of WISEs.

⁸ This programme is mostly financed by the European Social Fund, under the Community Support Framework III 2000-2006.

⁹ Funded by the European Social Fund (ESF), EQUAL tests new ways of tackling discrimination and inequality experienced by those in work and those looking for a job.

¹⁰ POEFDS, 5.4.

¹¹ EQUAL, 2.2.

3. Main research results

3.1. Introductory remarks

Social enterprises in Portugal – some characterisation data

Some data may be presented on the performance of integration companies in Portugal.¹²

Table 1: Integration companies – Number of structures and beneficiaries 1998-2001

	1998	1999	2000	2001
Nb. of integration companies created / year	67	308	107	82
Nb. of beneficiaries	555	2,640	3,109	4,236

Source: Mercado Social de Empleo, Relatórios de Actividades 1998-2001

Most of the 564 integration companies created during the period for which information is available were launched in 1999. These structures involved 4,236 beneficiaries in 2001.

Table 2: Beneficiaries of integration companies – some characteristics

	2000	2001
Sex		
Male	784	1,011
Female	2,325	3,225
Age groups		
<25	523	619
25-34	983	1,287
35-49	1,243	1,741
>49	360	589
Employment situation		
1st job	428	547
New job	2,481	3,431
Other	200	258
Educational level	(*)	
Illiterate	86	118
Able to read and write without formal schooling	177	214
4 schooling years	1,169	1,623
6 schooling years	952	1,335
9 schooling years	402	547
11 schooling years	146	174
12 schooling years	162	198
Bachelor degree	13	15
University degree	12	12

Source: Mercado Social de Empleo, Relatórios de Actividades 2000-2001

(*) The adding of the figures on the educational level for 2000 does not correspond to the total number of beneficiaries referred to in table 1. This is due to a mistake in the original source.

¹² Unfortunately, reports on the Social Employment Market were only published until 2001. In spite of our efforts, it was impossible to update this information.

A large majority of the beneficiaries involved in integration companies are women and adults aged between 25 and 44. This experience represents a first job only for a minority of beneficiaries. In most cases, integration companies hire workers with a low educational level, corresponding to the frail groups in the Portuguese labour market.

The available data on the implementation rates¹³ of integration companies regarding the number of beneficiaries and the use of the annual state budget available show the possibility of a further increase in their activity, since both rates are only around 90%.

Table 3: Integration companies – implementation rates 1998-2001(%)

	1998	1999	2000	2001
Nb. of beneficiaries	123	88	92	89
Annual state budget	18	89	82	92

Source: Mercado Social de Empleo, *Relatórios de Actividades 1998-2001*

Methodological considerations

In order to define the WISEs to be studied in Portugal, a sample was first constituted within the area of integration companies.¹⁴ The most recent available data on the field of integration companies date from 2001.¹⁵ At that time, 425 integration companies had been identified. The largest numbers of integration companies were found in the regions of Lisbon and Tagus Valley as well as in the Northern region. In terms of activity branches, integration companies mostly operated in the areas of elderly people home care support, laundry and cleaning, and gardening and horticulture. Besides these data, the 2001 Directory of Integration Companies includes other elements such as the date of creation, the date foreseen for the end of the State-funded activity¹⁶ and the number of workers. The definition of the sample of the 15 integration companies (plus an additional 5 integration companies) was based on the cross-section of the following criteria: geographical distribution, domain of activity, date of creation and number of workers. The sample was constituted in such a way as to be representative of the whole sector of integration companies, but we also tried to include a few good examples of the ideal-type of WISE described by the EMES criteria.¹⁷ Table 4 gives the composition of the final sample.

The 15 selected WISEs were then personally visited by a member of our research team in order to complete the three questionnaires which form the basis of the case study, each of those aiming at collecting detailed information on, respectively, the enterprise's main goals and the constitution of social capital; its ability to mobilise a mix of resources; and the individual benefits generated for the workers in integration process.

¹³ The implementation rate is the relationship between what was planned and what was actually implemented.

¹⁴ Whenever, in this document, we refer to WISEs, we will thus be referring to integration companies.

¹⁵ Rede Europeia Anti Pobreza (2002).

¹⁶ According to the legal framework, when integration companies are launched, a date is defined beyond which the organisation will not receive any state support anymore; after this date, the integration company may remain active but without any State support.

¹⁷ Borzaga and Defourny, 2001.

Several difficulties arose during our field work.

As to the questionnaire on multiple goals and social capital, most of the WISEs did not recognise themselves in the analytical model on which this questionnaire was based; consequently, it was rather difficult for them to give an answer to some of the questions, especially the ones referring to the WISE as a multi-stakeholder structure. This has to do namely with the legal framework regulating the creation and operation of WISEs in Portugal (this framework is described below).

It was also uneasy to collect information on the mobilisation of resources, mainly because only three among the fifteen WISEs studied gave us direct access to their financial data and balance sheets.

The issue on which it was possible to collect the richest and most detailed information relates to the individual benefits for the workers generated by the WISE. Although information on individual benefits were not given directly, by the workers themselves, but via the opinions and the views of the WISEs' managers or social workers who were interviewed, these data appeared to us as deserving a special focus in our analysis.

Before going in detail through the analysis of the main research results, a final note should be done on the (complex) relationship between integration companies and their respective promoting bodies. By law, as mentioned above, integration companies must be created by a group of citizens legally organised as a non-profit collective person or a non-profit collective body. These may have several legal forms, namely mutual societies, associations, co-operatives, foundations or private institutions of social solidarity. Still according to the legal framework, integration companies should be organised according to an entrepreneurial management model and have financial and management autonomy. However, our research has shown that, in most cases, there is a strong dependency of the integration company on its promoting body. This dependency is evident in terms of mobilisation of resources (including technical staff) as well as regarding the decision-making process.

3.2. A multiplicity of goals

A key hypothesis of the PERSE project is that Work Integration Social Enterprises usually have a complex mix of goals. We have distinguished between the goals linked to the work and social integration of the beneficiaries, those relating to the production of goods and services and those linked to the development of social capital (especially through the participation in networks and the development of democracy inside the enterprise).

Goals related to occupational and social integration were ranked as the most important ones by 86.7% of the interviewees. Production goals were ranked as the second most important ones by 73.4% of the interviewees. And, finally, goals linked to advocacy and lobbying were ranked by 53.3% of the interviewees as the third most important objective of their activity.

WISEs aim to fight social exclusion through the integration of disadvantaged groups in the labour market; they thus give priority to the objective of work integration but through the development of a productive activity, i.e. through the production of goods and services. A balance between these two goals seems to be predominant.

In the WISEs studied, goals related to the production of social capital take the form of a particular working environment, aiming at the development of the abilities of the workers in integration process, in terms of job qualifications as well as of their personal and social skills. However, it is also intended to combine this particular concern with a working environment as similar as possible to the normal labour market, in order to facilitate the future integration of the participants in the latter.

Table 4: Characteristics of the integration companies of the final sample

Location	Activity	Starting date	End of public funding	Number of workers
Norte – Porto	Elderly people home care support	Nov-99	2006	11
Centro – Aveiro	Clothes, linen and other household articles	Dec-99	2006	10
Centro – Aveiro	Laundry and cleaning	Oct-99	2006	9
Centro – Pombal	Elderly people home care support	Feb-00	2007	12
Lisboa e Vale do Tejo – Peniche	Elderly people home care support	Jun-99	2006	8
Lisboa e Vale do Tejo – Lisboa	Gardening and horticulture	May-99	2005	20
Lisboa e Vale do Tejo – Carcavelos	Elderly people home care support	Jul-99	2007	10
Lisboa e Vale do Tejo – Sobreda	Elderly people home care support	Jun-00	2007	12
Lisboa e Vale do Tejo – Estoril	Elderly people home care support	Aug-99	2006	8
Lisboa e Vale do Tejo – Sacavém	Elderly people home care support	Jul-99	2007	20
Lisboa e Vale do Tejo – Salvaterra de Magos	Elderly people home care support	Nov-99	2007	10
Lisboa e Vale do Tejo – Fernão Ferro	Prepared meals	1999	2007	16
Alentejo - Vendas Novas	Elderly people home care support	May-00	2007	8
Alentejo – Montemor-o-Novo	Handicraft	Oct-99	2006	10
Algarve – Vila Real de Santo António	Elderly people home care support	Nov-00	2007	9

Table 5: Goals (%)

	Rank 1	Rank 2	Rank 3
Goals related to occupational and social integration	86.7	13.3	0
Goals related to products and services	13.3	73.4	13.3
Goals related to advocacy and lobbying	0	13.3	53.3
Other goals	0	0	0
Total	100 (15)	100 (15)	100 (10)

Table 6: Importance of the production of goods and services (%)

Subordinated to work integration	33.3
Balanced with work integration	53.3
Dominating work integration	13.3
Total	100 (15)

On the other hand, one of the legally defined aims of integration companies is to contribute to satisfy social needs left unmet by the market and to promote local social development. In this sense, the production of social capital through the support to local communities may be considered as one of the objectives of WISEs. Every WISE studied described its working atmosphere as good. However, in three cases, difficulties of communication and disagreements among the participants, due to inter-personal problems, were mentioned.

As to the structure of the organisation, 6 WISEs explicitly referred to the promotion of a democratic, flexible and informal structure. This kind of structure is facilitated by the proximity between the core staff and the participants. The measures implemented regarding this aspect consisted in the promotion of a regular contact, either at the individual level or the group/team level. However, 9 WISEs considered that it was difficult to work with this kind of population without a strong hierarchy regulating activities and procedures.

In most of the cases studied (60%), the decisions are taken by the management boards of the promoting bodies, according to the "one representative, one vote" principle. Forty percents declare that the core staff of the WISE makes the daily decisions; more important decisions must always get the agreement of the promoting body.

The role of the participants in the decision-making process is rather limited – only 3 WISEs take the opinions and views of the participants explicitly into account. As to the staff, their participation in the decision-making process is generally limited to the daily routine "small" decisions.

The participation of the WISE in networks and partnerships is not seen as a major goal. On the other hand, the relations with public authorities are described as punctual and

always assuming a formal character. The impact of relations with public authorities, namely with the Institute of Employment and Vocational Training (*Instituto do Emprego e Formação Profissional*, or IEFP), is recognised, especially in terms of information provision (IEFP acts a source of information for WISEs in case of need) and workers recruitment.

The goal of production of goods and/or services, although highly valued as seen above, is not easily achieved by WISEs. These experience serious difficulties in keeping in activity only on the basis of their market resources. However, most WISEs wish to achieve a greater independency from public subsidies.

3.3. A diversity of resources?

The financial data collected in the WISEs show that the resources mobilised by these are almost exclusively of a monetary nature.

As to their financial situation, 4 WISEs showed a profit (although not very high) after taxation in 2001. On the contrary, 9 WISEs suffered losses. The others mentioned neither profits nor losses.

All the WISEs interviewed mentioned difficulties in competing in the market with for-profit companies; the low qualifications and the low social skills of their workers in integration process were mentioned as possible explanations for the low level of profits or for the losses. Market fluctuations were also referred to as a reason for losses.

As to the WISEs showing a profit, the major factor behind these results was the increase in the sale of products and services. It should be mentioned that the use of this surplus is regulated by law. It must compulsorily be re-invested in the activity of the WISE, i.e. any profit has to be used for buying new equipment, increasing the wage level, enlarging the activities developed, etc.

Portuguese WISEs mobilise both market resources from the sale of goods and services (especially personal services) and public subsidies, as defined by law. Public support may be direct or indirect, as described in table 7.¹⁸

All the direct subsidies received by the WISE are granted by the Institute for Employment and Professional Training (IEFP), a state national body, as defined in the legal framework of the Portuguese integration companies (since their creation is directly linked with a public policy). These direct subsidies represent, on average, 62% of the total resources of WISEs.

¹⁸ Any company (be it an integration company or not) hiring - on an open-ended basis - a worker who has completed his/her integration process in the previous three months is entitled to an Integration Award, equivalent to 12 months of national minimum wages.

Table 7: Forms of public support

Direct public support	<ul style="list-style-type: none"> • Technical and financial support to the creation of integration companies by Public Authorities. However, not all the investment costs are covered by state financial support. • As to the workers in integration process, IEFP co-funds 80% of the wages (which are defined taking as a reference the national minimum wage) and the social security contributions.
Indirect public support	<ul style="list-style-type: none"> • When training is part of the individual integration plan, it has a maximum duration of six months and aims at the development of personal, social and professional skills. This training is accredited by the IEFP. Trainees are entitled to a training grant corresponding to 70% of the national minimum wage – this amount is covered by IEFP. • Each integration company must have its own administrative and management staff. There is also a team in charge of the follow-up of the integration process; this team includes representatives from the organisation that initially created the integration company, the IEFP and the Ministry of Social Security and Labour.

The funding obtained through the sale of goods and services to individuals and the private sector fulfils one of the purposes of WISEs such as defined by law, since each WISE has to generate at least part of its own financial resources through the sale of products and/or services in the market. However, the incomes generated by sales are not sufficient to guarantee the survival of WISEs; in order to cover their costs, market resources from commercial activity thus have to be complemented by public subsidies. According to the financial data made available by WISEs, the sale of goods and services to the third sector does not have any relevance: only 1 WISE mentioned this type of sales, which represented 0.15% of its monetary resources. However, we must stress that most of the interviewees mentioned that the promoting bodies of the WISE tended to be their main "customers" – promoting bodies which, by law, must be third sector organisations: associations, foundations, co-operatives or private institutions of social solidarity.

None of the WISEs declared to receive any kind of contribution, subscription, donation or patronage. The mobilisation of non-monetary resources, such as voluntary work, was not significant either: only one WISE declared to count with voluntary work. However, and based on our empirical knowledge of WISEs, we must point out that, at least in some cases, voluntary work exists, even though this is not recognised as such, and of course it is not financially valued by the WISE; this kind of voluntary work is usually performed by management or technical staff belonging to the promoting body.

The main difficulties identified by WISEs regarding the sale of their products/services to the private sector are problems in competing in the market, due to the high costs associated to their products/services and to the relatively low quality of these products/services, both related, according to them, to the low qualifications of their workers.

WISEs also feel limited by the legal framework of the Portuguese integration companies, which is seen as preventing them from competing in the market on equal terms with private for-profit companies.

Another difficulty still is linked to the fact that WISEs are highly dependent on public subsidies for covering their costs (for instance, 80% of the wages of the workers in integration process are covered by public financing), which may raise serious problems, especially when delays occur in the payment of these subsidies.

It would be interesting to establish a typology of Portuguese WISEs according to their resource mix:

- A first type of WISEs is those deriving a relatively high proportion of the monetary resources from the sale of products/services (about 40% for the WISEs of the sample).
- A second type is composed of WISEs which are able to mobilise only rather low percentage of monetary resources from the sale of products or services (equal or inferior to 8% for the WISEs of the sample). This type of WISEs is thus clearly dependent on state subsidies. Their high dependency on subsidies might be explained by, on the one hand, their territorial location (in deprived and deserted areas) and, on the other hand, the target group of the services provided (mostly lone and poor elderly people).

These first two types of WISEs would hardly be able to survive without state subsidies.

- A third type is illustrated by one single WISE in the sample, which is characterised by a strong financial autonomy. Although providing home care support to elderly people, it has always addressed a medium-high social group, who can afford to pay for the services they get and who is even willing to pay a little more than the average market prices in order to ensure the good quality of the services.

3.4. Individual benefits for the workers

Profiles of workers

We collected detailed information on 105 disadvantaged workers. As regards their personal characteristics, one of the most striking elements is probably the fact that women constitute the large majority of workers in integration: they represent 82.9% of the sample (men thus represent only 17.1% of workers).

The distribution by age groups is rather homogeneous, but it is worth mentioning that 54.3% of the disadvantaged workers are under 40 (and 21% are under 30).

Men are more concentrated in the extremes of the age spectrum: 38.9% are under 30 and 38.9% are over 50.

Regarding their family situation, most disadvantaged workers are cohabiting in couple and have dependent children in the household.

Table 8: Disadvantaged workers by age group and sex (%)

	Total	Male	Female
< 30 years	21	38.9	17.2
30 – 35 years	14.3	11.1	14.9
35 – 40 years	19	11.1	20.7
40 – 45 years	12.4	0	14.9
45 – 50 years	14.3	0	17.2
> 50 years	19	38.9	14.9
Total	100 (105)	100 (18)	100 (87)

A cross-analysis of the household situation and the number of children reveals that most disadvantaged workers cohabiting in couple have one or two children. Twenty-five percents of those who are divorced/separated/widowed have between three and five children. As to the ones who are single and have children (nine cases), these are all lone mothers with one child.

The level of education of the disadvantaged workers employed in WISEs is generally low: 88.6% have primary education or, at most, lower secondary education, while 1.9% have no formal education at all. On the other hand, 1.9% only (all men) have an upper secondary course degree aiming at direct labour market entry.

Men have, on average, a higher education level than women: 2.3% of female disadvantaged workers do not have any formal education at all and 52.9% have primary education only.

Table 9: Disadvantaged workers by level of education and sex (%)

	Total	Male	Female
No formal education	1.9	0	2.3
Primary education	50.5	38.9	52.9
Lower secondary education	38.1	38.9	37.9
Upper secondary: university	7.6	11.1	6.9
Upper secondary: direct labour market entry	1.9	11.1	0
University degree	0	0	0
Total	100 (105)	100 (18)	100 (87)

It appears that the older the disadvantaged workers, the lower their level of education. All those who do not have any formal education at all are over 50.

WISE managers were also asked to classify the disadvantaged workers according to a typology of their disadvantage. Analysing the type of disadvantage considered as the

most important (each worker could cumulate several types of disadvantage) at the time when the worker entered the WISE, we conclude that most disadvantaged workers were long-term unemployed (54.4%), persons with other social problems (19.4%) or persons with qualification problems (13.6%).

Table 10: Typology of disadvantaged workers by sex (%)

	Total	Male	Female
Long term unemployed	54.4	29.4	59.3
Persons with qualification problems	13.6	17.6	12.8
Young participants	1	0	1.2
Old participants	1	0	1.2
Officially disabled persons	1	0	1.2
Persons with other social problems	19.4	52.9	12.8
Immigrants	0	0	0
Persons with mental problems	1.9	0	2.3
Refugees	0	0	0
Other (lone parents)	7.8	0	9.3
Total	100	100	100
	(103)	(17)	(86)

Most women are long-term unemployed (59.3%), while most men are persons with other social problems (52.9%). The percentage of persons with qualification problems is higher among men (17.6%, compared to 12.8% for women).

Most disadvantaged workers (54.3%) are classified by WISEs' managers as middling employable in the normal labour market. Men seem to be considered as more easily employable than women. On the other hand, we must stress that, even after going through an integration process aiming at the promotion of their professional and personal skills, about one fourth of these disadvantaged workers are still classified as hardly employable.

Table 11: Classification of the disadvantaged workers according to their employability and sex (%)

	Total	Male	Female
Easily employable	21	27.8	19.5
Middling employable	54.3	44.4	56.3
Hardly employable	24.8	27.8	24.1
Total	100	100	100
	(10)	(18)	(87)

The degree of employability seems to depend on the working experience of the disadvantaged workers previous to their entering the WISE. Those who had between 1 and 5 or more years of experience are considered as more easily employable, while those who had no previous experience or a short one are considered as having a lower level of employability.

Table 12: Relation between the total length of the experience of the disadvantaged workers before entering the WISE and their level of employability (%)

	Easily	Middling	Hardly
No experience	22.7	14	42.3
Less than 6 months	4.5	3.5	7.7
Between 6 months and 1 year	9.1	15.8	11.5
Between 1 and 2 years	27.3	12.3	7.7
Between 2 and 5 years	18.2	14	15.4
More than 5 years	18.2	28.1	15.4
Unknown	0	12.3	0
Total	100 (22)	100 (57)	100 (26)

Benefits of WISEs

A comparison was established (despite the scarcity of the data collected from the managers on this issue) between the income level of the workers hired by WISEs before entering the organisation, on the one hand, and by the time of the survey, on the other hand. This analysis showed a significant increase in the income level, although this remained rather low (Table 13).

Table 13: Repartition of the disadvantaged workers still hired by the WISEs by the time of the survey, according to their income (%), before entering the WISE/at the time of the survey

	Before entering the WISE	At the time of the survey
< 250 euros	46.2	0
250-500 euros	43.8	93.6
500-750 euros	0.0	2.1
750-1000 euros	0.0	4.3
> 1000 euros	0.0	0.0
Total	100 (26)	100 (47)

As regards the beneficiaries who, at the time of the interview, had already left the WISE, a comparative analysis of their situation before entering the WISE and after their leaving reveals a positive evolution, in terms of their job situation as well as of the contractual link of those who were in employment.

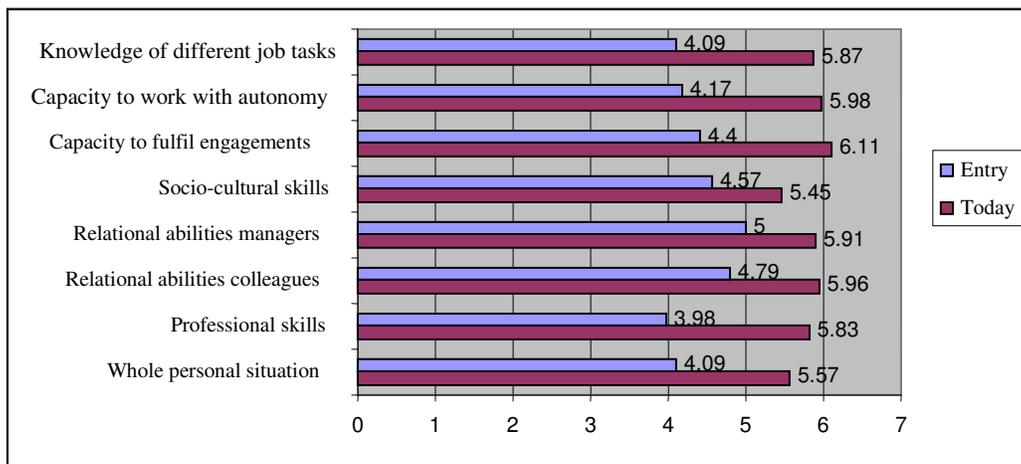
Table 14 shows this improvement in their status (even though the current situation of 27.6% of these workers is not known by the managers): before entering the WISE, many were in a situation of unemployment (especially without unemployment benefits); after their stay in the WISE, 19% of these disadvantaged workers were hired on a full-time fixed-term contract and 13.8% on a full-time open-ended contract. Nevertheless, 17.2% remained unemployed (but with unemployment benefits) and 12.1% were inactive.

Table 14: Status of the disadvantaged workers who had left the WISE by the time of the survey, before entering / after leaving the organisation (%)

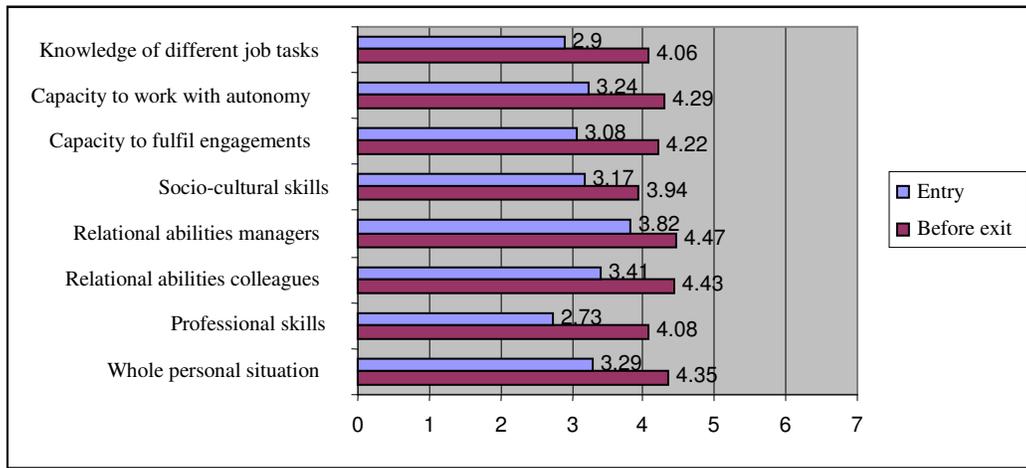
	Before	After
Open-ended full-time contract	0	13.8
Open-ended part-time contract	0	0
Fixed-term full-time contract	1.7	19
Fixed-term part-time contract	0	0
Traineeship	3.4	0
Unemployment without unemployment benefits	60.3	6.9
Unemployment with unemployment benefits	10.3	17.2
Inactive	15.5	12.1
In school	1.7	0
Self-employed	0	0
Seasonal job	0	0
Housewife	3.4	3.4
Voluntary	0	0
Other	0	0
Unknown	3.4	27.6
Total	100 (58)	100 (58)

Several questions were also asked on the improvements experienced by the disadvantaged workers during their time at the WISE. Although the answers were subjective and provided by WISE managers or social workers (and not by the workers themselves), they provide an idea as to how and in respect of which skills the disadvantaged workers developed during their time at the WISE. Interviewees were asked to give, for each worker, a score of 1 to 7 for each of the aspects mentioned in the graph.

Graph 3: Improvement of the disadvantaged workers' abilities – workers still in the WISE



Graph 4: Improvement of the disadvantaged workers' abilities – workers who left the WISE



According to this evaluation, the abilities of the disadvantaged workers who were still employed in the WISE had improved in all aspects, in particular regarding their professional skills, their capacity to fulfil the working engagements, their capacity to work with autonomy and their knowledge of different tasks. The improvement in terms of relational abilities and socio-cultural skills was less significant, which might have limited the gains in terms of professional skills and capacity to work obtained in the WISE. This also had a negative impact on the improvement of the whole personal situation of the disadvantaged workers.

The evaluation is similar regarding the disadvantaged workers who had already left the WISE by the time of the survey, as to the different aspects. However, the general situation of these workers tend to be more negative: the average score given to the different items is usually lower, both at the entry and today, for the disadvantaged workers who are no longer employed in the WISE, compared to those who are still there.

Conclusions

Taking into account the capacity to mobilise and to combine social and economic goals; the multiplicity of resources; and the individual benefits for the persons in a process of integration through work in the WISE, we can draw the following conclusions.

First, the attempt to combine the production of goods and services, ensuring a good-quality answer to social needs left unmet by the market, and the work integration of people with qualification problems, appears to be too demanding when confronted with the need to generate a sufficient level of own resources. These difficulties sometimes compromise the pursuit of the WISE's goals and even their survival.

Second, the mobilisation of public subsidies, although complementary to the mobilisation of market resources, seems essential to ensure the financial viability of WISEs, especially when considering the (declared) irrelevance of non-monetary resources for these social enterprises.

In spite of all the difficulties, WISEs have in fact contributed to the work integration and to the improvement of the skills and abilities of their disadvantaged workers. Our research results reveal that most people who entered a WISE actually experienced this kind of improvement. This positive effect is particularly obvious as regards the improvement of the professional skills and abilities and the capacity to work with autonomy. It thus seems possible to conclude that WISEs in Portugal have been relatively successful as a tool for promoting the social integration through work of disadvantaged groups.

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