



**FEANTSA**

August 2009

## **Supported employment for people experiencing homelessness**

### **The role of work integration social enterprises (WISE)**

This paper provides a critical analysis of work integration social enterprises (WISE) for the employment of people experiencing homelessness. It demonstrates the advantages of WISE in providing transitional employment as well as long term employment and occupational activities for disadvantaged workers. However, it highlights that, due to the set up of WISE and their funding, many people experiencing homelessness are still de-facto excluded from participation. FEANTSA calls for an EU framework that addresses these barriers and encourages both WISE and mainstream employers to provide a wide range of employment opportunities to people experiencing homelessness, ranging from full time employment contracts to low-threshold occupational activities.

FEANTSA, the European Federation of National Organisations Working with the Homeless is an umbrella of not-for-profit organisations which participate in or contribute to the fight against homelessness in Europe. It is the only major European network that focuses on homelessness at the European level.



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The role of work integration social enterprises (WISE)

The current economic crisis has made access to employment more difficult for people with multiple needs, including many homeless people. While many governments focus on safeguarding the jobs of people who are in work, there is much less attention on providing employment opportunities for disadvantaged groups. This approach risks sidelining people who have been in a situation of extreme poverty and exclusion even before the economic crisis. During difficult times it is all the more important that Member States develop employment policies for people furthest away from the labour market that are effective and will lead to a sustainable inclusion of people into society. Employment for this group, however, cannot be reduced to a job at all costs. People experiencing homelessness need to be supported to the highest possible occupational level, which will vary between a full time employment contract and the participation in occupational activities.

In many EU countries the social economy and more specifically WISE play an important role for the employment of disadvantaged workers. In recent years, social economy stakeholders and researchers have tried to highlight this role and give greater visibility to the social economy sector and its contribution to economic growth and employment in Europe. A recent European Parliament report acknowledges the importance of the social economy as providing a “distinctive business model, which enables the social economy to contribute to stable and sustainable growth”<sup>1</sup>.

In a context of ongoing restructuring of EU labour markets, WISE might become more important. There will be a demand for alternative employment opportunities for lower-skilled workers and solutions to tackle the problem of long-term unemployment. The nature and activities of many social enterprises respond well to the increased demand for personalised social services, such as long-term care and care for the elderly. WISE also tend to favour business development of Small and Medium Sized Enterprises at local level and often in economically disadvantaged regions.

This paper concentrates on the role that work integration social enterprises (WISE) play for the employment of people experiencing homelessness in Europe. It looks both at the opportunities and challenges for using WISE as an integral part of employment strategies for homeless people.

### Definitions: Social economy, social enterprises and WISE

There is no official European definition for “**social economy**”. In its 2009 report on Social Economy, the European Parliament states that social economy is mainly characterised by the respect for common values and ways of working.

These include:

- Democratic decision making structures;
- The participation of stakeholders;
- The prevalence of individual and social objectives over gain;
- The defence and implementation of principles of solidarity and responsibility;
- Voluntary and open membership;
- The conjunction of the interests of its members with general interests;
- Reinvestment of surpluses.<sup>2</sup>

This definition embraces the variety of social economy stakeholders, including co-operatives, mutual societies, foundations and association. Not all of these stakeholders will fulfil all of the criteria mentioned above but they will comply with the majority of them.

The term “**social enterprise**” is not very well known in all EU Member States. However, there are “realities” of social enterprises in almost all countries.<sup>3</sup> The research network EMES sees social enterprises

<sup>1</sup> European Parliament Report on Social Economy, 2008/2250, p.6.  
<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A6-2009-0015+0+DOC+PDF+V0//EN>

<sup>2</sup> European Parliament Report on Social Economy, 2008/2250.

<sup>3</sup> Defourny, Nyssens (2008): Social Enterprises in Europe: Recent trends and developments, WP no. 08/01, European Research Network (EMES), p. 4. [http://www.emes.net/fileadmin/emes/PDF\\_files/News/2008/WP\\_08\\_01\\_SE\\_WEB.pdf](http://www.emes.net/fileadmin/emes/PDF_files/News/2008/WP_08_01_SE_WEB.pdf)



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“at the crossroads between market, public policies and civil society”<sup>4</sup>. One of their characteristics is the variety of resources; social enterprises combine income from sales and fees from users with public subsidies linked to their “social mission” as well as private donations and/or volunteering.<sup>5</sup>

Within the group of social enterprises, **WISE** are social enterprises that focus on helping low-qualified, unemployed people who are at risk of permanent exclusion from the labour market. These enterprises integrate people back into work and society in general through a productive activity.<sup>6</sup>

A variety of work social integration enterprises exist in the European Union.<sup>7</sup> Although not all enterprises will naturally identify themselves as a WISE, they all provide employment opportunities to disadvantaged workers.

WISE differ according to the:

- **Type of employment they offer:** In some countries, the definition of WISE is limited to enterprises which offer **(full-time) employment opportunities** to disadvantaged groups. The workers in these WISE enjoy full workers rights, including the minimum wage and the right to form and take part in trade unions. The present paper, however, follows an alternative definition of WISE that also includes providers of occupational activities. The focus of this definition is on supporting people to the highest possible level of occupation. This means that whenever possible homeless people should have access to full time (supported) employment. However, it also acknowledges that the highest possible level for many homeless people will be an occupational activity and not employment as such. People taking part in occupational activities still require adequate social welfare payments. In addition, they receive a financial compensation for their activity (see also WISE category according to EMES below: Socialisation through a productive and meaningful activity).
- **Types and amounts of subsidies they receive:** Subsidies can be either permanent or temporary. In some countries there is almost no direct public subsidy for WISE and they are mainly self-financed (e.g. UK). In other countries there is a considerable public financial support for WISE (e.g. France). In many countries, public subsidies for WISE are mainly aimed at facilitating the transition of unemployed people into the open labour market. It is therefore assumed that employment within WISE only needs to be temporary.
- **Level of recognition** within the different legal systems, the political recognition, degree of partnership with the public authorities and other enterprises: In some countries WISE have a specific legal status (e.g. Belgium, France, Italy, Spain). In other countries there are no specific legal provisions (e.g. Germany, UK)
- **Relevance of work integration social enterprises:** In certain countries there are thousands of work integration enterprises for long term unemployed and disadvantaged persons (e.g. Italy, France). In other countries the number of work integration social enterprises is very low or under development. WISE are for instance a recent phenomenon in Sweden and Finland. In Poland, the establishment of WISE is currently being promoted through the European Social Fund.

The research network EMES distinguishes four main categories of supported employment in WISE. These include both full time employment opportunities as well as occupational activities for which the person will receive a financial compensation but which do not constitute “employment” stricto sensu.<sup>8</sup>

- **Transitional occupation**

The aim is to give the target group work experience (transitional employment) or on-the-job training, with a view to achieving the integration of these disadvantaged workers in the open labour market. “Occupation”

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<sup>4</sup> Ibid, p. 5.

<sup>5</sup> Ibid, p. 5.

<sup>6</sup> Ibid, p.8.

<sup>7</sup> Source ENSIE (European Network of Social Integration Enterprises): [www.ensie.org](http://www.ensie.org)

<sup>8</sup> Da Vister, Defourny, Gregoire (2004): Work Integration Social Enterprises in the European Union: An overview of existing models, WP. 04/04, EMES : [http://www.emes.net/fileadmin/emes/PDF\\_files/PERSE/PERSE\\_04\\_04\\_Trans-ENG.pdf](http://www.emes.net/fileadmin/emes/PDF_files/PERSE/PERSE_04_04_Trans-ENG.pdf)



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can either refer to traineeships or fixed-term employment contracts. These forms of work integration exist for example in Belgium or Portugal.

- **Creation of permanent self-financed jobs**

These WISE aim to create jobs which are stable and economically sustainable in the medium term for people disadvantaged in the labour market. In the initial stage, public subsidies are granted to make up for the lack of productivity of the target group. These subsidies are often temporary, and they taper off until the workers become competitive in the open labour market. After this subsidised stage, WISE must pay the workers in integration from their own resources (mainly market resources). Examples exist in France but also in the UK and Germany where social firms create sustainable jobs in a rather classical entrepreneurial context.

- **Professional integration with permanent subsidies**

For the most disadvantaged groups, for whom integration in the open labour market would be difficult in the medium term, stable jobs - permanently subsidised by public authorities - are offered outside of the open labour market. These WISE employ mainly disabled workers. They exist in many EU countries, including Portugal, Sweden, Ireland and Belgium.

- **Socialisation through a productive and meaningful activity**

In this last category, the aim is not the professional integration in the open labour market (even though this possibility is not excluded) but rather the (re)socialisation of the target groups through a meaningful activity. The activity is thus "semi-formal" in the sense that it is not regulated by a real legal status or work contract. These WISE mainly work with people with serious social problems (e.g. substance misusers etc.) and people with a severe physical or mental handicap. WISE in this category include, for example, centres for adaptation to working life in France, WISE with recycling activities in Belgium and occupational centres in Spain.

### **Job opportunities for people experiencing homelessness in WISE**

In a number of EU countries, homeless people participate in the employment schemes offered by WISE. In particular for the people with multiple needs this has many advantages.

There are usually **less requirements** in terms of productivity for workers in WISE. At least for an initial period of time, their relative lack of productivity is compensated by public subsidies. This helps people who have been absent for a long time from the labour market to slowly (re)-adapt to working life again.

WISE also tend to look at the inclusion of their workers in a **holistic way** and provide the necessary **tailored support** to their workers. This is very important for many homeless people who face multiple barriers to employment and need additional support in areas such as health and housing. Some WISE are also ideal providers of meaningful activity schemes for people with high support needs.

Furthermore, many, though not all WISE, operate at **local level**. They are part of local communities which favours the establishment of **social networks** and promotes **participation and citizenship** amongst the workers.

### **Examples of work integration social enterprises employing people experiencing homelessness**

The following examples describe initiatives that work with people experiencing homelessness. The first example is about a WISE in France that employs a number of disadvantaged workers on full time contracts.

In the **Jardin de Cogagne (Garden of Plenty) in Besançon, France**, homeless people are growing organic fruits and vegetables and sell them to customers who have a subscription for receiving a basket of seasonal fruits and vegetables every week. In return for employing these people, the state reimburses the organisation (employer) for an amount almost equal to the total wage. The organisation provides employment for a certain number of posts and receives grants from regional government that are administered through the European Social Fund (ESF).



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Other examples of WISE focus more on providing occupational opportunities for which participants will receive a financial compensation. However, people do not necessarily enjoy a full workers status and do not necessarily receive a full salary.

At the **Kofoeds Skole<sup>9</sup> in Copenhagen, Denmark**, people experiencing homelessness can participate in a range of occupational activities. The more advanced activities are a joiner's shop, a smithy, a painter's workshop, a car repair workshop, a printing workshop, a laundry, clothes and furniture depots, a cleaning section and a kitchen and canteen. Participants in these workshops have a normal working week and receive a financial compensation.

In **Bologna, Italy, Piazza Grande<sup>10</sup>** is a so-called 'type B'-cooperative that provides employment opportunities for homeless people in a range of areas. These include a well known street newspaper 'Piazza Grande', a bicycle workshop and a tailor workshop.

**De Wroeter<sup>11</sup> in Belgium** grows organic vegetables and fruits and sells these on local markets or via an online shop. De Wroeter has approximately 50 people as paid staff and already exists for more than 25 years. 50% of costs are covered by public funding. The remaining budget has to be generated through selling the products.

**"Cash und Raus"<sup>12</sup> in Düsseldorf, Germany** collects old furniture from households or organises liquidations of apartment contents. The furniture is then sold in a second-hand shop. Cash and Raus offers employment opportunities for people with multiple needs in areas such as logistics, sales, reception and administration.

In the **UK**, the **Big Issue<sup>13</sup>** is a weekly magazine which offers homeless and vulnerably housed people the opportunity to earn an income. Vendors buy the Big Issue for 70 p and sell it to the public for £1.50, keeping 80p for themselves. Another WISE is **Street Shine<sup>14</sup>** which employs homeless people to offer shoe shining services to customers within offices throughout London. The "Shiners" who are referred to Street Shine by participating homeless organisations, receive training, a regular income, a bank account and ultimately the chance to start up their own franchise.

The examples show that WISE can play an important role in employment strategies for disadvantaged workers, including people experiencing homelessness. However, it is difficult to draw a clear picture of the number of people who are homeless that actually benefit from supported employment in WISE. Homeless people will usually not be regarded and counted as a specific target group. What is more, there is evidence that in many countries homeless people face difficulties in accessing supported employment schemes in WISE.

### Difficulties for homeless people to access supported employment in WISE

Although homeless people clearly fall under the category of disadvantaged worker and fulfil the necessary access criteria, they are often excluded from participation in WISE.

One reason for this is the **"creaming effect"** which relates to the temporary nature of parts of the funding for supported employment. While employers are initially compensated for the lack of productivity of the workers, this funding usually stops after a certain period of time. Many WISE therefore tend to choose and stick from the start to those workers who have the least problems amongst the disadvantaged groups in order to ensure that people will comply with the productivity requirements after this initial subsidised period is over. This habit de-facto excludes people experiencing homelessness who often belong to the people who have the lowest initial productivity and the highest ongoing support needs.

<sup>9</sup> <http://www.kofoedsskole.dk/>

<sup>10</sup> <http://www.piazzagrande.it/index.html>

<sup>11</sup> <http://www.dewroeter.be/ac/>

<sup>12</sup> <http://cash-und-raus.skmd.de/>

<sup>13</sup> <http://www.bigissue.com/>

<sup>14</sup> <http://www.streetshine.com/>



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Some problems of homeless people in accessing supported employment in the social economy can also be explained by the **lack of cooperation** between homelessness organisations and WISE. Many social economy employers do not consider homeless people as potential workforce. And homeless service providers tend to underestimate the importance of employment for the inclusion of people who are homeless as well as the capabilities of this group to work. In Belgium, for example, only 33 % of the hostels in Flanders have permanent cooperation agreements with social employment agencies.<sup>15</sup>

In some countries, homeless people have access problems due to the **selection procedures** for supported employment in WISE. In Italy, for example, people need a certificate of their “disadvantage” in order to qualify as a disadvantaged worker. In most cases these certificates are accredited by health services. Homeless people are usually dealt with by social services, which only rarely certify a “social disadvantage”.<sup>16</sup>

People experiencing homelessness also may have problems accessing **permanently subsidised employment schemes**. For these schemes there are usually no requirements in relation to the productivity of workers. However, they are very often reserved for people with disabilities. Many people experiencing homelessness do not qualify as “disabled” although they may require a similar level of support for a certain period of time or even in the long-term.

The access to different supported employment schemes may also be difficult for homeless people due to the **duration and nature of employment contracts**. In some initiatives people need to start with a fixed and fulltime contract. Some people experiencing homelessness can comply with this requirement. There are, however, more vulnerable people who are ready for working but only part-time. In addition, it would be necessary to have more flexible forms of “contracts” or “work agreements” that allow social enterprises to work with people on a daily basis or beyond the fixed period.

In many countries there is a **lack of low-threshold services** for the most excluded groups who neither qualify for supported employment on a fixed term contract nor for subsidised long-term employment for people with disabilities. However, for many homeless people, meaningful occupation and life-skills training are a crucial stepping stone in their inclusion process.

To enable WISE to provide more low-threshold services for the most excluded people, it is necessary to **provide adequate public funding** that allows employers to provide employment opportunities that are tailored to the individual. While some Member States are currently promoting the establishment of WISE (e.g. Poland with the help of ESF funding), funding is more difficult in others. In particular in some of the EU-15 countries, **public funding for WISE is difficult** or almost non-existent (e.g. UK).

What is more, there is a need for **more effective evaluation indicators**. The desired outcome of supported employment cannot be reduced to the number of people moving into the open labour market. It is important to develop indicators that are mindful to soft outcomes, such as a general improvement of the living situation and level of employability of the person.

There is a need to strengthen the transitional nature of supported employment for the people who are ready to enter the open labour market. Otherwise people risk being **“blocked” in supported forms of employment** which would be more appropriate for other, more excluded people. For people moving from supported employment to a job in the open labour market, the possibility to benefit from initial or even ongoing **in-work support** is crucial. In-work support includes administrative and financial support (e.g. help with opening a bank account) but also social support (e.g. supporting people to settle into the new job).

In the UK, one of the main issues that affects the sustainability and profitability of social enterprises is the **lack of business and commercial skills** of staff. Often, social enterprises emerge from existing structures within homelessness charities that want to offer alternatives to the open labour market or diversify their income base to reinvest in the work they do. This can sometimes mean that staff with little

<sup>15</sup> National Report Belgium (2007): Employment and Homelessness, p. 12.

[http://www.feantsa.org/files/Employment\\_annual\\_theme/Annual\\_theme\\_documents/National%20reports/Belgium\\_emp\\_report\\_2007.pdf](http://www.feantsa.org/files/Employment_annual_theme/Annual_theme_documents/National%20reports/Belgium_emp_report_2007.pdf)

<sup>16</sup> National Report Italy (2007): Employment and Homelessness, p. 16.

[http://www.feantsa.org/files/Employment\\_annual\\_theme/Annual\\_theme\\_documents/National%20reports/Italy\\_emp\\_report\\_2007\\_EN.pdf](http://www.feantsa.org/files/Employment_annual_theme/Annual_theme_documents/National%20reports/Italy_emp_report_2007_EN.pdf)



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business or commercial experience are given the task of setting up and running an enterprise that must survive in an increasingly competitive market. To help address this problem, OSW (Off the Streets and Into Work) has established the Ethical Enterprise and Employment (3xE) Network which brings together organisations using social enterprise and supported employment models, and organisations working with unemployed people who are homeless or at risk.<sup>17</sup>

### Employment for people experiencing homelessness outside of WISE

As the level of WISE and the nature of supported employment schemes vary considerably from country to country, effective EU employment policies cannot only rely on WISE to support the employment of homeless people. In particular in countries where WISE focusing on the employment of the most excluded groups are less developed other forms of work integration strategies for people experiencing homelessness have emerged. Most of these initiatives target people who already have a certain level of skills and lower levels of support needs. In the UK, the OSW Transitional Spaces Project<sup>18</sup> helps supported housing residents to find a job in the open labour market and then to move on into the private rented sector. In Hungary, a specialised employment office for homeless people provides advice and support with job search in the mainstream labour market.

In addition, there are initiatives of supported employment in the open labour market. These schemes are often part of Corporate Social Responsibility schemes of companies. In Ireland and the UK, "Business in the Community" is an initiative that encourages private companies to address social issues. The *Ready for Work Programme*<sup>19</sup> works specifically with people experiencing homelessness. It provides work experience and guidance to people who are looking to move on from homelessness into employment or training. However, these work placements are often only short term and do not necessarily lead to longer term employment.

### Creating a favourable framework for the employment of homeless people

The social economy and in particular work integration social enterprises can play a role in employment strategies for people experiencing homelessness. This role consists of both; providing transitional employment which facilitates the transition into the open labour market as well as providing permanently subsidised jobs for people with ongoing high support needs.

WISE require a legal and funding framework that recognises their specific approach and allows them to work with people who present the highest support needs and the lowest level of initial productivity. WISE must be able and encouraged to offer a variety of entry points and flexible work arrangements that go beyond full time employment contracts and include low threshold occupational opportunities.

The European Union should promote the establishment and development of WISE that are working with people furthest away from the labour market. This includes a **revision of current State aid legislation** regarding the employment of disadvantaged and severely disadvantaged workers. FEANTSA is in particular concerned about the rulings regarding aid intensity. People with multiple needs usually require ongoing support for several years and many will need a higher level of support than 50 % for wage support, at least for an initial period of time.

What is more, the European Union and Member States should promote and make use of the possibility to include social considerations in public procurement in order to facilitate the creation of employment opportunities which are targeted at people with ongoing support needs, such as homeless people.

For this Member states should reserve certain public contracts for work integration social enterprises that employ multiply disadvantaged workers and oblige also mainstream bidders to employ a certain number of disadvantaged and severely disadvantaged workers.

<sup>17</sup> <http://www.3xe.org.uk/>

<sup>18</sup> <http://www.osw.org.uk/services/tsp.asp>

<sup>19</sup> Ready for Work Programme in the UK :

[http://www.bitc.org.uk/community/employability/homelessness/ready\\_for\\_work\\_prog.html](http://www.bitc.org.uk/community/employability/homelessness/ready_for_work_prog.html)

Ready for Work Programme in Ireland: [http://www.bitc.ie/si\\_programmes/programme\\_profile.html?id=4](http://www.bitc.ie/si_programmes/programme_profile.html?id=4)



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Cost-benefit analyses of WISE in France indicate the added value of investment into the WISE sector. The European Union should build upon these findings and invest into comparative analyses of supported employment schemes for people furthest away from the labour market.

However, the EU and Member States should not only rely on WISE to provide employment opportunities for people experiencing homelessness. More efforts are needed to raise the awareness of mainstream employers about people experiencing homelessness's capacities and skills and to promote supported employment opportunities in the open labour market. This will require enhanced cooperation between homeless organisations, employment services and potential employers. To facilitate this process and promote transnational exchange on this topic, FEANTSA is developing the European Employability and Homelessness Forum, which includes a regular newsletter and an online database of good practices.

For more information, please visit: <http://feantsa.horus.be/code/EN/pg.asp?Page=1155> or contact [silke.paasche@feantsa.org](mailto:silke.paasche@feantsa.org).



FEANTSA is supported by  
the European Community Programme for Employment and Social Solidarity (2007-2013).

This programme was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields. The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA and EU candidate and pre-candidate countries. To that effect, PROGRESS purports at:

- providing analysis and policy advice on employment, social solidarity and gender equality policy areas;
- monitoring and reporting on the implementation of EU legislation and policies in employment, social solidarity and gender equality policy areas;
- promoting policy transfer, learning and support among Member States on EU objectives and priorities; and
- relaying the views of the stakeholders and society at large.

For more information see:  
[http://ec.europa.eu/employment\\_social/progress/index\\_en.html](http://ec.europa.eu/employment_social/progress/index_en.html)

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