THE FUTURE OF SOCIAL ENTERPRISE IN SWITZERLAND:
PRELIMINARY RESULTS OF AN EMPIRICAL INVESTIGATION

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1. Introduction

This paper is a work-in-progress (see Aviles et al, 2008), related to a research project currently under way at the Department of Business Management and Social Sciences of the University of Applied Sciences and Arts of Southern Switzerland (Crivelli and Bracci, 2007), and which aims to report on and classify the forms of social enterprise existing in Switzerland.

In this Country, where economic freedom and individual responsibility are considered as fundamental values, both the concept and practice of social economy are definitely less well-developed than in other European countries. In fact, it is not by chance that Switzerland has remained on the sidelines of the main international studies conducted on social enterprise and promoted by the Organisation for the Economic Cooperation and Development and by the EMES network (OECD, 1999; Borzaga and Defourny, 2001). The hybridization between business and forms of social assistance might have been slowed down by the successful and smooth-running Swiss economic and social security models: in fact the number of people excluded from the primary labour market only began to rise substantially in the 1990s, while the financing problems experienced by neighbouring countries in the attempt to maintain levels of social protection were slower to make an impact on the "generous" welfare state arrangements of the Confederation1.

Despite this, the last twenty years have witnessed the development of a number of social enterprise experiments also in Switzerland, a country notoriously marked by a solid tradition in the field of private, not-for-profit organisations. (cf. Baglioni, 2004; Helmig and Hunziker, 2007; Purtschert, 2005; Purtschert et al., 2003; Rossini and Martignoni, 1999). However, the lack of a specific legal framework has helped to conceal the operations of these conceptually and operationally different types of organisations. At the same time, federalism and the cultural and socio-economic heterogeneity of the Country have prevented a national census from being conducted, not least due to the large number of profoundly different models that have taken root in the three main linguistic areas of the Country. Finally, and with specific reference to the universe of work integration social enterprises, the research conducted until now consists almost exclusively of public policy evaluations and assessments and special integration projects promoted by the public sector, while there has been a lack of further-ranging analyses of work integration structures that display features similar to those of "social enterprises" (De Jonckheere et al, 2008).

The research project referred to above, and this paper, intend to fill this cognitive gap, aiming to shed light on a phenomenon that has been little investigated in this Switzerland.

1 The distinctive features of the "made in Switzerland" welfare state will be described in section 2.
In order to fully understand the unique features of Swiss social enterprises, the institutional context and the history of the Country must be taken into consideration. Section 2 of the article therefore describes the factors that have delayed the creation and development of forms of social entrepreneurship while also strongly affecting their configuration. Regarding the change in social policy direction recorded in the 1990s, this section also contextualises the emergence of organisational forms that, more or less consciously, define themselves as social enterprises. Section 3 briefly reviews the studies on this topic published in Switzerland. Sections 4 and 5 illustrate the first results of an empirical investigation aimed at assessing on the one hand the willingness of disadvantaged job-seekers to get back into the game in a social enterprise, and, on the other hand, the enterprise models that have developed in the various linguistic areas of the Country. Section 6 concludes with some considerations on the future developments of social enterprises in Switzerland.

2. Emergence and development of social enterprises in Switzerland

a) The reasons for the late development

The reasons delaying the creation and development of forms of social entrepreneurship definitely include the smoothly-operating Swiss welfare system, which has historically been able to guarantee Swiss citizens relatively high standards of social security and economic well-being.

This might seem an unusual statement, since Switzerland is firmly based on liberal values and on the protection of economic freedom, recording levels of fiscal pressure and public spending that are rather low in comparison with other countries. This assumption is evident in Figure 1, which shows (for six European Countries) the values relating to the economic freedom index and to public spending as a percentage of the GDP. The countries analysed are those neighbouring Switzerland (Germany, France, and Italy), where the social enterprise sector has developed strongly, and also Spain and Great Britain. The diagram clearly shows how the Fraser Institute classifies Switzerland among the leading countries in terms of the economic freedom index, and that public spending in Switzerland is rather low in comparison with the other countries (for every euro of added value produced in Switzerland, 34.9 cents is spent in the public sector, while Italy for example spends 48.3).

So it could be assumed that Switzerland follows a liberal economic model, close to that of the United States, and that accordingly there is little income redistribution among citizens while anti-poverty interventions are limited to the third sector (by means of Charities or other forms of philanthropy). This conclusion is wrong, however. The situation changes radically if we consider social spending, and more
specifically, annual, per capita social spending, calculated in purchasing power parity euros. At 7,433.4 PPP-Euro per inhabitant, Switzerland ranks unmistakably in first position (Figure 2).

**Figure 1: Public spending/GDP and economic freedom index (2005)**

![Bar chart showing public spending/GDP and economic freedom index for France, Italy, Germany, UK, Spain, and Switzerland.](chart1.png)

Source: Federal Department of Finance and Fraser Institute

**Figure 2: Annual, per capita social spending, in purchasing power parity Euros (2005)**

![Bar chart showing annual, per capita social spending in euros for Switzerland, Germany, France, UK, Italy, and Spain.](chart2.png)

Source: Federal Department of Finance
This result shows that Switzerland has equipped itself with a rather generous social security system. The apparent contradiction (low public spending - high social spending) is easy to explain: a substantial portion of social security in Switzerland is financed by means of compulsory, non-governmental systems (pension funds, sickness funds, accident insurance). Since these are insurance policies provided by private organisations (which are usually less redistributive than public programmes), they are not considered in the usual public spending indicators. Moreover, the composition of public spending in Switzerland is very redistributive, with substantial portions of money spent on the production of merit goods such as schools and healthcare as well as on public service provision.

Finally, in line with the principle of subsidiarity, which is strongly rooted in Swiss culture and institutions, the State has delegated private organisations, chiefly in the Third Sector, with the task of taking responsibility for disadvantaged groups.

This situation allows us to conclude that in Switzerland there has been no "demand for social enterprise", generated by social needs not met by statutory social security, and that, at the same time, over the years the Third Sector has developed a consolidated financial dependence on the State, to the extent of blocking the productive and entrepreneurial development of the not-for-profit sector, to which the concept of social enterprise usually refers.

Another factor that may explain the slow development of social enterprises in Switzerland is the delayed emergence of the unemployment problem.

While the oil crisis and stagflation had already begun to create significant unemployment in the rest of Europe in the 1970s, the Swiss labour market was shielded from these crises for another 15 years, and only in the early 1990s did Switzerland cease to be an exception to the unemployment phenomenon (Figure 3).

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2 These private systems amount to almost 50% of total social spending and the most significant "private" social security spending items in Switzerland consist of (1) the costs for compulsory health insurance, financed by the payment of community-rated premiums to non-profit insurance companies (Crivelli, 2009); (2) the contributions to the mandatory employer-based, occupational pension scheme (second-pillar), managed by private organisations (pension funds) and based on old-age credits accumulated as retirement assets and bearing interest (Bütler, 2004); and (3) Federal accident insurance expenses.

3 The privileged situation of Switzerland can be explained by three factors (Bertozzi et al., 2005, quoted in De Jonckheere et al, 2008):

− In Swiss economic growth, the role played by foreign workers and by legislation on foreigners has allowed the Country access to rotation employees for limited periods of time (known as "seasonal workers"). During crisis years, these workers returned to their countries of origin, therefore exporting unemployment;
In addition to recording a sharp rise in social spending, this period also witnessed the introduction, by the Federal Government and by the Cantonal authorities, of a series of measures aimed at the (re-)integration of people excluded from the labour market. These initiatives were rooted in the main branches of social security (unemployment, social assistance, disability insurance).  

Similar legislative developments show a new paradigm of the Swiss Welfare State, based on active work integration policies and on the incitative role played by the State (cf. Marazzi et al, 2007), and it was in this context that, in the 1990s - and therefore later than in other European countries - most social

- The female unemployment rate, which has adapted cyclically to the economic situation and to the needs of the economy;
- The presence of sectors important to the Swiss economy - such as agriculture and construction - targeting the domestic market and strongly protected, and which therefore faced international competition only at a later date.

The main interventions are listed below:

- In 1995, with the adoption of the second partial revision of the Federal Law on unemployment insurance, there was a change from a passive system, aimed exclusively at guaranteeing income to the unemployed, to an active system in which a fundamental role is played by active work reintegration measures.
- Similar measures were also taken in the field of social assistance (under the responsibility of each Canton, and aimed at guaranteeing minimum income levels to the most disadvantaged categories), with the introduction of temporary social and work integration programmes.
- The latest development consists of the fifth revision to the Federal Law on disability insurance, which came into force on 1 January 2008. In addition to proposing savings measures, it also tries to strengthen the instruments for timely work reintegration for people with health problems. The aim of this law is to tackle particularly the substantial increase in the number of cases of disability caused by workplace-associated mental disorders.
entrepreneurship initiatives flourished. However, we must bear in mind that in the 1980s a limited number of pioneering organisations were founded in Switzerland with the mission of integrating disadvantaged workers, i.e. prior to the establishment of public policies providing financial incentives for work integration.

b) The features of the initial experiments

The factors described above (the existence of a generous welfare state and the late emergence of the unemployment problem), on the one hand delayed the development of social enterprises and, on the other hand strongly affected the features of the first social enterprise experiments. In fact, the most common approach adopted in Switzerland was to develop forms of social entrepreneurship related to the main social security mechanisms, as an extension of the non-profit sector.

The Swiss social security network, which is quite well-constructed and segmented into a number of widely differing regimes (unemployment insurance, social assistance laws, minimum income laws, disability insurance), interfaces with associations, foundations and other organisations, usually non-profit, operating in the social-assistance and work re-integration sector. For a variety of reasons, these organisations have recently begun to change their organisational structures, assuming some typically social enterprise features. These are empirical experiments, created from a sort of contamination with the experience matured in neighbouring countries and from national requirements that have become increasingly urgent (such as exclusion from work and the diffusion of mental-social disorders.

The first main wave in which social enterprises were set up dates back to the 1990s, when, as a result of the rise in unemployment, active labour market measures were reinforced. On the basis of the Federal Law on compulsory unemployment insurance and insolvency compensation (LADI), the State decided to finance temporary employment programmes for the unemployed, to be conducted at public and non-profit bodies and at organisations in the private commercial sector (purely for training-type programmes). These interventions allow non-profit organisations to promote production activities, with the aim of developing the skills of the unemployed and facilitating their work re-integration.

Another area in which reintegration initiatives have been fostered is the field of social assistance and minimum income mechanisms complementing unemployment insurance. In other words, the recipients are still unemployed, but they are not entitled to unemployment benefits or they have used up their entitlement and therefore receive social assistance or a means-tested social aid.

Finally, forms of social entrepreneurship have also developed in another sector: sheltered workshops for people with disabilities. From the 1990s, these workshops gradually transformed into long-term solutions for people with what are considered as permanent disabilities. Alternative models were experimented, in the
belief that there was need to promote the integration of this population into a normal working environment. The main purpose was to address an economic problem, related to the explosion in the costs of Disability Insurance, but particularly related to the increase in the numbers of disabled people, denoted by the growing proportion of disability caused by mental illness (Stünzi, 2003), which seems to reflect a trend toward the "medicalisation" of social problems (Figure 4). At the same time, this transformation was fostered by a number of changes in relations with the State, particularly as a result of the capillary adoption of new public management policies (especially by means of service contracts).

Figure 4: Beneficiaries of disability benefits by type of impairment

![Graph showing beneficiaries of disability benefits by type of impairment](image)

Source: Federal Social Insurance Office

In relation to the defining criteria proposed by the EMES, the first experiences in Switzerland are in line with the criterion of productive because the activity performed is mainly and continuously one of production, although this finds only limited application with regard to temporary employment programmes for jobless people that are legally required to respect a non-competition clause.

However, most of these organisations lack an entrepreneurial orientation and the willingness to take risks, due mainly to the often rather inflexible mechanism of public financing, which discourages the entrepreneurial orientation of the organisations. In fact, these organisations usually do not pay real wages to the integrated people, but rather a symbolic compensation (and sometimes not even that) on completion of their insurance benefit, potentially creating negative repercussions on the work motivation of the employees. Moreover, the staffs in charge of the training and supervision of the disadvantaged people are often bound by
extremely strict regulations in terms of staff qualifications and salary levels to adopt, and their wages are often paid wholly from public subsidies.

The situation described above leads clearly to the conclusion that these initiatives are not yet real business experiences, since they are often managed and subsidised in accordance with the rules of the public sector. The consequences of this dependence on the social security system are both positive and negative. The work integration organisations enjoy, on the one hand, greater financial stability since the State relieves them of a significant risk component, but on the other hand their margins for managerial and entrepreneurial autonomy are accordingly rather limited.

3. Literature review

Before presenting the (still provisional) results of our empirical research, it is useful to briefly discuss the literature published in Switzerland on this issue. As far as we know, there are 5 papers specifically related to the social enterprise sector in Switzerland, all of which have been published very recently [cf. Adam, 2008; De Jonckheere et al, 2008; Dunand and Du Pasquier, 2006; Kehrli, 2007; Tattini-Antonin and Bruttin, 2006]. These studies agree in saying that we are still far from being able to talk about any real social enterprise movement in Switzerland: the lack of any national "blanket" organisations and the modest interest aroused by this issue in the academic world (social enterprises have not yet been assessed systematically and scientifically at the national level) means that the panorama is still rather confused and fragmented.

The most comprehensive research work relates to the situation in French-speaking Switzerland.

- Tattini-Antonin and Bruttin (2006) published the first scientific investigation of social enterprises in Switzerland. The study, based on documental analyses and on semi-structured interviews with directors of organisations, considers eleven work integration social enterprises operating in French-speaking Switzerland and one organisation operating in Zurich. Based on the case studies, the authors propose adapting the EMES definition to the specific Swiss context, excluding the criteria proven to be of little relevance to the Swiss situation and suggesting the inclusion of a number of supplementary criteria, the most significant of which are: vocational training and inside provision of psychological and social care for beneficiaries. Tattini-Antonin and Bruttin also propose a taxonomy of work integration social

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5 In addition to these publications, there are a number of university degree dissertations that, from various aspects, tackle the social enterprise issue. We make specific reference to Amgarten and Widmer (2007) and Bracci (2008).
enterprises, based on two main features: the time horizon of the work (re)integration policies\(^7\) and the logic behind the production of goods and services.\(^8\)

- De Jonckheere et al (2008) conducted a qualitative scientific study focused on six “entreprises sociales d’insertion par l’économique” in French-speaking Switzerland. Despite the small sample, the study considers both social-integration enterprises (where the production activity is a means for developing social and personal skills), and organisations aiming at professional integration (where the chief aim of the production activity is the acquisition of professional or para-professional skills, with a view to rejoining the labour market). The main objective of this study was to understand, by means of statements made by the actors involved, the representations, the values and the identity-shaping processes in play\(^9\) and to formulate a qualitative assessment of how a period of work in a social enterprise affects the skills and capabilities of the beneficiaries. The book highlights a number of "paradoxes" inherent to the concrete operation of social enterprises, associated with the conflict between economic purpose (productivity requirements, constraint of non-competitiveness and political pressures in terms of the professional reintegration objective) and the social purpose (the many needs of the people for whom responsibility has been accepted).

- Dunand and Du Pasquier (2006), on the other hand, is a popularising paper, based on the authors’ experience and understanding of the phenomenon, and that aims to draw attention to the complex nature

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\(^6\) The criteria excluded are: high level of organisational autonomy, initiative promoted by a group of citizens, decision-making power not based on private equity, enlarged participative dynamic involving a number of stakeholders, including the beneficiaries.

\(^7\) A distinction is made between social enterprises aimed at temporary employment and those aiming for long-term integration. The former category is generally directed toward the unemployed, those whose unemployment benefits have expired or those receiving social benefits. The mission is to facilitate a rapid return to the labour market. The second category (long-term integration) usually employs people who receive disability insurance and who are unlikely to return to the labour market in the near future.

\(^8\) Two types of social enterprise can be identified here as well: organisations whose integration activities are mainly linked to public mechanisms and to the related financing, and social enterprises that, for a variety of reasons, have a more market-oriented mission. This latter category benefits from broader margins for manoeuvre in terms of the management and organisation of production activities and in worker relationships. On the other hand, the more pronounced market focus leads to increased requirements in terms of productivity.

\(^9\) For this purpose 20 interviews were conducted with the directors and with some of the staff members of social enterprises, and 34 "life stories" of beneficiaries were collected, on the topic of exclusion from the workplace and reintegration possibilities.
of organisations operating in French-speaking Switzerland in the field of work integration and in the fight against the exclusion of disadvantaged workers. Despite being highly heterogeneous (in terms of activity sectors, size of the organisations, administrative statute of the beneficiaries, sources of public financing, etc.), the “entreprises d’insertion” have four common features: they pursue an objective of general interest (the integration of disadvantaged workers), they operate continuously goods and service production activities that generate revenues, they offer job-seeking support services, conduct training activities and are (relatively) autonomous from the public sector. The origins of “entreprises d’insertion” historically lie in three distinct sectors: (1) sheltered workshops for people receiving disability insurance; (2) real “entreprises sociales d’insertion” operating in the social assistance field; and (3) the sector dedicated to temporary employment programmes for the jobless, in which training plays an important role and where production activities must adhere to the constraint of non-competition with the private economy. Developments in the profile of those receiving benefits from disability insurance (with specific reference to the increase in mental disorders) have raised the likelihood that some of these people will be able to return to the non-protected labour market. On the other hand, the employment programmes for the jobless are also beginning to feel the need to provide beneficiaries with a "real job", one that can facilitate their work re-integration. According to the authors, these trends are helping to bring the three historical sectors closer together, and in the medium term they could blend together into one single model of work integration social enterprises.

- Of the two studies published in German-speaking Switzerland, Kehrli (2007) is more popular in nature. The book begins by briefly reviewing the international considerations regarding social enterprise, and then introduces the social enterprise models widespread in the two main regions of the Country (German-speaking and French-speaking). The social enterprise movement has deeper roots in French-speaking Switzerland (the first “entreprises d’insertion” date back to the 1980s). The main idea in the French-speaking Cantons is that integration in a social enterprise should be a solution providing a "bridge" to the open labour market or to a vocational training programme. In German-speaking Switzerland, on the other hand, the social enterprise debate is more recent (the origins date back roughly ten years) and is part of the idea that a portion of the population is excluded from the ordinary labour market in the long term. According to the author, social enterprise in Switzerland should stand between the regular employment and the sheltered one, complementing them both. Unlike the primary market,

10 These organisations are aimed at those who have used up, or who are not entitled to, Federal unemployment insurance, and to those serving prison sentences who can be granted conditional release on account of working activity.
social enterprises employ a substantial quota of disadvantaged people and they have access to limited start-up capital. With respect to the sheltered employment, jobs in social enterprises are permanent, allowing workers to do a "real job". The employees are "mixed" (a substantial portion consists of fully productive workers) and social enterprises must adhere to the employment legislation of the regular market. Finally, Kehrli estimates the number of jobs that might be covered by social enterprises. Taking as the starting point an estimation of the number of beneficiaries that, in the various social security systems, have a partial working capacity but that are unemployed, she calculates a potential number of 104,700 full-time jobs to allocate to disadvantaged workers. These jobs mainly require low-level qualifications, but there are also jobs requiring greater skills and responsibilities that can be particularly assigned to people disabled by mental disorders. The book concludes with a number of considerations and proposals relating to the forms of financing, the wage models and the economic sectors that might be suited to social enterprises.

Adam (2008) is a book collating the papers presented in an early conference on the topic, promoted by the Fachhochschule Nordwestschweiz in 2006. Some contributions focus on the legal aspects, others on the administrative features, and yet others on the possibility of classifying social enterprises within the low profit business sector and on the potential economic impact of these organisations and the potential easing on social security expenditure. The authors identify with the following definition of social enterprise: “market-oriented enterprises, which pursue both economic and social objectives at the same time and which have set themselves the task of providing permanent employment (with regular work contracts, in adherence to the usual wage conditions, and with a statute of equality with regard to non-disabled workers) to a significant quota of people with impairments of various kinds that reduce their productivity levels". The considerations made in this book reveal the inadequacy of current Swiss legislation (the Code of Obligations and the Civil Code) to appropriately frame these organisations from a legal perspective, and the need for a specific legal format for social enterprises.

4. Willingness to get back into the game and potential demand for employment in social enterprises

The above literature review clearly shows the limits of the few studies published in Switzerland. Until now, there has been no scientific research conducted at the national level that would make it possible to provide an objective description of the features and operations of Swiss social enterprises. In order to fill this gap, an empirical investigation, still in progress, has been promoted, pursuing two objectives: (1) to estimate the willingness of disadvantaged workers to get back into the game in a social enterprise (demand side) and
Regarding the first objective, Kehrli (2007) has already tried to estimate the potential pool of disadvantaged workers that might find employment in work integration enterprises in Switzerland. However, this is a very unrefined estimation, that fails to consider for example the actual willingness of disadvantaged workers to accept the consequences associated with employment in a social enterprise (potential salary reduction or loss of some social security benefits). We therefore decided to conduct questionnaire interviews with people living in Italian-speaking Switzerland who had received unemployment benefits for a period until 2006-2007, when their “unemployment insurance term limit” expired without them having found new jobs. The investigation was conducted in collaboration with the Sezione del lavoro (the Cantonal administration office responsible for employment issues) with the aim of assessing the willingness of these people to get back into the game in a productive organisation with the participation and democratic features typical of social enterprises. So the analysis of the demand was limited to a specific category of disadvantaged people (the long-term unemployed). We believe that this sector requires particularly urgent intervention measures and that in it are found people who are particularly well-suited to employment in work integration social enterprises.

The questionnaire was posted to a sample of 3,600 people between 10 and 20 May 2008. The response rate recorded was approximately 30%, amounting to a total number of 953 returned questionnaires. The questionnaire consisted of 62 questions and aimed to reconstruct the professional and employment history of the respondents, trying to understand their physical and mental health conditions (using the SF12 instrument) and to identify the factors that create a high risk of exclusion or that make people rather incompatible with existing support mechanisms. This article aims simply to present the results relating to the willingness of those interviewed to get back into the game, as a partner in a cooperative or as a worker in a company with typically social enterprise features. The question was posed exclusively to those who, at the time of the

11 "Term limit" means the insurance coverage period that can vary from 12 to 24 months, according to circumstances (Aeppli, 2006).
12 According to Secretariat of State for the Economy figures, on average of 20% of unemployed people reach the end of the term limit (as a percentage of all those who begin the term limit); this group therefore includes workers with the most serious professional reintegration problems.
13 The sample of returned questionnaires was representative in terms of gender, residence and year of entitlement expiry. However, the variables of nationality, age and level of qualification were not well represented. An attempt was therefore made to control the possible selection bias by estimating a Heckmann selection model, but the \( \lambda \) was not significant and was consequently omitted from subsequent estimations.
interview, had either not found a new job or who, having found a job, said that they were not fully satisfied with their current occupation (amounting to a total of 761 observations). Willingness to get back into the game was recorded differently according to the working and administrative statute of those questioned (cf. table 1), particularly distinguishing between: (a) those who, when compiling the questionnaire, said that they had found a job and therefore received income from work; (b) those who, although still excluded from the workplace, said that they received public benefits; and (c) unemployed people who said that they did not receive any institutional support. For the first two groups, getting back into the game implied willingness to forego part of their current income, while for the third group, lacking any source of income, the opportunity cost consisted of the willingness to work at a salary lower than that earned before becoming unemployed.

Table 1: Willingness of the three groups to re-enter the game

<table>
<thead>
<tr>
<th>Case a. EMPLOYED</th>
<th>Would you be willing to get back into the game and personally set up a cooperative or a social enterprise?</th>
</tr>
</thead>
<tbody>
<tr>
<td>cases</td>
<td>frequency</td>
</tr>
<tr>
<td>yes, even if the salary were equal to or lower than my current salary</td>
<td>53</td>
</tr>
<tr>
<td>yes, provided the salary were higher than my current salary</td>
<td>127</td>
</tr>
<tr>
<td>under no circumstances</td>
<td>115</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case b. UNEMPLOYED WITH BENEFITS (unemployment insurance, means tested financial support from the State, disability insurance)</th>
<th>Would you be willing to get back into the game in a job, aware that this would cause you to lose (partially or wholly) the social assistance or the income to which you are entitled?</th>
</tr>
</thead>
<tbody>
<tr>
<td>cases</td>
<td>frequency</td>
</tr>
<tr>
<td>yes, even if the salary were equal to or lower than my current salary</td>
<td>71</td>
</tr>
<tr>
<td>yes, provided the salary were higher than my current salary</td>
<td>108</td>
</tr>
<tr>
<td>under no circumstances</td>
<td>33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case c. UNEMPLOYED WITHOUT BENEFITS</th>
<th>Would you be willing to get back into the game working at economic conditions lower than what you earned prior to becoming unemployed?</th>
</tr>
</thead>
<tbody>
<tr>
<td>cases</td>
<td>frequency</td>
</tr>
<tr>
<td>yes, even if the salary were lower than the salary earned prior to becoming unemployed</td>
<td>105</td>
</tr>
<tr>
<td>under no circumstances</td>
<td>101</td>
</tr>
</tbody>
</table>
As shown by the frequency figures in table 1, the willingness to get back into the game by accepting economic conditions that are lower than the existing ones (or lower than the pre-unemployment conditions) increases in line with precariousness of the situations. The percentage of respondents willing to get back into the game amounted to 18% of those who had found work, 33.5% of those without work but with social security benefits and 51% of those without work and without any institutional support. In general, approximately 25% of the sample were willing to get back into the game. Projected onto the universe of those who have come to the end of their term limits in Italian Switzerland in a two-year period, this percentage would amount to a total number of 940 people.

We will now present the results of a binomial logit model estimation, by means of which it was attempted to identify the statistically significant factors that could explain the willingness of those interviewed to get back into the game.

The willingness to get back into the game (the dependent variable of the model) has been re-codified as a dichotomous variable, assigning value 1 if the person is willing even at the cost of reducing her/his income, and 0 should this not be the case. The explanatory factors, on the other hand, are described in table 2.

In addition to the personal and socio-demographic aspects (such as gender, age, nationality, civil status and level of education) and the self-assessed health status\textsuperscript{14}, the model includes a number of professional features (such as highest position occupied unemployment and the current work situation), as well as economic aspects, which range from subsidies (with specific reference to social assistance guaranteeing a minimum income, and to disability insurance) to the family income class. With regard to income\textsuperscript{15}, it must be emphasised that the variable distinguishes membership to the various income classes only for those who have stated that their financial situation is worse than before becoming unemployed (a variable has been calculated, assuming value 0 when the current financial situation of the subject is equal to or better than the pre-unemployment condition, and a value equivalent to the current income class for those whose financial situations have deteriorated). Finally, we have included a dichotomous variable which distinguishes between subjects who consider that their total income is sufficient to meet the family needs, as opposed to insufficient.

\textsuperscript{14} Since there are many missing values in the 12 questions of the SF12 instrument, in order to avoid losing an excessive number of observations, we have considered only the first of these questions, the one relating to the self-assessed health status.

\textsuperscript{15} This is the total income of the household, and not wage of the respondent.
Table 2: Description of the variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get back into the game</td>
<td>0 = NO; 1 = YES, even with a reduction in income</td>
<td>705</td>
<td>0.329</td>
<td>0.470</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Gender</td>
<td>0 = female; 1 = male</td>
<td>951</td>
<td>0.504</td>
<td>0.500</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Age</td>
<td>0 = less than 60; 1 = more than 60</td>
<td>924</td>
<td>0.115</td>
<td>0.319</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Nationality</td>
<td>0 = Swiss; 1 = other</td>
<td>937</td>
<td>0.356</td>
<td>0.479</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Civil status</td>
<td>1 = unmarried; 2 = married; 3 = separated/divorced; 4 = widowed</td>
<td>937</td>
<td>1.907</td>
<td>0.797</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Education</td>
<td>1 = basic; 2 = secondary; 3 = university degree</td>
<td>931</td>
<td>1.842</td>
<td>0.750</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Highest position occupied before becoming unemployed</td>
<td>1 = jobless or apprenticeship; 2 = non-qualified or non-specialist job; 3 = managerial roles or self-employed</td>
<td>906</td>
<td>2.070</td>
<td>0.604</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Work</td>
<td>0 = NO; 1 = YES</td>
<td>950</td>
<td>0.522</td>
<td>0.499</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Means tested financial support from the State</td>
<td>0 = NO; 1 = YES</td>
<td>932</td>
<td>0.233</td>
<td>0.423</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Disability benefits</td>
<td>0 = NO; 1 = YES</td>
<td>932</td>
<td>0.057</td>
<td>0.232</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Family income class (if deteriorated)*</td>
<td>0 = situation not deteriorated; 1 = family income &gt; 5,000 CHF; 2 = from 4,000 to 5,000 CHF; 3 = from 3,000 to 4,000 CHF; 4 = from 2,000 to 3,000 CHF; 5 = less than 2,000 CHF</td>
<td>734</td>
<td>2.079</td>
<td>1.833</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Income sufficient for family needs</td>
<td>0 = NO; 1 = YES</td>
<td>897</td>
<td>0.639</td>
<td>0.481</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Self-assessed health status</td>
<td>1 = very good; 2 = normal; 3 = poor</td>
<td>930</td>
<td>1.711</td>
<td>0.657</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 3 shows the maximum likelihood estimation of the logistic model. With regard to the sociodemographic aspects, the estimated coefficients indicate that nationality and civil status do not make a significant impact on the willingness to get back into the game, while gender has a statistically positive effect (coeteris paribus, men have a 9.5% greater probability than women). As might have been expected, the following factors make a negative impact on the probability of getting back into the game: age (those aged more than 60 are 22.8% less probable than the others), the fact of having found a new job or of receiving public benefits, particularly with reference to those receiving means tested financial support (to guarantee a minimum income), and, secondly, disability insurance benefits (in this case, in fact, the figure is significant only at the 90% confidence level). The following factors show a positive effect on the probability of getting back into the game: the level of education (university degree) and if in the past the subject performed a managerial role or was self-employed.
Table 3: Maximum likelihood estimations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficients</th>
<th>Marginal Effects (dy/dx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.361</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-0.70)</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>0.456 **</td>
<td>0.095</td>
</tr>
<tr>
<td></td>
<td>(2.00)</td>
<td></td>
</tr>
<tr>
<td>Age - more than 60</td>
<td>-1.411 ***</td>
<td>-0.228</td>
</tr>
<tr>
<td></td>
<td>(-3.59)</td>
<td></td>
</tr>
<tr>
<td>Non-Swiss nationality</td>
<td>0.051</td>
<td>0.011</td>
</tr>
<tr>
<td></td>
<td>(0.20)</td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>-0.074</td>
<td>-0.016</td>
</tr>
<tr>
<td></td>
<td>(-0.26)</td>
<td></td>
</tr>
<tr>
<td>Separated/Divorced</td>
<td>0.188</td>
<td>0.040</td>
</tr>
<tr>
<td></td>
<td>(0.61)</td>
<td></td>
</tr>
<tr>
<td>Widowed</td>
<td>-0.683</td>
<td>-0.123</td>
</tr>
<tr>
<td></td>
<td>(-0.61)</td>
<td></td>
</tr>
<tr>
<td>Secondary education</td>
<td>0.257</td>
<td>0.054</td>
</tr>
<tr>
<td></td>
<td>(0.97)</td>
<td></td>
</tr>
<tr>
<td>University degree</td>
<td>1.045 ***</td>
<td>0.239</td>
</tr>
<tr>
<td></td>
<td>(3.30)</td>
<td></td>
</tr>
<tr>
<td>Non-qualified or non-specialist job</td>
<td>0.366</td>
<td>0.075</td>
</tr>
<tr>
<td></td>
<td>(1.02)</td>
<td></td>
</tr>
<tr>
<td>Managerial roles or self-employed</td>
<td>0.931 **</td>
<td>0.210</td>
</tr>
<tr>
<td></td>
<td>(2.29)</td>
<td></td>
</tr>
<tr>
<td>Work</td>
<td>-1.876 ***</td>
<td>-0.359</td>
</tr>
<tr>
<td></td>
<td>(-6.94)</td>
<td></td>
</tr>
<tr>
<td>Means tested financial support from the State</td>
<td>-1.214 ***</td>
<td>-0.224</td>
</tr>
<tr>
<td></td>
<td>(-4.01)</td>
<td></td>
</tr>
<tr>
<td>Disability insurance benefits</td>
<td>-0.963 *</td>
<td>-0.165</td>
</tr>
<tr>
<td></td>
<td>(-1.74)</td>
<td></td>
</tr>
<tr>
<td>Income &gt; 5,000 CHF</td>
<td>-0.562</td>
<td>-0.109</td>
</tr>
<tr>
<td></td>
<td>(-1.56)</td>
<td></td>
</tr>
<tr>
<td>From 4,000 to 5,000 CHF</td>
<td>0.457</td>
<td>0.102</td>
</tr>
<tr>
<td></td>
<td>(1.13)</td>
<td></td>
</tr>
<tr>
<td>From 3,000 to 4,000 CHF</td>
<td>0.069</td>
<td>0.015</td>
</tr>
<tr>
<td></td>
<td>(0.20)</td>
<td></td>
</tr>
<tr>
<td>From 2,000 to 3,000 CHF</td>
<td>-0.728 **</td>
<td>-0.140</td>
</tr>
<tr>
<td></td>
<td>(-2.17)</td>
<td></td>
</tr>
<tr>
<td>Less than 2,000 CHF</td>
<td>-0.158</td>
<td>-0.033</td>
</tr>
<tr>
<td></td>
<td>(-0.40)</td>
<td></td>
</tr>
<tr>
<td>Income sufficient for family needs</td>
<td>0.043</td>
<td>0.009</td>
</tr>
<tr>
<td></td>
<td>(0.17)</td>
<td></td>
</tr>
<tr>
<td>Normal health</td>
<td>0.074</td>
<td>0.016</td>
</tr>
<tr>
<td></td>
<td>(0.31)</td>
<td></td>
</tr>
<tr>
<td>Poor health</td>
<td>-0.248</td>
<td>-0.050</td>
</tr>
<tr>
<td></td>
<td>(-0.61)</td>
<td></td>
</tr>
</tbody>
</table>

z-ratios in parenthesis; * significant at 10%, ** significant at 5%, *** significant at 1%; dy/dx is for discrete change of dummy variable from 0 to 1. Log likelihood = -271.6253; pseudo R² = 0.1558; num. observations = 503.
An intriguing result is found in relation to the income class. Four out of five coefficients are not statistically significant. In general, among those whose financial situations had deteriorated, subjects who were still comfortably off (with income of more than 5,000 CHF) and those in the most precarious situations (with income of less than 3,000 CHF) denote a negative coefficient, while the intermediate classes (between 3,000 CHF and 5,000 CHF) have a positive coefficient (although not statistically significant). People accustomed to a rather high standard of living or whose incomes are so low that they cannot afford any further reductions in income, are less willing to get back into the game (if this means giving up part of their income) than those belonging to the intermediate classes. However, only the second last class (with income between 2,000 CHF and 3,000 CHF) has a statistically significant coefficient: people in this situation are 14% less likely to get back into the game than people who have returned to a financial situation similar to or better than their pre-unemployment situation.

On the other hand, the following variables are not significant: the opinion on the current economic income (sufficient or insufficient to meet the family needs) and the self-assessed health status. Most of the coefficients are substantially stable to the inclusion of further variables or to the exclusion of non-significant variables.

Before concluding this section, we will focus on the characteristics that interviewees would look for in a company for which they would like to work. The aim of this question was to evaluate how some typically social enterprise features are perceived. As seen in figure 5, all the dimensions checked are clearly appreciated, since their presence is considered "very" or "quite" important by at least 70% of the respondents. A democratic management system and the performance of socially useful activities seem to be the least indispensable qualities, however (only one third of those interviewed consider them as "very important), while the quality of relations in the workplace emerges as the prevalent dimension (considered as very important by 8 out of 10 of interviewees). This result is in line with the literature (cf Borzaga and Depedri, 2005 and Borzaga and Musella, 2003), which identifies the quality of the relationships enjoyed by workers in social cooperatives as providing partial compensation for lower salaries received in comparison with other working situations.
5. Analysis of the organisations that define themselves as social enterprises

A second objective of the investigation was to find, by means of a field study (that aimed to be as representative as possible) the business models that have developed in the three main linguistic areas of the Country. Due to the lack of specific legal definition and to the existence of a large number of different organisational types operating in the work integration field, it is not yet possible to conduct a comprehensive social enterprise census in Switzerland. A multiple approach was therefore used to identify the sample to interview. On the one hand, we turned to the main associations involved in social enterprise promotion; and on the other hand we referred to the organisations cited in the recently published studies mentioned in section 3. With regard to Italian-speaking Switzerland, personal knowledge of the territory was sufficient to identify a number of organisations that feel closely in tune with the Italian concept of social enterprise. Finally, the group was completed by exploring the internet sites of organisations that define themselves as social enterprises.

This work allowed us to identify 99 organisations, 13 of which operate in Italian-speaking Switzerland, 32 in French-speaking Switzerland and 54 in German-speaking Switzerland. An in-depth questionnaire was sent to these organisations, with the objective of verifying their affinity with the social enterprise definition.

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16 We are aware of the existence of two social enterprise representation and/or promotion associations. CRIE (Conseil romand de l’insertion par l’économique) has been operating for some years in French-speaking Switzerland (this organisation was formerly called CREI - www.crei.ch), while Arbeitsgemeinschaft Schweizer Sozialfirmen (ASSOF), with current head office at Fachhochschule Nordwestschweiz Olten (www.swisssocialfirms.ch) was established in German-speaking Switzerland in 2007.
criteria. Following the EMES definition, the questionnaire is structured along the different dimensions of the institute (productive activity performed continuously, high level of organisational autonomy, assumption of economic risk, existence of a certain amount of paid work, social objective, initiative promoted by a group of citizens, multi-stakeholder and democratic governance, limited distribution of profits), but also includes a number of questions relating to the awareness of these organisations that they belong to this universe, and the subjective perception of this common identity. This aspect arouses particular interest in a context, like Switzerland, where a precise legal definition and a sufficiently clear common identity is still lacking. The term “social enterprise” is beginning to be understood by public opinion and we are facing the grass-roots emergence of organisations that define themselves as social enterprises. So it is important to gain greater clarity on this phenomenon and to develop a systematic description of the typologies of the emerging models.

This research is still in course so only some partial results can be presented in the paper. Of the 99 questionnaires sent out, 35 have currently been returned. We excluded from the sample one organisation since it was subsidised totally by the public body and therefore failed to meet the important requirement of being a private business. The sample examined in this chapter therefore consists of 34 organisations (Table 4).

The information currently available for German-speaking Switzerland cannot be considered as sufficiently representative. While the response rates for French-speaking and Italian-speaking Switzerland were satisfactory (around 60%), the response rate from German-speaking Switzerland has been just over 15%. Questionnaires from the German-speaking region are still incoming since they were sent at a later date than to the organisations operating in the other two regions - Figure 6).
Table 4: Organisations compiling the questionnaire

**ITALIAN-SPEAKING SWITZERLAND**

1. Caritas Ticino  www.caritas-ticino.ch  
2. Cooperativa Clic  www.clic.coop  
3. Fondazione Diamante  www.f-diamante.ch  
4. Fondazione La Fonte  www.lafonte.ch  
5. Fondzione Pedroncini - Ristorante Vallemaggia  www.ristorantevallemaggia.ch  
6. Fondazione San Gottardo  
7. Formazienda FTIA  www.formazienda.ftia.ch  

**FRENCH-SPEAKING SWITZERLAND**

8. Association ACTI-VITA  
9. Association Ateliers Phénix  www.ateliersphenix.ch  
10. Association du Relais  www.relais.ch  
11. Association Ok-Forêt  
12. Association Tremplin  
15. Feu-Vert Entreprise  www.feu-vert.ch  
16. Fondation Les Oliviers  www.oliviers.ch  
17. Fondation Trajets  www.trajets.org  
18. Job Service  www.job-service.ch  
19. La Joliette  www.joliette.ch  
20. La Thune - Entretise sociale  www.lathune.ch  
21. L'Orangerie  www.lorangerie.ch  
22. Polyval  www.polyval.ch  
23. PRO - Entreprise sociale privée  www.pro-geneve.ch  
24. Réalise - Entreprise d'insertion  www.realise.ch  
25. Teen Services  www.teenservices.ch  

**GERMAN-SPEAKING SWITZERLAND**

26. VAM – Verein für aktive Arbeitsmarktmaßnahmen  www.vam.ch  
27. Notz Produktionen  www.notzproduktionen.ch  
28. Stiftung ESPAS  www.espas.ch  
29. Stiftung für Arbeit - Dock Gruppe  www.dock-gruppe.ch  
30. Stiftung Gärtnerhaus  www.gaertnerhaus.ch  
31. Stiftung Impuls  www.stiftung-impuls.ch  
32. Stiftung Kartauseitung  www.kartause.ch  
33. Stiftung Tosam  www.tosam.ch  
34. Verein Arbeitskette  www.arbeitskette.ch  

21
The bias is observable in the under-representation of legal forms covered by the Code of Obligations, particularly limited companies and cooperatives, that within the universe of social enterprises are almost exclusively confined to German-speaking Switzerland. In any case, the most commonly found legal statutes are still those of the Swiss Civil Code, i.e. associations and foundations, which are the typical of the non-profit sector in Switzerland (Figure 7).

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17 Cf. Swiss Civil Code, articles 60-79.
18 Cf. Swiss Civil Code, articles 80-89bis.
a) Social objective

The social objective of all the organisations interviewed is the social-professional integration of disadvantaged workers into the labour market, since - as we have emphasised more than once - work integration organisations are still the most easily identifiable category of social enterprises in Switzerland. However, the aim of this study was to describe the general panorama of activities performed by these enterprises, trying to identify any other services rendered to the community. In fact, only seven organisations, (amounting to approximately 20%) focus exclusively on professional integration, while most of them also perform a series of other social activities, ranging from services for disadvantaged people to services of interest to the community. Referring to Italian practice, these organisations may be considered as "mixed" social enterprises because they combine the type-B prototype of social cooperatives (aiming at work integration of disadvantaged workers) with the type-A model (associated with the provision of social services) (Figure 8).
The service provided to disadvantaged people most frequently, directly related to integration activity, is external placement, followed by psychological and social counselling and leisure and sporting activities (Figure 9). The main categories to whom these services are directed are the disabled, unemployed and young people without any vocational training. With regard to services of interest to the local community, the results show a rather varied distribution, ranging from the training sector to the organisation of cultural and social activities, the environmental sector, recycling and fair-trade. However, other types of local initiatives, such as the conservation of resources, social tourism, leisure and sport, are still not very wide-spread.

Let us now focus on the integration function. This activity is basically conducted by offering beneficiaries the possibility of completing a work-experience period in an organisation. Only one of the social enterprises considered (Job Service) does not directly offer employment opportunities to disadvantaged job-seekers. This organisation coordinates a project involving 8 micro-enterprises and aims to provide disadvantaged young people with the opportunity to perform a work experience in a real production context, therefore facilitating their integration into the labour market (Job Service basically acts as a placement and assignment service for trainees).
Figure 9: Other social services for disadvantaged categories of workers

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>External placement</td>
<td>44%</td>
</tr>
<tr>
<td>Psychological and social counselling</td>
<td>26%</td>
</tr>
<tr>
<td>Leisure, sporting and recreational activities</td>
<td>26%</td>
</tr>
<tr>
<td>Housing services</td>
<td>24%</td>
</tr>
<tr>
<td>Vocational rehabilitation and training</td>
<td>21%</td>
</tr>
<tr>
<td>Social and healthcare services</td>
<td>6%</td>
</tr>
</tbody>
</table>

N.B.: Since these services are not mutually exclusive, the total of all services is more than 100%.

Although participation in the productive activity is the common denominator, the integration conditions and procedures are rather variable. The analyses conducted until now allow us to illustrate some information relating to the worker typologies integrated, the duration and the objective of the integration, as well as the mental and social care services provided.

Regarding the first point, in the sample a distinction can be made between organisations that focus on one specific category of disadvantaged worker and those that integrate people of various administrative status. The 34 sample enterprises can be divided into:

- **17 “specialised” organisations**, that integrate only one category of beneficiaries, including:
  - nine organisations offering employment to **those receiving disability benefit**,  
  - five organisations exclusively for **those receiving means tested social aid**,  
  - one organisation that aims to facilitate the transition to employment (or to a training programme) for **young people** who are struggling to enter the labour market,  
  - one organisation directed toward **those serving prison sentences and ex-prisoners**,  
  - one organisation that integrates **unemployed people**;
- **17 “non specialised” organisations**, that integrate people of various administrative status: in these cases, the integration procedures and contractual conditions differ from worker to worker.

According to Dunand and Du Pasquier (2006), the administrative status of beneficiaries is still the main factor granting a person access to a work integration social enterprise. However, although social enterprises
were originally associated with one specific social protection instrument, the current trend (particularly in the French-speaking area, as already pointed out by Dunand, 2008) is to move toward specialisation in the needs of people, rather than in their administrative status. As seen in Table 4, there is a strong correlation between the duration of the contract and the administrative status. In our sample, 18 social enterprises offer mainly temporary jobs (the maximum duration varies between 6 and 24 months), while 13 provide more opportunities for long-term integration. In this latter category, we find organisations that integrate exclusively or mainly those receiving disability insurance benefit.

### Table 5: Integration duration versus category integrated

<table>
<thead>
<tr>
<th>Main user category:</th>
<th>permanent</th>
<th>temporary</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>disabled</td>
<td>11</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>unemployed</td>
<td>0</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>people receiving social aid</td>
<td>2</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>prisoners</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>young people without any training</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13</td>
<td>18</td>
<td>31</td>
</tr>
</tbody>
</table>

Test chi²(4) = 20.8470; p = 0.000

However, there are also some exceptions: La Joliette - an organisation operating in French-speaking Switzerland that offers long-term work experience programmes aimed at social integration - , and Dock Gruppe (Stiftung für Arbeit) which offers permanent job contracts to those receiving social aid benefits. Another exception, but in the opposite sense, is the Arbeitskette association of Zurich, which integrates exclusively people receiving disability insurance benefits for mental disorders or drug addiction, offering them temporary contracts (1-2 years). This current process in which administrative status policies are being surmounted could in the future lead to social enterprises promoting different contractual forms for their internal use, depending on the needs of those integrated.

The duration of the integration and the typology of category integrated are closely linked to the philosophy behind the organisation. The EMES studies (Davister, Defourny and Grégoire, 2003; Spear and Bidet, 2005) identify the integration modality (which can range from the offer of a long-term job to that of a temporary job, as a “springboard” to the labour market), as the most significant criterion for identifying the various models of work integration social enterprise. The attempt made by Tattini-Antonin and Bruttin
(2006) to classify Swiss social enterprises partially referred back to this concept, showing how the beneficiary reintegration philosophy is one of the features by which to classify the various organisations.

In our sample (Table 5), a relative majority of social enterprises (amounting to almost 44%) plan to offer beneficiaries temporary employment with a view to returning quickly to the regular labour market. In French-speaking Switzerland, social enterprises offering transitional jobs appear to be the prevalent model, but the over-representation of French-speaking organisations in the sample prevents us from generalising these results to Switzerland as a whole. On the other hand, 6 organisations offer long-term employment, since professional reintegration is felt to be rather unlikely in the short term, and the organisations involved are mainly those that work with disabled people, while a significant number of social enterprises (9) pursues both objectives (these figures might actually be higher, since the question only asked about the integration objective for the main category). Finally, some organisations pursue specific objectives, such as for example providing a limited training period and/or assessment of the productive capacities, commissioned by the disability insurance offices (in any case this objective involves a relatively small portion of workers and is not the main mission of the organisation), or facilitating the (re)-socialisation of beneficiaries by means of productive activity:

“… we put people back on their feet: we welcome people who are very fragile, the long-term unemployed who often have health problems. We propose a development programme marked out in stages”

“we foster a process of social integration”

Table 6: Integration objectives

<table>
<thead>
<tr>
<th>Objective:</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>offer temporary employment and facilitate a rapid return to the ordinary labour market</td>
<td>14 43.8%</td>
</tr>
<tr>
<td>offer long-term employment</td>
<td>6 18.8%</td>
</tr>
<tr>
<td>both</td>
<td>9 28.1%</td>
</tr>
<tr>
<td>other</td>
<td>3 9.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>32 100.0%</td>
</tr>
</tbody>
</table>

In the definition of social enterprise, Tattini-Antonin and Bruttin (2006) include the criterion of vocational training and psychological and social care for beneficiaries. In fact, social enterprises often take
on workers who would not be able to acquire the indispensable job skills for reintegration into the labour market without receiving support in relation to their personal and/or social behaviour, such as self-esteem, self-confidence and reliability\(^{19}\). It is yet to be clarified if a social enterprise must offer psychological and social care to beneficiaries directly inside the organisation, or outside.

In our sample, most of the social enterprises (73%) provide this kind of service internally (14 only internally, and another ten externally as well); the other nine, however, do not offer this type of service. The internal provision of psychological and social care is generally managed by workers with a social education who perform production tasks at the same time. In two social enterprises only social care services are offered exclusively by ad hoc staff members, dedicated to this role alone (in this case, psychological support and other social services are managed separately from the production activity). However, both professional figures work, side-by-side, in ten organisations (Tables 7 and 8).

| Table 7: Acceptance of mental-social responsibility for beneficiaries |
|-----------------------------|-----------------|-----------------|
| cases | frequency | accumulated |
| only inside | 14 | 42.4% | 42.4% |
| inside and outside | 10 | 30.3% | 72.7% |
| only outside | 9 | 27.3% | 100.0% |
| TOTAL | 33 | 100.0% |

| Table 8: Acceptance of responsibility offered internally and managed by: |
|-----------------------------|-----------------|-----------------|
| cases | frequency | accumulated |
| staff with a social education and involved in the production activity at the same time | 12 | 36.4% | 36.4% |
| ad hoc staff members dedicated exclusively to the provision of psychological and social care | 2 | 6.1% | 42.4% |
| both types of staff | 10 | 30.3% | 72.7% |
| TOTAL | 24 | 72.7% |

\(^{19}\) As understood by the authors, the term “mental-social counselling” can include organisations that do not have the objective, or the financial means, of investing in internal structured counselling services. The existence of this kind of service depends, at least partly, on the orientation of the enterprise, which may be managerial (focus on economic objectives) or humanistic (mainly social objectives). So the orientation of the organisation also affects the profiles of the professional operators employed: technicians with “social skills” or social operators who want to engage in production activities (Tattini-Antonin & Bruttin, 2006).
b) Production activity

In addition to the social objective, social enterprises also pursue an economic objective: the continuative production and sale of goods and/or services. As already noted above, only one of the organisations in the sample (Job Service) does not have its own production unit, but operates solely as coordinator of the integration project.

The production activities of the companies examined are rather complex. An initial element of complexity relates to the productive structure, since most of the organisations (66.7%) consist of a number of production units used for various activities (Figure 10).

Figure 10: Number of production units

<table>
<thead>
<tr>
<th></th>
<th>cases</th>
<th>frequency</th>
<th>accumulated</th>
</tr>
</thead>
<tbody>
<tr>
<td>one single unit</td>
<td>6</td>
<td>18.2%</td>
<td>18.2%</td>
</tr>
<tr>
<td>more than one unit, used for the same activity</td>
<td>5</td>
<td>15.2%</td>
<td>33.3%</td>
</tr>
<tr>
<td>more than one unit, used for different activities</td>
<td>22</td>
<td>66.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

The complexity of structures denotes another typical element of Swiss social enterprises, associated with productive diversification. In fact, only 7 out of 33 organisations operate in one single economic sector and the main economic sectors are shown in Figure 11 (the only sectors considered are those totalling at least 20% of the revenue of each social enterprise). The areas in which social enterprises in our sample make a significant share of total revenues are mainly: industrial processes and assembly, restaurants and hotels, as well as agriculture, gardening and other sectors associated with the environment, in line with the results obtained by Dunand and Du Pasquier (2006) for French-speaking Switzerland.
As already found by Dunand and Du Pasquier (2006), diversification is a unique feature of Swiss social enterprises. It is the outcome of a combination of several factors: the opportunities taken over time, the willingness to offer beneficiaries a broad range of professions and a risk minimisation strategy in order to cope with the uncertainties arising in each economic sector. In this way, however, there might be some conflict between the need to specialise and exploit economies of scale, and the desire for diversification. Moreover, the need to propose accessible activities to disadvantaged workers and the high turnover rate in organisations offering temporary employment mean that in most cases social enterprises operate in low added value economic sectors, putting the economic sustainability of the organisations at risk, and increasing the dependence on public subsidies.

With regard to production activity, one further significant problem discussed in the literature (linked to the financial support received by social enterprises from public bodies) is the commitment to avoid competition with players in the private economy. According to Kehrli (2007), potential problems related to competition on the local market can be overcome, if social enterprises are considered as completely complementary to both the private economy and the sheltered/subsidized employment.

The competition issue particularly concerns social enterprises operating with beneficiaries of unemployment insurance, which are legally required to adhere to a clause of non-competition versus for

---

**Figure 11: Production sectors amounting to at least 20% of sales revenue**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial processes and assembly</td>
<td>11</td>
</tr>
<tr>
<td>Restaurants, hotels</td>
<td>10</td>
</tr>
<tr>
<td>Agriculture, gardening, environment</td>
<td>7</td>
</tr>
<tr>
<td>Retail</td>
<td>5</td>
</tr>
<tr>
<td>Craftsmanship</td>
<td>5</td>
</tr>
<tr>
<td>Company services</td>
<td>4</td>
</tr>
<tr>
<td>Transportation, removals and...</td>
<td>3</td>
</tr>
<tr>
<td>Edilizia/costruzioni</td>
<td>3</td>
</tr>
<tr>
<td>Recycling</td>
<td>3</td>
</tr>
<tr>
<td>Laundry</td>
<td>3</td>
</tr>
<tr>
<td>Cleaning</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
</tr>
</tbody>
</table>
profit enterprises (although in some more progressive Cantons this legal provision is not strictly applied, therefore allowing situations of competition). As emphasised by Tattini-Antonin and Bruttin (2006), this restriction has a twofold negative consequence: it makes it more difficult to ensure the economic sustainability of the organisation, and may force social enterprises to offer their beneficiaries activities that are far from the regular labour market, potentially making a negative impact on the probability of vocational reintegration (niche market).

Our analysis shows that most organisations (16) are in total competition with the regular businesses (Table 9). Conversely, eight organisations are in a position of non-competition: three of these enjoy a privileged relationship with the financing body or purchaser, while five must adhere to a legal clause preventing them from competing with for profit enterprises. These are two social enterprises in Italian-speaking Switzerland and three in German-speaking Switzerland, operating mainly with beneficiaries of unemployment insurance: one organisation works only in this field, while in the others a substantial portion of the disadvantaged workers - but not all - consists of people receiving unemployment insurance. This confirms that social enterprises closely linked to the unemployment sector often have to adhere to a non-competition clause.

However, this is not an absolute rule, as seen in the Réalise social enterprise (Canton Geneva) and in the Les Oliviers foundation (Canton Vaud), which integrate a significant number of unemployed people but which are not required to respect this constraint. On the other hand, although Dock Gruppe (German-speaking Switzerland) offers work opportunities to people who do not receive unemployment insurance, it must nevertheless adhere to a non-competition clause. These differences should probably be attributed to federalism, which allows Cantons substantial leeway in the implementation of Federal policies.

Table 9: Is your organisation in competition with other enterprises (for profit and non profit)?

<table>
<thead>
<tr>
<th></th>
<th>yes, totally</th>
<th>yes, except for some activities</th>
<th>no, there is a privileged relationship with the financing body</th>
<th>no, there is non-competition clause with the for profit economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>disabled</td>
<td>9</td>
<td>2</td>
<td>16.7%</td>
<td>8.3%</td>
</tr>
<tr>
<td>unemployed</td>
<td>1</td>
<td>0</td>
<td>0.0%</td>
<td>12.5%</td>
</tr>
<tr>
<td>people receiving social aid</td>
<td>5</td>
<td>2</td>
<td>22.2%</td>
<td>11.1%</td>
</tr>
<tr>
<td>prisoners</td>
<td>1</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>TOTALE</strong></td>
<td><strong>16</strong></td>
<td><strong>4</strong></td>
<td><strong>14.3%</strong></td>
<td><strong>10.7%</strong></td>
</tr>
</tbody>
</table>

Test chi2(9) = 15.0856; p = 0.089
Finally, the situations of seven social enterprises are mixed: some of the production activities are in a position of competition, while other production sectors are involved in the non-competitive economy or have privileged relations with the purchaser.

In order to fully understand the market orientation intensity, it was investigated if the sale of goods and services is aimed more at internal provision, for other branches of the organisation, or if the customers served are mainly external, consisting of both private and public customers.

Apart from 2 organisations (Kartause and La Joliette), which make respectively 50% and 80% of their production revenue from sales to internal units, the sales of the other organisations are largely directed outside: the average value of external sales revenue amounts to around 92% of the total (Table 10).

Most of these revenues are made from private customers (consumers, private business, etc.). In fact, the percentage of sales revenue from the private sector amounts to an average of 86% (the median value is even higher: 94.5%). These organisations therefore make on average 14% of their revenues from sales to the public. There are exceptions here also, however: the Orangerie social enterprise and VAM (Verein für aktive Arbeitsmarktmassnahmen), which make respectively 66% and 80% of their revenues from public customers.

Table 10: Portion of revenues from external sales on total revenues

<table>
<thead>
<tr>
<th>No. of organisations</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Average</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales made outside the organisation</td>
<td>32</td>
<td>.20</td>
<td>1.00</td>
<td>.9247</td>
</tr>
</tbody>
</table>

Finally, a few notes on the level of financial autonomy and economic risk. As emerged earlier, the organisations analysed in the study are rather complex in structure, and generally provide psychological and social care inside (by means of people with social qualifications who are also involved in the production activity). From an economic perspective, it is difficult to distinguish, from the cost accounting perspective, between the public utility function performed by these organisations (justifying the supply of public subsidies) and the commercial production activity (which should be entirely funded by sales revenue). These features were investigated in the questionnaire, but the complexity of the analysis requires more time and will not be presented in this paper.

c) Self-awareness of a common social enterprise identity

In Switzerland, social enterprises are in a transition stage between a "pioneering" phase and a "mature" phase, witnessing the emergence of grass-roots models that are still poorly defined and that are not legally
recognised by the public body. It is therefore interesting to investigate how these organisations feel about
the most important social enterprise definition and to what extent these features exist in their organisations.

In relation to these aspects, the study tried to pick up: (a) the features that - theoretically - organisations
feel to be indispensable to be considered as a social enterprise; (b) to what extent these aspects really exist in
the organisations.

Figure 12 shows that there is a significant matching between the level of importance of each criterion
with respect to the identity as social enterprise and the fulfilment of these same criteria in the organisation. If
we consider the average scores, the matching is almost complete. However, at the individual level, some
organisations did not assign the same score to both questions (in some cases the gap amounts to as much as 2
points).

**Figure 12: Features of social enterprise  (1=not at all important; 2=not very important; 3=quite
important; 4=very important)**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Average Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social objective in favour of the community or a specific group of disadvantaged people</td>
<td>3.97 / 3.94</td>
</tr>
<tr>
<td>High degree of autonomy</td>
<td>3.53 / 3.42</td>
</tr>
<tr>
<td>Contribution to social cohesion and local development</td>
<td>3.38 / 3.35</td>
</tr>
<tr>
<td>Continuous activity producing goods or services</td>
<td>3.35 / 3.39</td>
</tr>
<tr>
<td>Significant level of economic risk</td>
<td>3.03 / 3.03</td>
</tr>
<tr>
<td>Participatory nature, which involves the persons affected by the activity</td>
<td>2.61 / 2.66</td>
</tr>
</tbody>
</table>

- Blue bars: Importance of the criterion in the definition of social enterprise
- Red bars: Fulfilment of the criterion in your organisation
According to the opinions of the organisations, the most important aspect of a social enterprise is the social objective in favour of the community or in favour of a specific group of disadvantaged people. The following criteria are also very important: the existence of a continuous market-oriented production activity, a high degree of autonomy and the contribution to social cohesion and local development. The least "popular" criteria were the fact of supporting a significant level of economic risk, and, particularly, democratic stakeholder and a participative governance\textsuperscript{20}.

With regard to democratic governance, the results are in line with the practice of European work integration social enterprises (WISE). Unlike those operating in other sectors, in the WISE the economic practice does not let develop worker participation in the management process, due both to the personal difficulties of these workers and to their temporary time horizons (Davister, Defourny and Grégoire, 2003).

The reduced level of entrepreneurial risk, on the other hand, reflects the dependency relationship traditionally existing in Switzerland between Third Sector organisations and the public authorities.

The study allowed us to verify that only a very small minority of organisations (four) do not perceive themselves to be social enterprises, although one of these organisations is currently reconsidering this aspect. These organisations are limited to marginal and protected labour markets, or they do not consider the production of goods and/or services as a continuous activity, or their products are directed mainly to internal sectors. Finally, in one case, the argument is made that the mission of the organisation is to allow beneficiaries to return to the ordinary labour market, while the objective of a social enterprise should be long-term integration into the enterprise itself.

However, most of the organisations (22, or 65%), fully consider themselves as social enterprises, while 25\% (8 organisations) consider themselves at least partially as social enterprises (Figure 13).

\textsuperscript{20} Some organisations indicated other criteria they considered as important in the definition of social enterprise, such as the non profit organisation statute, the possibility of offering beneficiaries a full salary, the legal recognition of the institution or the promotion and diffusion of a more socially sustainable economic vision.
The identity of social enterprises has existed since the foundation of the organisation in 19 cases, while in 11 cases it developed only at a later date, mainly as a result of an autonomous decision and due to a change in the characteristics of the integrated workers (and only in second place as a result of public financing cut). In Switzerland the emergence of various factors such as the increase in the number of people suffering from mental and social disorders, that require a social and work response rather than a medical treatment, and, but only in the second instance, the need for public spending cuts, have strengthened the civic spirit, fostering the development of economic institutions in which, without State intervention, citizens may experience totally fair and fraternal relationships (Bruni and Sugden, 2008), avoiding in particular the segregation of vulnerable workers.

6. Perspectives for social enterprises in Switzerland

a) Social enterprises beyond the rigid regulations of social security systems

The empirical evidence (although only partial) shows that the vast majority of initiatives developed in the Country is associated with the specific administrative status of beneficiaries. Integration activity is directed mainly toward three categories of people (disabled people, unemployed with insurance benefit or those not eligible to receive benefits, people receiving social aid) and only a few organisations are trying to expand their user pools.

This state of the art derives from the history of the Swiss social security system, which, for several reasons, has implemented a model in which each form of unease is met by a form of institutional assistance.
Firstly, the current configuration of social enterprises is negatively affected by the rigidity and lack of coordination between the various interventions. For example, employment programmes for the jobless are limited to 6-12 months. The benefit deriving from the working experience (re-adaptation to working rhythm) is often offset by the fact that the worker does not receive appropriate assistance after having completed the employment programme. Workers no longer entitled to receive a certain social service (unemployment benefit, for example), and who have not managed to reinte grated into the workplace, can at best move to another social protection regime (provided s/he is entitled to do so), but this will force her/him to begin the integration process again, often also with another institution (Tattini-Antonin and Bruttin, 2006; OECD, 2006). The creation of more stable and more sustainable jobs in the civil economy might provide valuable opportunities to those excluded from the workplace, offering them a more continuous integration process, as well as the possibility of tackling a job that truly approaches the needs of the real economy.

Secondly, integration policies and the related social organisations would appear to offer a solution to extreme situations: irreversible disability, or specific short-term problems, associated with unemployment or with insufficient income levels. In this way, those who do not manage to find new jobs in the time period granted by the employment programmes risk entering the chronically precarious work sector, while people are pushed permanently out of the labour market by granting them invalidity benefit (Noiseux, 2004).

Conversely, situations bridging these two extremes struggle to find appropriate solutions. The main result is exclusion from the system of those people who can be defined as "intermittent", with temporary periods of difficulty or illness, who are excluded from the workplace because they are considered as not very effective for the economic system, and who risk falling into the benefits system simply because they cannot find an appropriate position in the economic world. Basically, there is a lack of a tailor-made solution to the difficulties related to the growing gap between the economic and social spheres.

This is an area in which we are beginning to see new outlooks for developing social enterprise models, differing from those that have been designed up until now. Economic subjects, such as social enterprises, should therefore fill in the gap described above, and offer placement opportunities to those people for whom permanent segregation or lifetime disability benefit would not be appropriate, but who require longer recuperation periods than those usually covered by employment programmes. This type of “demand for social enterprise” emerges very clearly from the question regarding willingness to get back into the game in a social enterprise: this willingness is noted particularly in those people who are not covered by any public instrument and who are therefore not entitled to receive any institutional assistance.
Beyond these problems there is another even more important risk to be faced. Although in Switzerland people with work-related disorders have historically been supported by a system providing higher benefits and income support levels than in other European countries, here also there is mounting political pressure to dismantle, or at least slim down, the social protection system. Many sectors of the civil society are insistently asking for individual responsibility to be strengthened, and, in the economic sphere, for greater deregulation and stronger promotion of the private market logic. As found in the United States (cf. Alesina and Gläser, 2004), these systemic changes are preceded by propaganda aimed at changing the popular perception of social mobility and the causes of poverty. In practice, progressively greater emphasis is being placed on the problem of “abuses” (aimed at strengthening the popular impression that those receiving assistance from the social protection instruments are usually lazy people, profiting from the generosity of the system) and ethnic fragmentation (emphasising that increasing percentages of benefit recipients belong to the refugee and foreign worker categories).

The outcome of this propaganda is a progressive loss of popular consensus for the programmes and services of the Welfare State, perceived on the one hand as being too rigid, and on the other hand as intervention policies aimed at providing assistance to groups of the population whose conditions of weakness are - at least partly - the result of culpable or illegitimate behaviour (for example, alcoholics, the homeless or illegal immigrants). In other words, the concepts of solidarity and reciprocity, underlying the theory and practice of the traditional Welfare State, come under attack (Colozzi, 2006: 401-402). The legitimate request to transform the welfare system toward models that are more flexible and better suited to modern society is combined with the demand for service cut-backs, in response to the presumed abuses to the system and to the fact that a growing share of resources is being spent on people of foreign nationalities or of other ethnic origins. For example, the latest legislative reforms in the field of social insurance and assistance have gone in the direction of imposing stricter service access criteria, while at the same time reducing the level of generosity.

The main risk is that an increasing large portion of people, currently covered by social protection instruments, is gradually excluded from this system. Therefore, these emerging needs can only be met by a response from the civil society.

b) Social enterprises beyond the integration function

Another prospect for the future of social enterprises in Switzerland is related to an extension in the field of operation. The empirical study shows clearly how the experiences that have emerged until now are closely linked to the integration objective. The situation is different in other countries, where the social enterprise
formula is often associated with the objective of serving the local community (for example, educational services, social counselling services, home assistance and home care, territorial development, environmental protection etc.).

These services, which are considered as merit goods (particularly those in the healthcare sector) and still financed collectively by means of taxation or mandatory health insurance, include some that are managed directly by the public sector, some by non profit organisations and by for profit businesses. The ideological battle between public and private sectors, despite the significant market failures and sometimes ineffective regulation in this specific area (Hsiao, 1995), could lead to a choice being made between deregulated market competition or stronger State intervention. The alternative could be to think of the **social-healthcare services sector as an area of development for new forms of social entrepreneurship**. This would for example refer to home care services for the elderly, or child care, two areas where demand is expected to rise sharply in the future (cf. Banfi et al, 2009).

c) **Toward more flexible formulas and multi-stakeholder governance**

These challenges create the urgent need for current models to undergo profound innovation (until now they have been harnessed by their rigid relations with the public body) toward a more flexible model. As soon as social organisations decide to approach people excluded from the traditional welfare instruments, or the service provision sector, the priority will be to lose this symbiotic relationship with the public body in order to achieve extensive organisational and decision making autonomy. The sustainability of the organisation (until now protected by financing and public instruments) will have to borrow the autonomy and risk-supporting characteristics typical of the entrepreneurial sector (combining them with the community service objectives and with the production of value for fragile citizens), and will also have to create the democratic and participative governance models found in the civil economy.

Until now there has been a prevalence of models closely linked to public instruments, and this also emerged from our empirical investigation. Although the organisations examined define themselves as social enterprises, the aspects to which least significance is attached are those related to the economic risk and democratic governance. Nevertheless, there are examples of social enterprises that are beginning to take on the juridical forms of the Code of Obligations, with the aim of achieving greater market flexibility and a higher level of financial autonomy, setting the example for other initiatives.

So the future of the "made in Switzerland" social enterprise model will probably be decided by the prospect of seeing the social security system progressively downsized. This model will be able to establish itself only if it proves able to integrate the traditional welfare systems, and, at the same time, to help resolve
a number of emerging problems (the most important of which is the risk of a sharp reduction in the available financial means). Although still in the embryonic stage, the recent interest aroused by the social enterprise concept in researchers and players definitely augers well.

7. References


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