

Work-integration Social Enterprise: An Anglo-Swedish Comparison.

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Abstract

This paper reports the findings of a comparative, qualitative research study conducted at four work-integration social enterprises (WISEs); two based in the East Midlands region of the UK and two based in the Östergötland region of Sweden. Prior research into organisational variance between Swedish and UK businesses found that Swedish businesses operated flatter hierarchical structures, more open (but slower) decision-making processes and utilised greater numbers of stakeholders in delivering organisational aims. However, to date no such comparison has been conducted between UK and Swedish WISEs. This study explored the organisational differences between Swedish and UK WISEs through semi-structured interviews and focus groups held with the beneficiaries, staff, owners/managers and external stakeholders at each organisation. In total 28 individuals participated across the four case-study organisations. The key areas explored were the WISEs' organisational structures, decision-making process, the types of performance evaluation used and how dependent upon state support each case-study was. Results suggest that there are significant differences between WISEs in the UK and Sweden, with the prevalence of state funding and overt political support for social enterprises in the UK leading to the growth of intermediate labour-market organisations (ILMOs). In Sweden, the research suggests that there is a lack of understanding of social enterprise and a lack of firm financial or political support. This leads Swedish WISEs to access private sector income through trade to a greater degree than their UK counterparts and to operate as 'social firms' or 'worker cooperatives'. Performance evaluation measurement was also a key differentiator between the Swedish and UK WISEs, with the UK WISEs pursuing performance evaluation mainly to fulfil contractual obligations, as opposed to the Swedish WISEs that freely undertook such evaluations. Finally, the organisational structure of the Swedish WISEs was shown to be flatter and more inclusive than the UK WISEs and this led to a more democratic decision-making process, albeit one that was slower.

Introduction

To fully understand organisations it is important to understand the cultural background, belief systems and values of the owners, managers and staff. It is such characteristics that affect the workings of the organisation and that lead to differing management and working practices in organisations in different countries (Cordeiro-Nilsson and Hawamdeh, 2011). There has been a significant amount of research into the impact of national culture on management styles in organisations, ranging from comparisons of the banking sector (Holden, 1999) through to the effect of importing different management styles from one cultural context to another (Brooks, 1995; Cordeiro-Nilsson and Hawamdeh, 2011). Cross-cultural comparisons of organisational structures and decision-making processes are important in allowing for a greater understanding of the aims, values and structures of organisations within different countries. This greater understanding allows

for the improved function of inter-organisation cooperation agreements and the knowledge transfer benefits that these bring. This is particularly true for the social enterprise sector, as transnational cooperation and policy, particularly within the EU, provides social enterprises with the opportunity to network with other organisations, engage in knowledge transfer and to acquire resources (financial or social). This research study aimed to compare and contrast the differences between two work-integration social enterprises (WISEs) in Sweden and two WISEs in the UK. This comparison was conducted in relation to organisational aims, values and structures, as well as their reliance on the state.

Theoretical Framework

Cultural Differences between UK and Swedish Businesses

As outlined above, there has been a significant amount of research into the impact of cultural norms upon the decision-making processes and structures of businesses in different countries (Brooks, 1995; Holden, 1999; Cordeiro-Nilsson and Hawamdeh, 2011). In relation to comparisons between Swedish and UK based organisations, prior research that compared the decision-making process in Swedish and UK based organisations, found that the Swedish process involved larger groups of committed individuals participating in a process of negotiation. In contrast, the decision-making in UK based organisations involved fewer committed individuals and was not as centrally based on negotiation. This led to a shorter decision-making process for the UK based organisations, when compared to their Swedish counterparts (Axelsson *et al.*, 1991). Indeed, a comparison of the UK and Swedish banking sectors conducted by Holden (1999) revealed that the Swedish banking system, like the economy as a whole, was much more conservative and paternalistic than in the UK, with staff having greater consultation in the decision-making process and union membership being higher than in the UK. Additionally, unions had more involvement at the macro-level of decision-making than in the UK. This more open decision-making process in Sweden was identified in a comparison of Swedish and German working teams to be the result of a flatter organisational structure in the Swedish companies, which were more informal and open-minded (Müller *et al.*, 2009).

The marked difference between Swedish organisations and many of their counterparts in Europe and North America has been linked to the operation of what has been termed the ‘Scandinavian model of management’ (Carlzon, 1987). The Scandinavian (or Swedish) model of management is often viewed as a communicative management method in which a much more communicative style

of leadership is utilised, in comparison with the management styles often seen in the U.S., U.K. or Germany (Cordeiro-Nilsson and Hawamdeh, 2011). Indeed, Carlzon (1987: 38) defined this type of management as being one where an individual takes control of the organisation at the top but then extends decision-making powers far down the organisational structure, so as to allow those on the frontline the ‘...security, authority and right to make decisions...’. In contrast, the organisational model seen as being prevalent in the U.S and U.K. economies is much more hierarchical, with fewer individuals being involved in the decision-making process, which in itself is less open and inclusive as it often excludes external stakeholders such as trade unions (Holden, 1999). However, whilst the differences between Swedish and UK organisations in the private sector have been clearly demonstrated in the prior literature outlined above, this has not been the case for the third sector and specifically social enterprise. Peattie and Morley (2008) have highlighted the research gap that exists in the social enterprise field in relation to cross-cultural research and the potential benefits to the social enterprise movement of increasing understanding in this area.

Social Enterprise in Europe – An Anglo-Swedish Perspective

The social economy has been part of the fabric of UK and European economies for over two hundred years (Aiken, 2007). However, in the last three to four decades the growth of a specific part of this sector, social enterprise, has been meteoric and has represented a new dynamic in the third sector (Laville & Nyssens, 2001). Compared to other types of organisations in the social economy such as cooperatives and charities, social enterprise represents a new organisational form that differs in strategy, structure and values (Dart, 2004). However, the differing nature of such structures and the strategies and values that they encompass is not fully understood, particularly when examining social enterprises in different countries, where differing cultures and economic traditions exist. The growth of social enterprise across Europe over the last two decades has been widespread and rapid, even if the concept of social enterprise and social entrepreneurship has remained poorly defined (Defourny and Nyssens, 2008). Some of this growth has taken place in the area of work-integration, with sustained unemployment and the failure of traditional labour market policies leading to a growth of work-integration social enterprises that have generally been established to assist low-skilled unemployed individuals back into the labour market (Defourny and Nyssens, 2008).

Lewin (1992) argued that the Swedish and British social enterprise sectors’ differences are based in the cultural and economic backgrounds of each country. The former has its roots in the Swedish corporatist approach of the twentieth century (Lewin, 1992), whilst the latter has its roots in the

private-sector cooperative movement of the 19th century (Aiken, 2007). The Swedish social enterprise movement has been perceived in prior research to be small in size and heavily reliant on the state (Boli, 1991), but at the same time decentralised with state support coming from local municipalities. This is in contrast to the larger-scale of the UK social enterprise sector and its perceived US style separation from public sector over-reliance. This picture is somewhat complicated by the heterogeneous nature of the social enterprise movement, as social enterprises have a plurality of social aims and goals, ranging from environmental aims and third world development, to health service provision and work-integration. There is a need to understand such differences and to promote the transfer of differing structures, strategies and values across national boundaries.

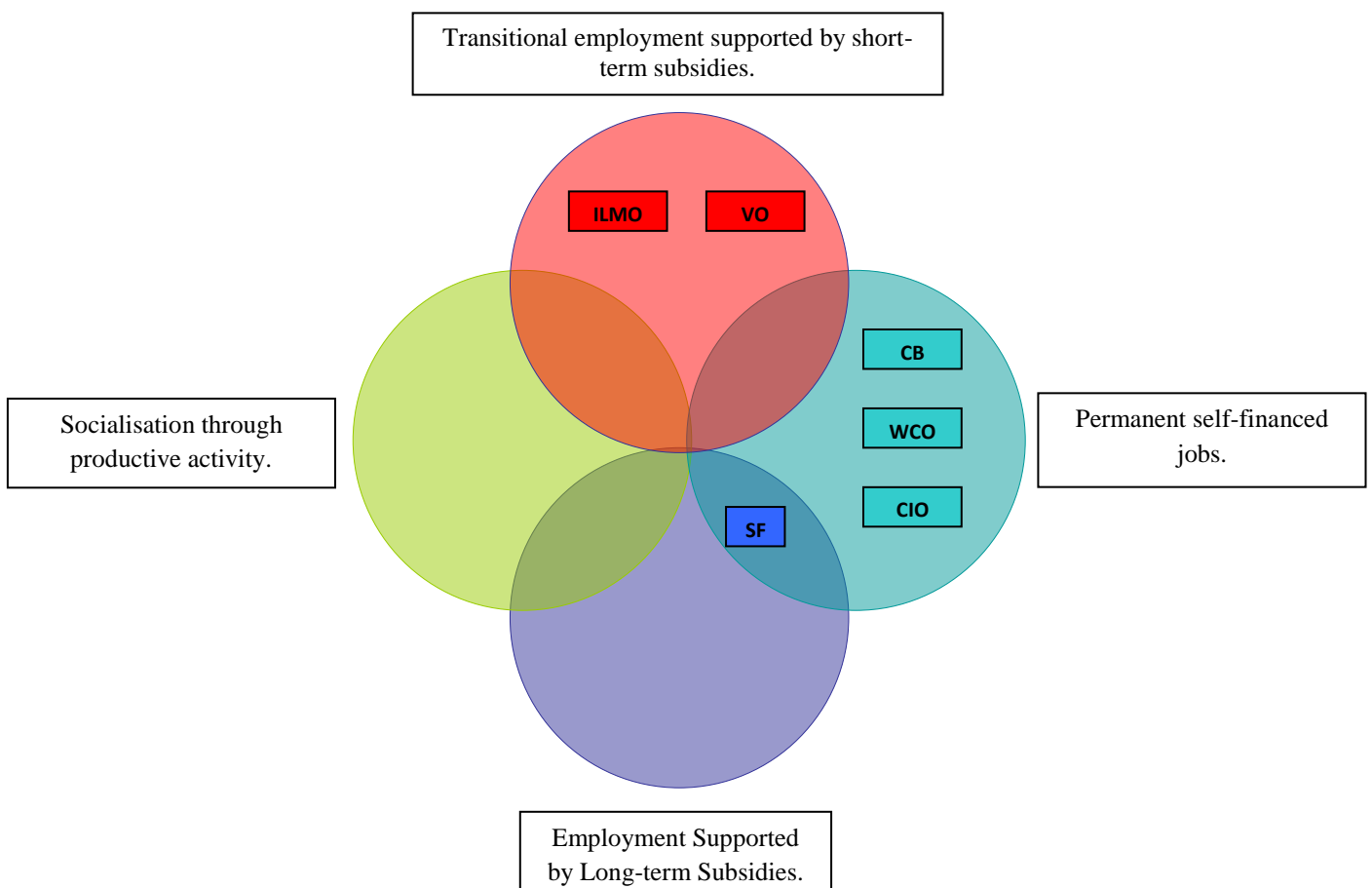
However, despite the characteristics of Swedish and UK based social enterprises outlined by Boli (1991) and Lewin (1992), recent research and government policy in both countries has suggested that the opposite may in fact be true. Since the election of the Labour government in the UK in 1997 and its vision of the 'third-way', the UK government has been keen to support social enterprise and to utilise the third sector in welfare delivery (Haugh and Kitson, 2007). This has been done through schemes such as the Social Enterprise Investment Fund (SEIF). The SEIF gave £100 million of public money to social enterprises in the health and social care sector via loans and grants, with another £10 million currently available for social enterprises to apply for (Hall and Millar, 2011). Additionally, the UK introduced the 'Community Interest Company' (CIC) in 2004, which offered a specific legal organisational form for social enterprises. Indeed, whilst the Swedish government was one of the first in Europe to attempt to define what the social economy was (Westlund, 2003) it has not followed this up with any legal organisational definition or overt support for such organisations (Pestoff and Stryjan, 2008). This has been largely due to the dual barrier of Sweden's interpretation of the EU's 'Public Procurement' legislation (that does not allow preferential treatment for social enterprise) combining with Swedish domestic 'Public Procurement' legislation which forbids the consideration of social factors in the provision of state contracts, to limit state support for social enterprise (Defourny and Nyssens, 2008). This has led to a complete lack of overt public sector support for the utilisation of third sector organisations in the delivery of Swedish welfare policies, which in turn has meant that social enterprises in Sweden are less institutionalised in regards to state contracting than in the UK. When institutionalisation does occur this tends to be at a local government level through agreements with the local municipalities and this has led to very innovative but often small-scale social enterprises emerging in Sweden (Defourny and Nyssens, 2008).

WISEs in the UK and Sweden

A work-integration social enterprise (WISE) is a social enterprise that aims to integrate the disadvantaged unemployed back into the labour force, either through creating permanent employment via commercial operation, creating temporary or long-term employment via subsidies or by offering temporary employability training through commercial trade or state contracting. Aiken (2007) defined six main types of WISE that exist (listed below) and Defourny and Nyssens (2008) placed these into different organisational models (see Figure 1).

1. Worker Cooperatives (WCO).
2. Community Businesses (CB).
3. Social Firms (SF).
4. Intermediate Labour Market Organisations (ILMO).
5. Voluntary Organisations (VO).
6. Commercial Integration Organisations (CIO).

Figure 1 – WISE Typology:



In Sweden WISEs have typically been established as social firms, as well as to a lesser extent worker cooperatives or voluntary organisations with multiple stakeholders (Defourny and Nyssens, 2008). Swedish WISEs tend to operate in a variety of sectors ranging from the service economy (gardening, cleaning, catering) through to industry based WISEs (logistics, carpentry, scrap yards) (Stryjan, 2006). In the UK the prevalence of state funding and a willingness to contract out welfare programmes to third sector organisations has led to the growth of ILMOs and to a lesser extent CIOs, that are often multi-stakeholder (Campi *et al.*, 2006). This has been typified by WISEs becoming involved in the delivery of government funded projects such as Entry to Employment (now Foundation Learning), as well as the newly established 'Work Programme'. However, much of the differences between the social enterprise sectors of both countries have stemmed from the differences in the level of government support (politically, legally and financially) offered by both countries.

Research Aims

The prior research outlined above has demonstrated the cultural differences that are embedded in Swedish and UK organisations and how this shapes their organisational and decision-making structures. However, such a comparison between Swedish and UK organisations in the third sector and specifically in relation to social enterprise, has to the authors' best knowledge not yet been conducted. This lack of cross-cultural research in the field of work-integration social enterprise, along with the need to engage in knowledge transfer across national boundaries, means that an examination of the differences and similarities of UK and Swedish WISEs will offer a valuable contribution to knowledge. When coupled with the slowly converging nature of unemployment levels and welfare policy in the two countries and the growth of social enterprise in Europe as a whole, the research outlined in this report is both required and timely. The following research aims were adopted for this research study grounded in the literature outlined above.

Research Aim 1: To critically evaluate the differences between Swedish and UK WISEs in relation to their organisational structures, decision-making processes and aims/values.

Research Aim 2: To critically evaluate the performance evaluation methods adopted by WISEs in the UK and Sweden.

Research Aim 3: To assess the level of state-interaction that WISEs in the UK and Sweden engage in and how this affects their organisational structure, decision-making processes and aims/values.

Method

Participants

The research was conducted at two WISE case-studies based in the East Midlands region of the UK, and two WISE case-study organisations based in the Östergötland region of Sweden. The data collection took place between September 2010 and October 2011. A description of the four case-studies is provided below.

Swedish WISE 1: This WISE was established in 1992 and is situated to the west of Linköping and offers employment opportunities to people with mental health or drug addiction problems.

Swedish WISE 2: This WISE is situated in a suburb of Linköping and offers transient employment opportunities to unemployed individuals. Whilst some can have minor mental health problems such as depression, the focus is not specifically on recruiting these types of people.

UK WISE 1: This WISE was situated in Kettering in the East Midlands and delivered employment enhancement training to unemployed individuals.

UK WISE 2: This WISE was situated in Lincolnshire in the East Midlands and delivered employment enhancement training to unemployed young people.

Procedure

The study adopted a qualitative research method, in which semi-structured participant interviews were conducted with the owners, managers, staff, beneficiaries and external stakeholders at the four case-study organisations. These interviews sought to elicit participant's perspectives of the organisational structure, decision-making processes, aims and values of their respective WISEs, as well as the policy and funding environments that they operated in. At the Swedish WISEs the same

interpreter was used during the 12 interviews in order to provide consistency of interpretation throughout the fieldwork.

Data

The data collected during the fieldwork stage of the research study consisted of 14 semi-structured interviews and three focus groups conducted by the researcher with a total of 28 participants.

Analysis

The method employed to analyse the participant's individual semi-structured interviews collected in the research was 'Constant Comparative Method' (Glaser & Strauss, 1967; Lincoln & Guba, 1985). Constant Comparative Method (CCM) is an iterative procedure designed for the qualitative analysis of text and is based on 'Grounded Theory' (Glaser & Strauss, 1967). Constant Comparative Method has been successfully applied in previous studies across a wide range of disciplines from social venture creation (Haugh, 2007) to music composition strategies (Seddon & O'Neill, 2003) and musical communication (Seddon, 2004 & 2005). This method of analysis focuses on a process where categories emerge from the data via inductive reasoning rather than coding the data according to predetermined categories (Maykut & Morehouse, 1994). Constant Comparative Method involves five main stages; Immersion, 'units of analysis' are identified; Categorisation, 'categories' emerge from the 'units of analysis'; Phenomenological reduction, 'themes' emerge from the 'categories' and are interpreted by the researchers; Triangulation, support for researcher interpretations of 'themes' is sought in additional data; Interpretation, overall interpretation of findings is conducted in relation to prior research and/or theoretical models (McLeod, 1994).

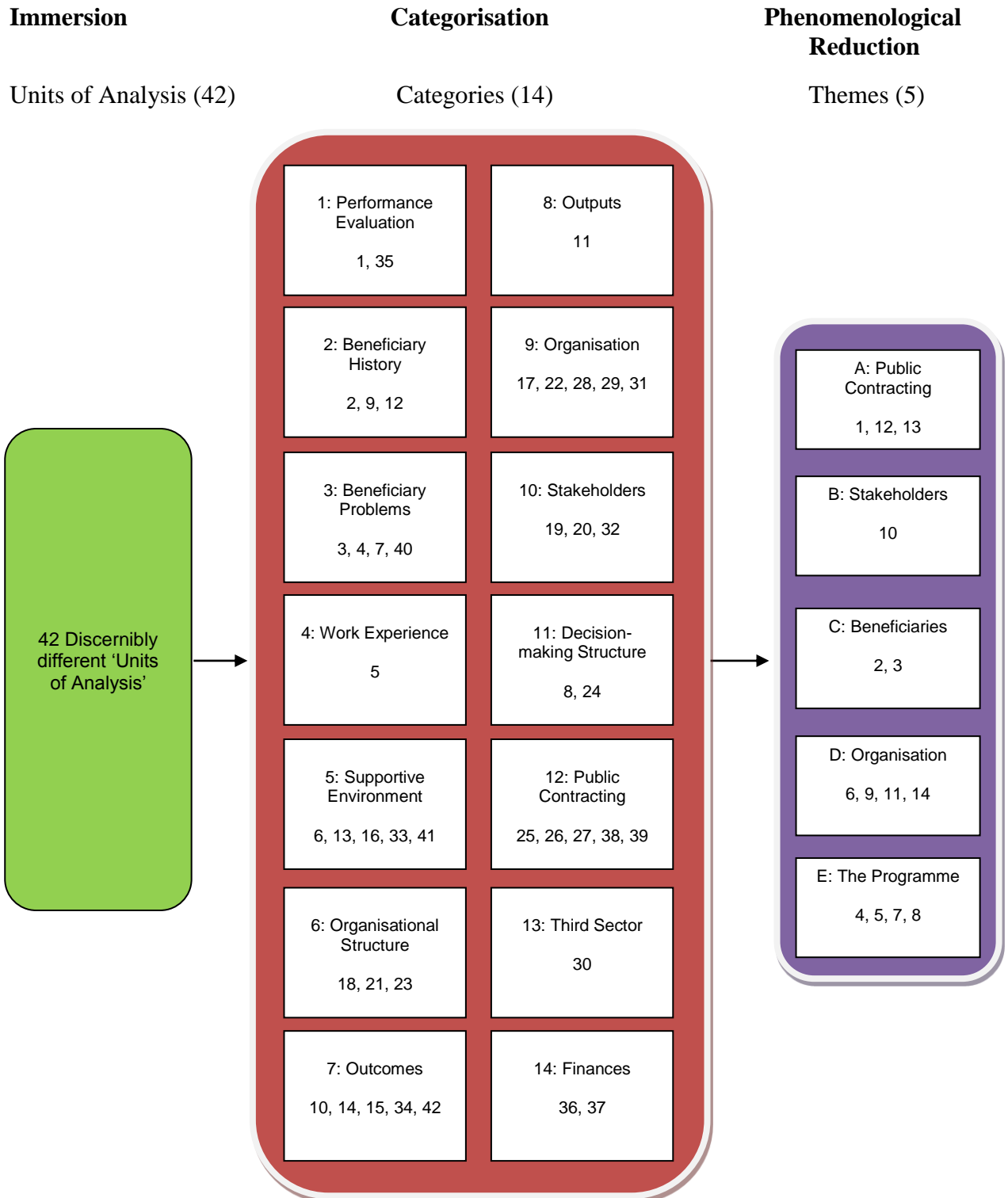
Results

Swedish WISEs

Analysis of the interview transcripts involved engaging with the five stages of CCM. During 'immersion', 42 discernibly different units of analysis were identified from the data (e.g. 'stakeholder opinions' and 'democratic structure'). During 'categorisation', these 'units of analysis' were grouped into 14 'categories' and from these 14 categories 5 'themes' emerged through a process of 'phenomenological reduction'. These five emergent 'themes' were subsequently interpreted as: 'public contracting', 'stakeholders', 'beneficiaries', 'organisation' and 'the

programme'. A diagrammatic illustration of this qualitative analysis process is provided for further clarification (see Figure 2). This process was replicated for all the subsequent CCM analyses.

Figure 2 – Phases of CCM Analysis for Swedish WISEs (Owners/Managers & Staff/Beneficiaries):



NB. The numbers displayed above in Figure 2 in the 'categories' boxes correspond to the relevant units of analysis contained in that category. The numbers in the 'themes' boxes correspond to the relevant category contained in that theme.

Five overall themes emerged from the analysis of the interview data from the Swedish WISEs. These themes were interpreted as organisational perceptions based upon key actors within the social enterprise. It is proposed that an examination of these themes will reveal the factors that influence and assist the implementation of the work-integration programme provided. In the following discussion the participant quotations selected represent examples taken from ‘units of analysis’ relating to each relevant theme.

Theme A – Public Contracting:

This theme was characterised by a discussion around the problems of taking contracts with the public sector. The complexity of public contract procurement was discussed, along with the lack of political support for social enterprise at a national and local level in Sweden. However, performance evaluation in fulfilling such contracts was not considered a major problem as there seemed to be trust from funders. In relation to this the need for social accounting was also discussed, both in terms of how this was done in Sweden and also the potential problems with such accounts.

“The social accounting we provide is based upon a standard model pioneered in Sweden that has been locally adapted. We utilise a mixed approach to the accounts based around a quantitative assessment of the fiscal benefits provided by social enterprises, as well as an evaluation of the soft outcomes of these companies in areas such as self-confidence, motivation and self-worth to name a few” (P6)

“Yes they [state] leave us alone more or less, maybe twice a year they come along and ask how far has she or he come.....but we talk to them regularly over the phone or internet and we tell them that we need people and that we have vacancies.....but they more or less just leave us alone because they have confidence in us...” (P8)

“They don’t know that much about social enterprises as such.....you need more to try and get the official sector of the municipalities to understand what it is all about.....There has been a lot of verbal commitments, as I have seen from the right-wing governments but no firm support..... “The procurement area is a very complicated area also, in the structure and the rules etc. It is a very complicated area and you need to have experts in order to compete in this area.” (P12)

Theme B – Stakeholders:

This theme centred upon a discussion of the value of organisations having external stakeholders with a significant prior experience of business. Participants felt that it was very important that WISEs in Sweden have such stakeholders, and also use them. At Swedish WISE 2 there was a perception that the staff and owner did not utilise the expertise sufficiently. Furthermore, there was a desire to see more patience with and understanding of the complexities of establishing a viable social enterprise, particularly in the work-integration field.

“...many people externally are involved with us [Swedish WISE 1]. [Name] from [organisation name] does our social accounting and we also have [name] who advises us on business matters...” (P1)

“They have had that structure for a number of years because they have seen that it is very important to have external members on the board in order to support them. I think that is a wise decision, because if you see SMEs that have just the owners on the board...they also do need external board members.” (P12)

“They [external stakeholders] are very good, but they [Swedish WISE 2] have to learn to use these people because they don't think ‘oh I can ask [name]’, so that is the next step now, to delegate more...” (P8)

“I do think that social enterprise is important.....but you have to be aware that it takes time, you don't create this type of social enterprise building structure in one year or two, it takes time. Because you do need also to get an understanding from everybody, the stakeholders outside, the municipalities or the regions whatever...” (P12)

Theme C – Beneficiaries:

This theme was characterised by the perceptions of the unemployed beneficiaries of the two WISE interventions. This was characterised by their past experiences of depression and other mental health problems, of unemployment and the impact that this had on the individuals (in terms of reduced confidence and motivation) and their families. The interviewees also discussed how they had been recruited to the WISEs and their initial experiences.

“Then in 2000 I just hit the wall.....I have been for years at a time on sick contributions from the state.....I can’t say why, but I was unemployed for nearly ten years.” (P4)

“My wife has been supportive but she is worried that I will become suicidal or depressed again.....As an unemployed person you are always outside of the society.” (P5)

“It was getting chipped away at [confidence]. It is quite disconcerting to be quite successful in what you try to do and then...it’s not that I was unsuccessful it was that there was zero communication, no feedback. It’s not negative feedback it’s no feedback. So you put yourself out there...and nothing, no email back just nothing. That is disconcerting and I didn’t know what to think but it was getting to the point where I was getting pretty low.” (P11)

“It was the unemployment agency that told me about [WISE]. At first I was a bit sceptical but they persuaded to me come here and then I did and I have stayed here for a year.....because I didn’t think that it would be real work, I thought it would be therapy and I wanted to do real work...” (P2)

Theme D – Organisation:

This theme was characterised by a discussion of the organisational factors and structures present at both the Swedish WISEs. These specifically related to the ‘flatter’ organisational structure of the Swedish WISEs (when compared to the UK WISE) with the staff and beneficiaries involved in the decision-making process at both the ‘shop-floor’ and boardroom level. This ‘democratic’ decision-making structure made for a very inclusive environment but also caused the decision-making process to be slow. This frustrated some of the staff who wanted to see a more ‘top-down’ structure. In addition to this participants discussed the financial models of the two WISEs in relation to the organisations’ income ratios (public and private).

“The company structure needs to be more rigid and top-down style of company. I realise at the same time that they want to keep the democratic values but that doesn’t mean that we can’t democratically vote to allow a certain segment of our population to make decisions.....That kind of democracy isn’t going to work.” (P11)

“To a certain extent it is a Swedish problem [slow decision-making structures], to a certain extent. In the [Swedish WISEs 1 and 2] I do find that there are too many people involved and it

is a macro structure I believe. You cannot have every person involved in every decision, but you can have a structure that says that everybody takes part in the decision structure.....But in the [Swedish WISEs 1 and 2] I do find that they try and involve everybody at every time and everywhere and that is wrong...” (P12)

“Yeah it more like that, 50% [income] from the municipality and the other half is from trade.” (P8)

Theme E – The Programme:

This theme was characterised by a discussion of the interventions offered by both WISEs. The importance of having access to a supportive environment, in which structured work experience could be undertaken was expressed by the staff, stakeholders and beneficiaries. The interviewees all expressed the opinion that by pushing the beneficiaries to do more and work harder (whilst remaining within their capabilities) then beneficiary confidence and motivation could be improved and they would be moved closer to the labour market either through gaining a permanent position at one of the WISEs or in the private sector. Finally there was however, recognition that many of the beneficiaries had severe problems (emotionally, mentally or physically) that meant that they would probably never be able to work with the same capabilities as a ‘normal’ employee.

“You are able as a social enterprise to take into account that all people are not able to work 100%. That is very important and for me that is the basic structure to a certain extent and that goes back to something else that I find important also...you have to respect everybody and their work.” (P12)

“The biggest help has been my social competence, working in a group and things...” (P2)

“When you do tasks and do them well and people find out that you can do things and are satisfied with your work.....people then respect you and they trust in me to do the work that has been done.” (P5)

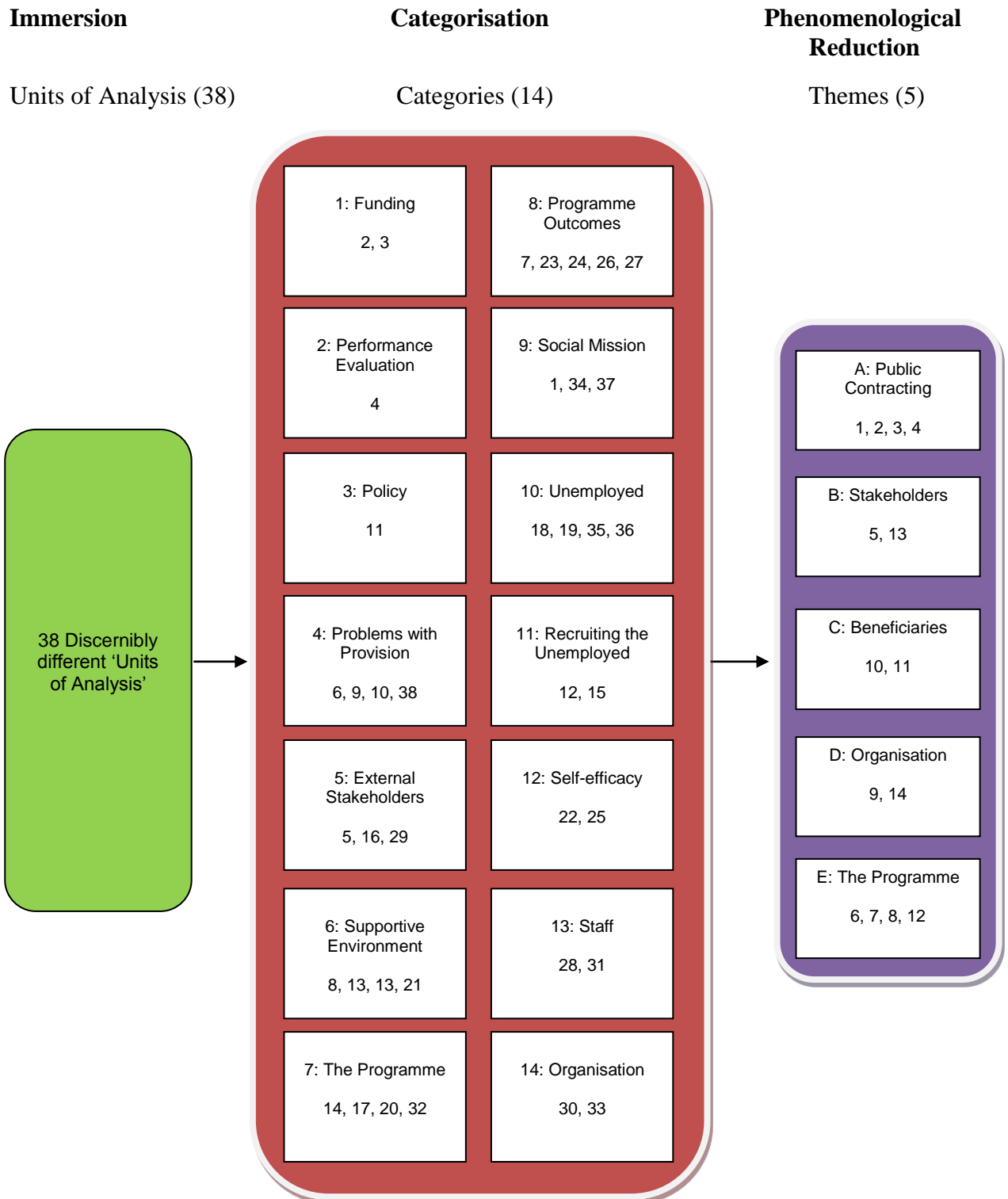
“I think pushing people to the limit that isn’t harmful is...you have to know the specific human to know how hard to push and how hard to not push. So I think it is a good thing to believe and push them at the right time and help them to do it right.....After that [mastery experience] motivation comes, because they see that they can do it and often they want to do more, because

they see that they can do it and then they think 'well maybe I can do this too'? So it is like a chain reaction." (P8)

UK WISEs

Analysis of the interview and focus group transcripts involved engaging with the five stages of CCM. During 'immersion', 38 discernibly different units of analysis were identified from the data (e.g. 'funding pressures' and 'foundation learning'). During 'categorisation', these 'units of analysis' were grouped into 14 'categories' and from these 14 categories 5 'themes' emerged through a process of 'phenomenological reduction'. These five emergent 'themes' were subsequently interpreted as: 'public contracting', 'stakeholders', 'beneficiaries', 'organisation' and 'the programme'. A diagrammatic illustration of this qualitative analysis process is provided for further clarification (see Figure 3).

Figure 3 – Phases of CCM Analysis for the UK WISEs (Owners, Managers & Staff):



NB. The numbers displayed above in Figure 3 in the 'categories' boxes correspond to the relevant units of analysis contained in that category. The numbers in the 'themes' boxes correspond to the relevant category contained in that theme.

Five overall themes emerged from the analysis of the interview data from the UK WISEs. These themes were interpreted as organisational perceptions based upon key actors within the social enterprise. It is proposed that an examination of these themes will reveal the factors that influence

and assist the implementation of the work-integration programme provided. In the following discussion the participant quotations selected represent examples taken from ‘units of analysis’ relating to each relevant theme.

Theme A – Public Contracting:

The manager and staff of the UK WISEs talked about the difficulties that are inherent in state contracting in the UK and how this affects the provision of the work-integration programme that they offered. The difficulties of coping with the complex funding arrangements and of achieving sustainability were discussed, along with the problems caused by the need to meet the evaluation targets set by funders. Both of these factors impacted upon provision and added an additional strain to the organisations in relation to fulfilling their ‘social missions’. The participants also articulated the problems surrounding current work-integration provision, particularly with reference to the guidelines and programmes laid down by funders and how it often was too short and did not allow funding for post-programme support.

“Yeah. At the minute I have taken people on in this particular group that I don't think is right for this program because we've got to meet the numbers.” (P13)

“Yeah it would be more helpful if they could help you move towards something you want rather than oh I've just got his target and I've got to push you into it into something that is not even your goal.” (P16)

“...from my side of the fence we need to get kids through within a certain period of time to maximise the opportunity and the funds available, to be sure that we have the contract and can repeat that contract again the following year.” (P26)

“...policy is driven by Whitehall talking to big business, and in the case of the 16-19 age group they listen to colleges, and in the case of under 16's they listen to schools.....They don't do the soft skills very well so they don't want that to be on the agenda...” (P28)

Theme B – Stakeholders:

Stakeholders were stated by many of the participants to be crucial to the successful functioning of the two WISEs, whether these were internal (staff) or external stakeholders (i.e. linked

organisations). In relation to external stakeholders misperceptions of the WISE's approach along with poor communication caused the WISE difficulties and hence impacted upon the programme that the WISE delivered. Examples of good relations with external stakeholders were given in relation to the functioning of the programme, and the importance of the internal stakeholders was also iterated. Here the importance of an inductive recruitment policy towards staffing was also discussed.

"I think culturally we are very different to [external stakeholders]. I don't know if I have already brought that up or made that clear, and I think sometimes people don't always understand our kind of approach to this type of project." (P13)

"...it is an absolute disgrace the information that comes with the learners and it's always been like that as far as I have seen.....the information that comes, particularly with the Foundation Learning and particularly through Connexions, I've always thought it was terrible absolutely terrible." (P27)

"That is the added value I think in that because of the trust they know that we are not going to step out of line and they also know that we would be the first to say to the staff no check that with the council and just ring them and just check it..." (P24)

We are looking for somebody who is totally committed to the social enterprise and everything that we are. So you know very soon whether that is going to be the case or not to be honest with you." (P24)

Theme C – Beneficiaries:

The manager and staff at the UK WISEs talked about the beneficiaries that they worked with. The diversity of the unemployed youth population was discussed and how this had been altered by the 'credit crunch' and the subsequent recession. In terms of recruiting the beneficiaries the difficulties of doing this were discussed, especially in relation to the removal of the Educational Maintenance Allowance (EMA). The nature of the social mission and how it affected recruitment was also discussed.

"They are very diverse, we've had graduates, we've had young people with learning difficulties, some who have got no kind of academic background at all. We've got people

who have not attended school for years, so yeah a very diverse group.....I think the reason is that they can get EMA on other programmes, and I think that there are a lot of other programmes available to them as well. So come here and don't get £30, or come here and get £30.” (P13)

“...the level of kids that we are getting on the programme has gone up a little bit...It's just the fact that the NEET group has vastly increased in the last two years to what 1½ million or something if you take all the figures in...” (P28)

“I have always felt as an organisation we are almost morally obligated to take on some of the learners the other sites won't take.....So yes, they may be more difficult and may not have the finances attached to them than if you really just selected from the top end, but if everybody selected from the top end then who really takes care of the rest. That is the beauty of social enterprise and where we sort of step into the equation.” (P21)

Theme D – Organisation:

The interview and focus group participants talked about the structure of the WISEs and how this allowed for the staff to be more flexible and informal in their programme delivery. The impact that the social and voluntary aims of the WISE had upon the local communities was also raised alongside an acknowledgement that the WISE organisation felt that they were at the heart of their community. Problems caused by organisational change in relation to the programme delivery were also raised by the staff.

“Well I think that erm...we can be less stuffy than if we were a more formal training agency because we've got like... We are community focused as well, which is part of the social enterprise model. We are a CIC and our focus is the local community.” (P13)

“When you go to a trustee meeting and say we could lose £111,000 this year because we have not done... And they said right okay let's have a look, who have we saved, who is a better person. And they are prepared to look at that and whilst you don't want to lose the money they are prepared to just look at that and say we will not just turn into a sausage factory.” (P24)

“What we do is that all the salaries are a bit lower, particularly the chief executives and the senior people they are lower, but we have got a darn sight more staff because we use the money to spread much more. So you end up with what really matters which is the sharp end.” (P28)

Theme E – The Programme:

The interviewees discussed the supportive (but structured) environment that the WISEs offered along with the importance of mentoring and providing role-models. Providing a working environment in which attainment tasks could be undertaken and where effort was rewarded through verbal encouragement was also viewed as key to the success of the programmes run. This all came together to produce what the participants viewed as *outcome* benefits such as increases in confidence, motivation and self-belief that were viewed as more important than *output* benefits such as qualification gained.

“I mean certainly in terms of our work we are looking at young people who aren't particularly employable... So given that self-motivation is not something that comes easily to them, part of [the programme] is aimed at working through that and that is a bit that is timetabled in. But challenging themselves on their perception of themselves and what they need to do to move forward as well.” (P13)

“I suppose in terms of it is getting to know them first, because obviously our ages are too far apart so obviously it is quite important to get to know them and see if you can get along with each other's personalities..... So when you give them guidance I should say or advice, but the guidance they can then think well you've just done it and it seems to have worked so I might give it a go.” (P14)

“...they have got that fresh slate and they can try stuff that they have never done before and they can build up a little bit of that self-respect bank balance again.....the very essence is that they'll build that self-respect back up again so that they will then in outside life try new things, because they can gamble a little bit of that self-respect and they can risk failure again because they have built it up.” (P18)

Discussion

The research findings from the four case-study organisations extend prior research that suggested Swedish businesses operate flatter organisational structures and more democratic decision-making processes than their UK counterparts (Axelsson *et al.*, 1991; Holden, 1999; Muller *et al.*, 2009) into the WISE sectors of both countries. The Swedish and UK WISEs involved external and internal stakeholders on the board of directors and in the strategic decision-making process, but crucially the Swedish WISE case-studies also included the beneficiaries at the board level as well. Additionally, lower-level decisions at the Swedish WISEs also involved the beneficiaries and were based upon democratic votes and consensus building prior to undertaking a particular course of action. Whilst such lower-level decisions also took place at the UK WISEs, consensus building and voting were not utilised and the ultimate decision still lay with senior staff and management. However, whilst these flatter and more inclusive organisational structures allowed for a more informal and open-minded leadership style (Muller *et al.*, 2009) it nevertheless led to a slower decision-making process when compared with the UK WISEs. This offers support to prior research in the business field that identified UK companies as having a shorter decision-making process than their Swedish counterparts (Axelsson *et al.*, 1991) and suggests that such cultural business practices have also taken root in UK and Swedish WISEs. Such transference of business culture from the private to the third sector should come as no surprise, as cultural characteristics have been shown to be crucial in determining management and work practices in different countries (Cordeiro-Nilsson and Hawamdeh, 2011). Indeed, it would seem that based upon the case-studies examined in this study, the ‘Scandinavian model of management’ identified by Carlzon (1987) is also part of the management fabric of WISEs in Sweden. This research finding would also suggest that the historical economic backgrounds of Sweden (corporatist) and the UK (liberal private sector) have impacted upon the development of their respective work-integration sectors (Lewin, 1992; Aiken, 2007).

The business and profit-distribution models at the Swedish and UK WISEs were also markedly different. The Swedish WISEs operated broadly on a 50/50 split between state contracts (in which they were paid the welfare benefits of the beneficiary for employing them) and private trade (generally in the areas of gardening, carpentry, cleaning and catering). These trading activities confirm prior research by Stryjan (2006) and also allowed for trading strategies that meant that profit-making could be actively pursued by which significant surplus could be created and redistributed in the WISE. This redistribution took the form of profits being used to create the funding for the permanent employment of one of the beneficiaries. Once the required amount of

funding was in place the beneficiaries at the Swedish WISEs would vote for one of their peers to be given the permanent employment. This is in stark contrast to the UK WISEs, which were supported to a large extent by government contracts (i.e. Future Job Fund, Foundation Learning etc.), with private trading providing a minimal income. Therefore, once the funding for a beneficiary was ended, that beneficiary either left the WISE to continue seeking employment, or was occasionally kept on at the WISE as a volunteer or employee. This research finding again demonstrates the more democratic nature of the decision-making process in the two Swedish WISEs when compared to the UK WISEs, even in the area of profit-distribution and employment creation (Axelsson *et al.*, 1991; Holden, 1999; Muller *et al.*, 2009). However, this was not always perceived to be perfect, with some beneficiaries complaining that this did not always lead to the best candidates getting the permanent position. They felt that a more ‘top-down’ decision-making structure might be more beneficial in making decisions more efficiently. In addition to this, the relative lack of state funding for both the Swedish case-studies compared to the UK case-study, suggests that a change has occurred since Boli (1991) stated that Swedish social enterprises were small and heavily reliant on the state. The case-studies involved in this study were not insignificant in size or turnovers (Swedish WISE 1 had an annual turnover of £600,000). Furthermore, they were not heavily supported financially by public contracts as were the UK WISEs. This may be due to the changing natures of the UK and Swedish welfare states, with the UK government increasingly seeking to support the third sector through its ‘third way’ approach to welfare (Haugh and Kitson, 2007).

The four WISE case-studies involved in this research all utilised performance evaluation techniques to demonstrate the effect that they were having upon their beneficiaries, although this occurred in different ways and measured different elements at the three organisations. The Swedish WISEs utilised an external stakeholder to carry out ‘social accounting’ related to calculating the financial benefits that the organisation’s social functions and aims had for the Swedish state and society. The ‘social accounting’ method utilised in this evaluation was one that had originated in Sweden but that had been adapted for local purposes. Within this, basic cost calculations centred upon savings in benefits etc. are utilised to assess outcomes and hence financial social impacts. These are calculated across five different areas involving the municipalities (equivalent to local authorities in the UK), the unemployment office (unemployment benefit), hospitals and medical services, state insurance (i.e. disability benefit, sick pay etc.) and the criminal justice system. Additionally, both of the Swedish WISEs were in the initial stages of exploring the use of a ‘social return on investment model’ (SROI) that a local social enterprise development agency had imported across from the UK. Crucially, this was conducted by both the Swedish WISEs as a voluntary measure, and was not part of any performance evaluation measures stipulated by the state. This demonstrates the high degree

of trust that the Swedish state placed in both organisations, with the local unemployment office taking a very ‘hands-off’ role with both WISEs that only involved bi-annual visits to the organisations. This is in stark contrast to the strict contractual measures that are often in place in the UK when organisations provide contractual services to state organisations. The strict evaluation criteria set out in UK state contracts is perhaps a function of the centralised welfare structure that the UK operates (Spear, 2001), which removes the ability for local state actors to act independently. Additionally, the need to meet state led targets in order to remain financially viable can also cause ‘mission drift’ in UK WISEs (Aiken, 2006; Seddon *et al.*, 2012).

The data gathered also revealed some interesting results that in some cases were contrary to the prior literature. Whilst prior research suggested that Swedish social enterprise relied on heavy state support (Boli, 1991), the current research suggests that the opposite is true in the Östergötland region. The two case-studies examined both received state support, but this only accounted for about half of the WISEs income, whilst the other half instead came from private/trade income streams. Indeed, interviews with the stakeholders and staff at both the Swedish WISEs revealed that state support (over and above paying the beneficiaries welfare payments) was non-existent. The interviewees stated that whilst the local municipalities were verbally supportive of social enterprise and the third sector, this never materialised as ‘concrete’ support in the form of financial or political assistance. The state support that was offered to the Swedish WISE case-studies was in the traditional mould of Swedish labour-intervention welfare programmes; that is based upon the creation of temporary or permanent employment via state subsidisation of private and third sector companies (Chung and Thewissen, 2011). Indeed, contrary to the prior research conducted by Boli (1991) and Spear and Bidet (2005) the Swedish WISEs were not heavily reliant on state funding, which was anyway not forthcoming. This lack of overt support for social enterprise has forced the two Swedish WISE case-studies to vigorously pursue sustainability by accessing financial and social capital in other areas, such as private trade or the use of external stakeholders on a voluntary/contracting basis. These findings suggest that the changing nature of the Swedish welfare state over the last twenty years (Michailakis and Schirmer, 2010) has led to a reduction in the support offered to social enterprise in Sweden. However, further larger-scale research is needed to confirm this finding.

In contrast, the UK WISEs had access to generous government support, with the respective local authorities funding a Future Jobs Fund and Foundation Learning programme. This created a much more supportive environment for the UK WISEs and led to a multi-stakeholder approach being pursued, albeit one that was different to the Swedish WISEs as many of the external stakeholders

were from the public sector. The more overt financial support on offer for the UK WISEs meant that they were effectively being run as ‘intermediate labour market organisations’ (ILMOs). This research finding offers support to prior research by Campi *et al.* (2006) that suggested that the majority of UK WISEs were multi-stakeholder ILMOs.

Summary

This research study has suggested that there are significant differences between WISEs in the UK and Sweden. In the former the prevalence of state funding and overt political support for social enterprise has led to the growth of ILMOs that receive the majority of their income from state contracting. In Sweden the research suggests that the opposite is true, with a lack of understanding of social enterprise and a lack of firm financial or political support meaning that Swedish WISEs need to access private sector income through trade. This has seen the majority of Swedish WISEs operating as social firms or worker cooperatives, working with the disadvantaged and disabled, and trading in the gardening, catering and carpentry sectors (Borzaga and Defourny, 2008). This was the model operated by both the Swedish WISE case-studies involved in this research. There was also a difference between the UK and Swedish state in relation to the delivery of welfare policy and the lack of performance evaluation required by the municipality in Sweden. In the UK there was a large amount of performance evaluation required in measuring outputs in order to satisfy contract requirements; whereas the Swedish municipality took a very low-key and hands-off approach to monitoring the performance of both WISEs. This may be due to the highly centralised nature of the UK welfare state when compared to the more localised approach taken in Sweden (Spear, 2001; Michailakis and Schirmer, 2010), but further research is required to gain a full understanding of this (particularly through interviews with local government officials). Further to this last point, the UK WISEs pursued performance evaluation mainly to fulfil contract obligations whereas the Swedish WISEs undertook such evaluations even when it was not required of them. Finally, the organisational structure of the Swedish WISEs was shown to be flatter and more inclusive than the UK WISEs and this led to a more democratic decision-making process that was generally slower than that at the UK WISEs. This is not surprising as prior research in the private for-profit sectors had found the same organisational differences between Swedish and UK companies (Axelsson *et al.*, 1991; Holden, 1999; Müller *et al.*, 2009; Cordeiro-Nilsson and Hawamdeh, 2011). Further large-scale research is required in both countries to test the validity of the findings presented in this paper.

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