1 Austria

Social enterprises and new childcare services

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Introduction

The Austrian welfare mix, i.e. the division of tasks among various actors to provide social security and to sustain social cohesion, has been shaped mainly by the following historical traditions and developments: first, the important historical influence of the Catholic church and its social welfare paradigms and, in particular, the principle of subsidiarity; second, the importance of welfare organisations affiliated to the socialist (now social democratic) movement, which favoured consumer co-operatives rather than producer co-operatives; and third, the corporatist approach to state regulation (*Sozialpartnerschaft*).[1] Another important feature of the Austrian society after 1945 has been the far-reaching 'pillarisation', which has created a universe of (welfare) organisations affiliated to political parties or religious entities.

In addition, it has to be underlined that the Austrian system of social security is characterised by an extremely high share of benefits in cash, which make up to 73 per cent of the total social security expenditures, education excluded (Badelt and Österle 1998). Social services and other in-kind benefits to combat poverty and social exclusion are generally organised and funded by the regional governments within their specific Social Welfare Acts.

With respect to active labour-market policies and/or policies against social exclusion, Austria has been, since the 1970s, one of the OECD countries with the lowest rate of unemployment. This has been due, *inter alia*, to a largely nationalised industry, which was heavily subsidised during the economic crisis of the 1970s. However, the times when Austria had been labelled an 'island of the blessed' have receded, and problems connected to unemployment and social exclusion have increased in political importance during the past ten to fifteen years.

In the beginning of the 1980s, the Austrian government, and in particular the Ministry of Labour and Social Affairs, introduced – in addition to traditional training and mobility programmes – specific instruments to support reintegration of long-term unemployed persons into the 'normal' labour market. This so-called 'experimental labour market policy' included subsidies for projects in disadvantaged rural and alpine regions, the foundation of self-governed firms, and an action programme to create, initially, 8,000 jobs for long-term unemployed by means of subsidies for training, wage subsidies and projects promoted

by local governments or non-profit organisations. This latter action programme, which was commonly called '*Aktion 8,000*', has been the main instrument of the experimental labour-market policy, as it allowed public and non-profit organisations to create new and/or additional jobs in the areas of social welfare services, and cultural or environmental activities.[2] In 1996, *Aktion 8,000* was renamed Public Integration Allowance (*GEB, Gemeinnützige Eingliederungsbeihilfe*), but its main characteristic remained unchanged. During a pre-defined period of time (usually one year), it provides up to two-thirds of labour costs, as an incentive to create jobs in non-profit organisations. Since 1984, about 50,000 long-term unemployed have benefited from this scheme. *Aktion 8,000* (now *GEB*) assisted the traditional welfare associations, and in addition, the programme helped to create social-economic enterprises (*Sozialökonomische Betriebe*) in Austria.

This contribution will focus on initiatives that were introduced since the 1980s using the instruments of the experimental labour-market policies such as *Aktion 8,000/GEB*. These policies have been administered by the Ministry of Labour and Social Affairs and the Labour Market Administration (*Arbeitsmarktverwaltung*). The latter was partly privatised in 1994; it is now called the Labour Market or Employment Service (*AMS, Arbeitsmarktservice*).[3] In the first section we will provide an overview of the newly emerging initiatives, projects and enterprises. We will focus especially on different types of work-integration projects. In the second section, the definition of social enterprises in Austria will be examined. The third section will then focus on one particular area of personal social services, namely childcare, in which social enterprises have helped to create new jobs, to promote new ways of delivering services and, at the same time, to fight social exclusion of disadvantaged groups.

1 Traditions of local co-operatives, socio-economic enterprises and social welfare associations

To analyse the emergence of social enterprises in Austria, it is necessary to distinguish different, sometimes overlapping, spheres and the development of intermediary organisations. Such bodies help to maintain the social fabric, to reintegrate special target groups into work and/or society, to cover areas in which merely market-oriented organisations are not active, and to offer complementary responses to statutory measures. Several types of initiatives can be considered as 'social enterprises' as defined for the purpose of this study. In this section, we will focus more specifically on those that can be described as work-integration enterprises.

Self-governed local employment initiatives

The first kinds of organisations can be defined as self-governed local employment initiatives. Self-governed producer co-operatives can be classified among these. Since the beginning of the 1980s, when structural unemployment started to increase, and governmental subsidies for such projects were provided, some

local initiatives of this kind came into being. They were particularly influenced by OECD programmes with respect to rural development and local employment initiatives (*BMSV* 1984). For instance, several craft firms in structurally weak regions that were threatened with bankruptcy were transformed into co-operatives to secure jobs. This development was followed up by the foundation of two quasi-public consultancy organisations specialising in such initiatives, as well as in consulting services for other non-profit organisations. Initially, the emphasis of these initiatives was much more on autonomy and self-government than on employment as such (*BMSV* 1984).

These initiatives obtained rather good results in terms of employment, but a steady increase of their number and a dissemination of the values of self-governance could not be achieved. An evaluation of twenty-nine such co-operatives (crafts, tourism and culture, trade and services) which had been founded between 1981 and 1991 and supported by active labour-market policies demonstrated the following (Paulesich 1996):

- usually, the co-operatives had started as associations that held the largest part of limited liability companies, but they had evolved into conventional firms (with single owners), limited liability companies with external partners or even public limited companies;
- with respect to returns on investment, personnel costs and cash flow, all co-operatives showed positive results. Problems existed with respect to liquid assets;
- the original employment objective was achieved in twenty-two of the twenty-nine co-operatives and especially, in small industrial firms, where the labour force increased;
- interviews with the current management showed that the 'co-operative idea' that had initially guided the organisation had eroded. While nineteen firms had been founded on grounds of self-government, only nine mentioned this guiding principle at the time of the survey. This might be due to the fact that more than 50 per cent of the founding members had left.

The general climate of co-operation was reported to be satisfactory, and the instrument of self-government was characterised as an important mechanism to improve the quality of working conditions and, in particular, to facilitate the foundation of a new enterprise (Paulesich 1996).

Social-economic projects

A second category of organisations that has developed within the realm of experimental labour-market policies arose from socio-economic projects aimed at providing (temporary) employment and training for disadvantaged groups (homeless, young unemployed, women, people with disabilities). These projects have often been initiated by social workers, particularly in areas such as environmental activities, culture and social services. Even if the target groups are heavily

disadvantaged on the general labour market, the main aim of these projects is to provide transitory assistance and to reintegrate their trainees or clients into the general labour market. Unemployed persons thus receive training to qualify or requalify for jobs through apprenticeships or other means leading to qualifications for trades and services.

However, many of these projects have become established enterprises – a fact which is reflected in their new identity as so-called Social Economic Enterprises (*Sozialökonomische Beschäftigungsbetriebe*). Although their commercial performance is somewhat reduced by the fact that most workers try to leave the enterprise after a limited period of time, the commercial aims of these firms are part of their basic philosophy. This is expressed, for instance, by their organisational and legal form as limited liability companies (*GesmbH*). These projects or firms are, on average, recouping about 37 per cent of their costs from their economic activities. About 48 per cent of the overall budget of about 400 millions Austrian Shillings (about 29 million Euro) is co-funded by the *AMS*, and the remaining 16 per cent is covered by provincial governments and – since 1995 – increasingly by the European Social Fund (*AMS* 1997).

In 1996, there were forty-five such enterprises offering 719 jobs to 1,606 temporarily employed persons. In addition, about 315 persons, the so-called 'key staff', were employed. The number of projects remained stable in the past six years, while the numbers of key staff and temporary staff increased (by 25 per cent and 40 per cent respectively) between 1992 and 1996. As far as the gender and age structure of staff is concerned, it has to be noted that, interestingly enough, the number of women in these enterprises is relatively low (about 30 per cent). About one-third of the transitory staff are under twenty-five, and about 21 per cent are over forty (*AMS* 1997).

With respect to the performance of these social economic enterprises, two aspects have to be considered. In the first place, figures for the employment effects, in terms of transitory staff who left the enterprises during 1996, show that on average, about one-third of the workers were transferred to the general labour market; about 8 per cent went into further training; 27 per cent left the firms as pensioners, on family leave etc; and 31 per cent left the firms but remained unemployed. The overall average, however, tells only part of the story. In reality, there are huge differences between the individual firms and between provinces. For instance, the proportion of persons who re-entered the labour market during 1996 ranges from 23 per cent in the five social enterprises in Carinthia, to 56 per cent in the three enterprises in Burgenland. The proportion of persons who had left the enterprises but had remained unemployed during this period is between 18 and 40 per cent (*AMS* 1997).

Secondly, the economic performance must be taken into account. The selected enterprises generate between 8 and 82 per cent – on average about 34 per cent – of their total budget by their own economic activities. *AMS* subsidies represent on average 8 per cent, while other subsidies (mainly provided by regional or local authorities) amount to 27 per cent (*AMS* 1997). Subsidies are needed to cover investments, social and pedagogic support, and unforeseen events. A study conducted in the early 1990s (Biffl *et al.* 1996) showed, for instance, that the more or less constant staff turnover calls for special organisational attention by key staff.

Much depends on the type of economic activity and on the type of persons joining (and leaving) the enterprise. For instance, *BAN* (in the province of Styria) is focusing on homeless persons and ex-prisoners. It provides thirty transitory and fifteen key-staff jobs in the area of environmental counselling (recycling) and clearance of refuse. This kind of work is also offered by the *ARGE Nichtsesshaftenhilfe*, in Vienna, while *Chamäleon* (also in the province of Styria) is active in general services (household, gardening etc.) and textiles (patchwork, tablecloth, rugs) and offers fifteen transitory jobs for long-term unemployed girls and women, people with disabilities and former drug addicts.

'Sheltered workshops Ltd'

In Austria, a special legal status for enterprises with a social aim has been developed only for sheltered workshops. These workshops offer regular employment to persons with disabilities (according to defined eligibility criteria) and function as special forms of limited liability companies within the framework of the Disabled Persons Employment Act. Thus, additional subsidies for these companies are guaranteed directly by the state.

Since 1979, nine sheltered workshops have been founded. They currently employ about 1,200 persons, three-quarters of whom are persons with disabilities, who are paid wages according to norms stipulated by a general collective agreement. These sheltered workshops produce goods in the areas of skilled trades (metal, wood, printing, textiles) and services (copying, laundry). The turnover is about 400 million Austrian Shillings per year (about 29 million Euro) including about 25 per cent subsidies (Blumberger and Jungwirth 1996).

Other initiatives focusing on social inclusion and support to employment

Apart from the regional labour market exchange offices run by the Employment Service (*AMS*), there are special information points, usually organised by non-profit organisations or associations, which focus on persons with specific social problems such as personal debts, illicit drug use, psychiatric problems, or on victims of discrimination or violence. Such centres offer counselling and information (on mental health and social problems, job seeking, family and life planning, etc.) as well as facilities for communication, leisure time and other activities.

In Vienna, there are about sixteen such information points, established by different provider organisations. They offer, for instance, information with respect to childcare needs, job application training or counselling for migrants and young unemployed persons. In addition, there are some initiatives that offer appropriate housing opportunities, such as 'women's houses' (*Frauenhäuser*),

shelter for homeless persons, group housing for young people, people with disabilities and ex-prisoners.

Non-profit organisations providing personal and proximity services

In the area of social service provision, social welfare associations have a long-standing tradition, in particular those large voluntary organisations that are affiliated either to the political parties (*Volkshilfe*, *Hilfswerk*) or to the churches (*Caritas*, *Diakonie*). Apart from the general reimbursement and/or subsidies they receive from regional governments, these organisations have used the opportunities of the *Aktion 8,000/GEB* offered by the Employment Service (*AMS*) to co-finance additional or new kinds of services. Smaller initiatives and new associations have also been given the chance to develop innovative services by means of the *GEB*. Examples for such initiatives can be found particularly in the area of day-care for children (day-mothers, children's groups) which will be described in greater detail below.

2 Towards an understanding of social enterprises in Austria

Given the social, political and cultural background of Austria and the fact that – apart from sheltered workshops – there are no specific legal regulations with respect to organisations that are active in the sphere of social inclusion, it seems appropriate to conceive the term 'social enterprise' in a wide sense. In the Austrian situation, both self-governed employment initiatives, social economic enterprises, sheltered workshops, and associations active in the area of social services should be considered as social enterprises which address social exclusion, since they meet the following requirements:

- they have a permanent production activity of goods and/or services;
- they have a relatively high degree of autonomy;
- they are characterised by a significant level of economic risk (which tends to rise over time);
- their operation is based on paid work, although unpaid voluntary work and partly remunerated or 'paid' volunteering can sometimes be observed. For instance, associations have boards that consist of volunteers who may receive some remuneration for their expenses. Another example would be 'children's groups' in which parents collaborate in order to keep monetary contributions to an affordable level.

The legal forms of social welfare associations and/or non-profit organisations are usually based on the Association Act (*Vereinsgesetz*). This Act regulates the registration procedures, some tax exemptions and general rules on accountability, compulsory functions and basic rules. However, some traditional

associations and new initiatives, particularly those with economic activities, have turned into the organisational form of a private limited liability company (*GesmbH*), as the board of an association is liable for all financial risks linked to the association's activities. Some initiatives have also turned into registered societies (*Gesellschaft Bürgerlichen Rechts*) or co-operatives (*Genossenschaft*), although the legal regulations for each of these are quite complicated in Austria.

It must be underlined that all the organisations enumerated above are important agents for the maintenance of the Austrian social fabric, i.e. they are the basis of civil society, social inclusion and social control.

The social initiatives that have been founded during the past ten to fifteen years explicitly focus on three main objectives: offering employment opportunities; promoting (re)integration by means of training; and achieving a good economic performance through a market-oriented approach. At the same time, their principles and those of other voluntary organisations are deeply rooted in associative and co-operative concepts with a long-standing history (Hautmann and Kropf 1976; Tálos 1981). Notwithstanding this history and the respective linguistic meanings, it would be useful to introduce the term 'social enterprise' into Austrian discourse (complementary to the already existing term *Sozialökonomischer Betrieb*) in order to promote a specific kind of innovative organisational form focusing on social inclusion in changing 'labour societies'.

The term social enterprise will thus be used in the following section to describe a specific form of childcare services that has developed during the past twenty years in Austria, particularly in Vienna. In order to comprehend this evolution, we will first give a short overview of childcare services in the context of more market-oriented service delivery.

3 Social enterprises in the area of childcare

Ongoing debates on reform of the welfare state offer opportunities to reconsider the reality of welfare production and to develop new ways of planning, steering, providing and controlling personal social services. On the one hand, this means acknowledging the different agencies that are producing welfare – including households, private non-profit organisations, social initiatives, statutory providers, market-regulated supply – and discussing appropriate regulations for a mixed social welfare economy (Evers and Olk 1996; OECD 1996). On the other hand, new models of public management have been introduced which seek to promote more market-oriented methods in planning, financing and providing social services. These methods include a split between clients and providers, more competition and a new notion of social services as products with defined costs and outcomes. Thus, reforms should support and strengthen the non-governmental type of service provision, for instance by means of contracting-out and compulsory competitive tendering (Naschold 1995). This development should also result in better conditions for newly emerging social initiatives if they can prove their impact and their usefulness with respect to filling the gaps between reduced statutory provisions and the market.

In Austria, these developments have been introduced in a somewhat oblique way. Of course, there is also a general trend for cost-cutting and austerity in social welfare policy, for more efficiency in public management and more market orientation. However, most emphasis is still being put on the difference between the state and the market, rather than on intermediary organisations. Nevertheless, and given the existing structure of social welfare provision in Austria, debates about 'new public management' and the 'welfare mix' are worthwhile. We would like to exemplify this by focusing our attention on the area of childcare.[4]

The Austrian welfare mix in the area of childcare

Day-care for children is only just about to be acknowledged as a statutory responsibility with corresponding rights for parents with children. Given the fact that there is still no parental right to childcare facilities, the discussion has become more contentious during the past few years, especially with changing life patterns and expectations of younger women claiming equal opportunities and the right to combine family and employment.

Up to now, the responsibility for expanding day-care facilities for children has been with the provincial governments and municipalities, who have often contracted out the provision of services to the large voluntary non-profit organi-

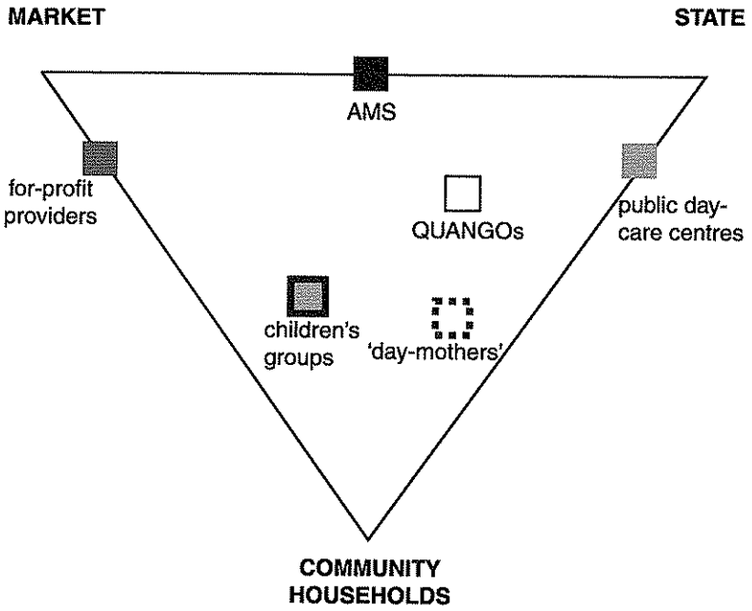

Figure 2 The welfare triangle of childcare in Austria

sations. In addition, and due to the lack of adequate facilities in terms of quantity and quality (e.g. inflexible opening hours), the number of small-scale initiatives has been mushrooming.

Figure 2 illustrates the existence of a mix of different providers that are serving different needs with various standards and rationales. However, this situation has not resulted from conscious decisions about financing and the different roles and functions of the various actors. For instance, associations have not always been considered as partners by public policy-makers but more often than not as opponents, although they helped to improve quality standards in terms of user-friendly and flexible service provision.

In this situation, the Employment Service (*AMS*) – a kind of hybrid organisation itself – has played an important intermediary role, especially in Vienna, where about 65,000 children are frequenting one or the other type of day-care centre (50 per cent public, 50 per cent voluntary organisations, as shown in Table 1.1). During the past few years the Employment Service has introduced

Table 1.1 Childcare facilities in Vienna: places, employed staff and turnover, 1997

Provider	*Places*	*Staff*	*Turnover (in thousands)*	*Average yearly costs per child*
Public childcare facilities	*32,378*	*5,500*	*3,171,000 ATS (230,446 Euro)*	*97,958 ATS (7,119 Euro)*
Private and voluntary non-profit providers	*33,908*	*3,644*	*1,256,000 ATS (91,277 Euro)*	
Private day-care centres in Vienna	9,000	900	339,000 ATS (24,636 Euro)	37,667 ATS (2,737 Euro)
Catholic day-care centres	11,288	844	385,000 ATS (27,979 Euro)	34,135 ATS (2,481 Euro)
Kinderfreunde	9,762	1,100	350,000 ATS (25,435 Euro)	35,853 ATS 2,606 Euro)
'Children in Vienna' (KIWI)	700	96	32,000 ATS (2,326 Euro)	46,214 ATS (3,358 Euro)
Day-mothers ('Parents for children')	165	69	15,000 ATS (1,090 Euro)	94,303 ATS (6,853 Euro)
Wiener Hilfswerk (day- mothers)	109	38	8,000 ATS (581 Euro)	73,835 ATS (5,366 Euro)
Viennese Children's Groups	480	89	30,000 ATS (2,180 Euro)	62,975 ATS (4,577 Euro)
Forum of Children's Groups	72	14	5,000 ATS (363 Euro)	65,944 ATS (4,792 Euro)
Other providers	1,300	150	55,000 ATS (3,997 Euro)	42,700 ATS (3,103 Euro)
Freelance day-mothers	1,032	344	37,000 ATS (2,689 Euro)	36,000 ATS (2,616 Euro)
Total	66,286	9,144	4,427,000 ATS (321,723 Euro)	66,825 ATS (4,856 Euro)

Source: *Gemeinde Wien* (MA 11); provider organisations, own estimates

three different instruments of active labour-market policy. These are oriented towards both parents and institutional childcare providers:

- the Child Care Allowance (*KBH, Kinderbetreuungsbeihilfe*) is a cash transfer targeted at low-income parents so that they can afford day-care services for their children, if they need such services after having found a job;
- the Subsidy for Child Care Providers (*KBE, Beihilfe für Kinderbetreuungseinrichtungen*) is a special scheme within the already mentioned *GEB*. It provides supportive wage subsidies (66 per cent of wages) for a period of up to three years (instead of only one year) and is geared towards childcare providers so that they can afford to employ more (formerly unemployed) nursing staff;
- support for training of unemployed men and women as professional childcare staff (day-mother/day-father).

These instruments particularly helped to support innovative service providers, such as associations that employ and organise day-mothers (child-minders) and initiatives that organise children's groups, i.e. small groups of about twelve children with two nurses (child-minders). The initiatives are like parents' co-operatives (comparable to *Kinderläden* in Germany). Although both these approaches make up only about 2 per cent of the entire childcare market in Vienna, they are of particular interest with respect to the involvement of parents and staff.

Parents have to pay different contributions to public and private voluntary facilities (Table 1.2). Users of public services may benefit from the fact that individual contributions depend on the family income. Parents who use private voluntary providers usually pay between 2,000 and 3,000 ATS (145 to 218 Euro) per month (for forty hours of care per week, including meals). This situation is only marginally compensated by the *KBH*, an entitlement paid to low-income families as a reimbursement for childcare expenditures.

Table 1.2 Parents' monthly contributions for forty hours of care per week, 1997

Provider/kind of care	*From*	*To*
Public childcare facilities[a]	*0 ATS (0 Euro)*	*2,870 ATS (209 Euro)*
Private and voluntary non-profit providers		
Private day-care centres Vienna[b]	2,900 ATS (211 Euro)	4,600 ATS (334 Euro)
Catholic day-care centres	1,420 ATS (103 Euro)	2,700 ATS (196 Euro)
Kinderfreunde[b]	2,290 ATS (166 Euro)	2,935 ATS (213 Euro)
'Children in Vienna' (KIWI)[b]	2,950 ATS (214 Euro)	3,800 ATS (276 Euro)
Day-mothers ('Parents for Children')[b]	2,700 ATS (196 Euro)	3,000 ATS (218 Euro)
Wiener Hilfswerk – day-mothers[b]	2,900 ATS (211 Euro)	3,000 ATS (218 Euro)
Viennese Children's Groups[c]	2,000 ATS (145 Euro)	3,000 ATS (218 Euro)
Forum of Children's Groups[c]	3,300 ATS (240 Euro)	4,000 ATS (291 Euro)

Sources: *Gemeinde Wien* (MA 11); different providers
Notes:
[a] contributions of parents depend on family income
[b] inclusive of meals
[c] without meals

Table 1.3 Shares (%) of funding with respect to the overall costs of different providers in Vienna, 1997

Provider	*Municipality (%)*	*AMS (%)*	*Parents (%)*	*Others (%)*
Public childcare facilities[a]	*87.0*	*0.0*	*13.0*[b]	*(0.0)*
Private and voluntary non-profit providers				
Private day-care centres Vienna	1.0	7.0	92.0	0.0
Catholic day-care centres	29.2	0.0	66.9	3.9
Kinderfreunde	33.0	0.1	48.0	18.9
'Children in Vienna' (KIWI)	38.0	4.0	55.0	3.0
Day-mothers ('Parents for Children')	42.0	33.0	25.0	0.0
Wiener Hilfswerk – day-mothers	50.0	14.0	34.0	2.0
Viennese Children's Groups	18.0	31.5	50.5	0.0
Forum of Children's Groups	16.0	25.0	59.0	0.0

Sources: *Gemeinde Wien* (MA 11); different providers
Notes:
[a] In 1997, the federal government also included a special budget line for the extension of childcare facilities; the municipality of Vienna received about 160 million ATS (about 11.6 million Euro), i.e. 4 per cent of the municipalities' budget for childcare, out of this federal programme
[b] Average – in reality, parents' contribution ranges from 0 to about 35 per cent

The unbalanced distribution of public finances is only marginally compensated by the *AMS* that supports, in particular, innovative facilities. Table 1.3 gives an overview of the specific mix in the economy of childcare facilities in Vienna.

Experiences of social enterprises who organise day-mothers and children's groups

The Viennese Children's Groups

The first Children's Groups in Vienna were founded at the beginning of the 1970s but it was only at the beginning of the 1980s that an umbrella organisation was created, by which time there were about forty autonomous Children's Groups. A definition of a Viennese Children's Group was agreed, i.e. it had to be 'founded and organised by parents and child-minders'. The objectives were to

create facilities for the individual development of children, to offer opportunities to learn democratic and mutually supportive ways of living, and to organise childcare through co-operation between parents and child-minders by means of regular collaboration of the parents and monthly group meetings. These meetings served to take the most important decisions with respect to management and daily practice.

The umbrella organisation was founded in order to enter into negotiations with the municipality about complementary funding and relevant regulations. Until then, the individual associations were financed by parents' contributions (in kind and in cash) and by means of the *Aktion 8,000* only.

Currently, there are thirty-nine Children's Groups; they provide about 450 places for children between two and ten years. Altogether about ninety child-minders (at least two per group) are regularly employed, on average for about thirty hours per week. About 80 per cent of the child-minders are supported by the special scheme of the Employment Service (*KBE*). Most of the staff also received training provided by the umbrella organisation and financed by the Employment Service. A study showed that out of forty-nine participants in these courses, all of whom were long-term unemployed or never regularly employed before, about 50 per cent were still in regular employment three years later (Leichsenring *et al.* 1997).

The total cost of a Children's Group (about twelve children per group) is about 3,700 Euro per month. Parents pay on average about 190 Euro per month plus meals, altogether about 50 per cent of the overall costs. In addition, they provide, on average, about fifteen hours for cooking, cleaning, meetings etc. The municipality of Vienna pays a lump sum of about 70 Euro per child per month. The wage benefits of the Employment Service cover about one-third of the total costs.

The umbrella organisation has negotiated strongly with the municipality in order to achieve an agreement to secure the financing of the Children's Groups after the wage benefits of the Employment Service end (subsidies are paid for only three years per child-minder). Although a short-term subsidy has been granted, a long-term agreement still remains to be settled. Nevertheless, the umbrella organisation is currently drafting a new measure for advanced training of child-minders in Children's Groups and defining a specific job profile for a limited number of them. The social capital that is generated by this type of childcare organisation is both their main strength and their main weakness. The number of parents who are prepared to get actively involved in Children's Groups has proven to be limited, but networking on the national level is geared to promoting the particular advantages of Children's Groups insofar as they facilitate social learning both for children and for their parents.

The Day-Parents Centre in Vienna

The Day-Parents Centre is affiliated to a larger association called Parents for Children Austria that is also specialising in the area of adoption and foster care.

The starting point for this initiative was the huge demand in day-care facilities, which was articulated by foster parents. Thus, in 1989, Parents for Children approached the Employment Service to ask for financial support to develop courses for child-minders. Initially, these courses involved about 160 hours of training plus one week of practice. In addition, regular supervision and advanced training was obligatory. This form of training has been developed to the point that, in the future, more than 600 hours of training will be required in order to fulfil the specific job profile for day-mothers (see below). The evaluation by Leichsenring *et al.* (1997) showed that participants in courses for day-mothers that were financed by the Employment Service had been from among the most disadvantaged groups in the labour market. Out of eighty-three participants, only seventeen had been employed before the training, while almost two-thirds were employed one year after.

Currently, the Day-Parents Centre employs about sixty day-mothers who care for about 170 children. This means that, on average, each day-mother provides care for about three children. Children are aged between four months and seven years. Day-mothers of the Day-Parents Centre are employed regularly and remunerated according to the number of children that they care for (not more than four, including their own). For instance, for three children and forty hours per week, a day-mother earns the equivalent of the currently agreed minimum wage (about 900 Euro) plus a lump sum for meals.

The organisation is financed by means of user contributions (about 200 Euro per child per month), the municipality (40 per cent) and *KBE*-wage subsidies of the *AMS* (30 per cent). Without public subsidies, the service would be too dependent on user contributions and day-mothers could not be guaranteed regular employment – a practice that was applied at the beginning of this service. Thus, the continuity of subsidies, or a regulated market with clearly defined purchaser/provider relationships is of utmost importance to secure employment.

Given this background, the main objective of Parents for Children is to further professionalise the childcare sector by implementing the above-mentioned extended education (comprehensive curriculum) and by defining a proper job profile for day-mothers. These activities tend to develop within national and international networks. Networking on the national level (with similar organisations) and lobbying have resulted in negotiations towards a comprehensive curriculum to be regulated on the federal level or at least equally by all regions. An international project has helped to promote these objectives. The project, entitled Cinderella, is co-ordinated by Parents for Children in the framework of the EU Programme Employment NOW (New Opportunities for Women) and involves Austrian organisations with partners from Germany, Italy and the UK (Cinderella 2000). The search for common features in professionalising this type of childcare in Europe also contributed to the fact that Cinderella and the aim to create 3,000 jobs for day-mothers in Austria are mentioned in the Austrian Action Plan for Employment.

Key challenges

With respect to social enterprises in the area of childcare, several tensions and contradictions remain to be tackled on the political and administrative levels. These include:

- tension between central social policy tasks and the pluralism of providers: social policy objectives with respect to universal rights, guarantees for childcare facilities and quality have to be balanced with specific needs of different user groups;
- tension between statutory responsibilities and individual rights and duties: the question is whether childcare may be defined as a 'public good', especially with respect to social and economic integration of (potential) users. If labour-market participation is the only way to prevent social exclusion, equal chances will also be promoted through the existence of decent childcare facilities;
- tensions among different statutory and quasi-public bodies: the complexity of the federal constitution, in combination with the fact that there are several quasi-non-governmental bodies responsible for social security, increases the need for co-ordinating mechanisms, i.e. the continuous harmonisation of aims and means, if the objective is to create a balanced welfare mix in Austria. Given the lack of even informal communication among the different bodies, this seems to be of major importance;
- tensions between democratic values, increasing user-orientation and user-involvement, respectively, and new values of choice and market-orientation: new ways of participation and partly autonomous organisation of services are challenging statutory providers as well as financing bodies. With the increasing number of private providers that are accepted or even self-organised by the users, public providers (and their specific way of organising and financing service provision) will become a reservoir for those who are not able to finance alternative facilities, unless they take on their competitors. In effect this means that public providers try to secure their privileged market position not only by means of more competitive prices but also by quality standards of service (e.g. more flexible opening hours, more user involvement etc.).

Conclusions

Undoubtedly, social services are among those areas in which additional employment opportunities are envisaged. At the same time, social services are at the forefront of the effort to combat social exclusion. Thus it seems only logical to conceive and to promote organisational forms that combine both the employment factor and concepts of social exchange, self-organisation and community orientation. Social enterprises that are guided by these fundamental values are therefore important partners for public authorities in particular, if the latter are seeking to increase their steering capacities as against their capacities for producing services.

There is a good chance for the growth of social enterprises in the area of social service delivery if both sides – social enterprises themselves and the state – agree on their mutual benefits and shortcomings. On the one hand, the evolution of a regulated 'quasi-market' equal for all actors would be necessary to reduce bureaucracy, hierarchical dependencies and financial constraints. On the other hand, a debate on social enterprises with respect to their specific status, e.g. a debate about a legal regulation for 'social enterprises', could help to develop common strategies and guidelines. The first steps have been taken in both directions but it will still take time, organisational learning and political will for social enterprises to find their identity in a well-balanced welfare triangle in Austria.

Notes

1 The system of social partnership has served as an instrument to reduce tensions between work and capital by means of mutual consultation; collective bargaining that went far beyond the regulation of wages and labour law; and tripartite political exchange between the unions, employers' organisations, and the state. An important precondition for the functioning of this regulation mechanism, which helped to secure social development and peace, was the fact that, after the Second World War and occupation, major industries were nationalised so that all actors involved had a common interest in this kind of governance.

2 For an extended analysis, see Lehner (1998); Fehr-Duda *et al.* (1995a, 1995b); *AMS* (1996).

3 One could argue that active labour-market policies in Austria have partly been privatised or, else, that the organisational framework for these policies was changed into a more 'hybrid' form, between the state and the market. Suspicions are that this kind of 'hybridisation' is avoiding investments in active labour market rather than enhancing a more pro-active strategy towards public stimulation of employment opportunities, but it is too early to demonstrate a definitive turn-around. In particular, the latest engagement in employment policies on the EU level (National Plans of Action for Employment) has given hope to some new initiatives.

4 See also Evers and Leichsenring (1996).

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2 Belgium

Social enterprises in community services

Jacques Defourny and Marthe Nyssens

Introduction

From the beginning of the 1990s, the social economy began to be gradually recognised as a third sector, made up of co-operatives, mutuals and associations. In fact, however, its roots lie far back in the workers' and peasants' associations of the last century, and they have been growing throughout the twentieth century. The co-operative movement has long been present in the agricultural sector, in credit and insurance and in pharmaceutical distribution. Since the end of the Second World War, mutual societies have been heavily involved in the organisation of the national health insurance scheme and the provision of a variety of associated services. But it is the associations that have formed far the largest part of the Belgian social economy. Fairly recent statistical studies show that they account for around 305,000 paid jobs[1] and that the volunteer work which they mobilise represents more than 100,000 full-time job equivalents. Belgium, along with Ireland and the Netherlands, is one of the countries in which the non-profit sector carries the most weight (Salamon, Anheier and Associates 1998).

Though an increasingly broad consensus exists about the concept of the social economy,[2] the idea of the social enterprise is more recent and less well defined. The term is nevertheless more and more frequently used, with a dual meaning.

On the one hand, it tends to be used to stress the entrepreneurial approach taken by an increasing number of organisations in the social economy, particularly by the many associations that are developing commercial activities. This trend is reflected, *inter alia*, in the introduction of a new legal framework. In 1995, the Belgian Parliament approved a law allowing the creation of 'companies with a social purpose'. This law concerns all kinds of commercial companies (including co-operative societies and private limited company). Since July 1996, any commercial company may be called 'company with a social purpose' (*SFS, Société à finalité sociale*) if it is 'not dedicated to the enrichment of its members' and if its articles of association respect a series of conditions.[3] So far, however, this legal status has met with only limited success since it brings with it a considerable number of requirements in addition to those associated with the traditional company.[4] This legal framework will only become attractive for players in the social economy if future measures yield financial and other