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Neighbourhood development enterprises

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Introduction

In the Netherlands, the borderline between the social economy and other sectors is a vague and dynamic one. The *raison d'être* for social enterprises as well as their characteristics (legal form, organisation of employment, etc.) are dependent on formal institutional arrangements. As a result of institutional changes, various activities in the social economy have been taken on by private for-profit or public entities, while activities originally initiated in the informal sector have shifted into the social economy.

For a good understanding of the emergence of social enterprises in the Netherlands, we will, in the first section, sketch the general context in which the Dutch non-profit sector has developed. In doing so, we will focus on two main topics namely, the history and development of the non-profit sector in Dutch society, on the one hand, and Dutch labour-market policy, on the other. In the second section, we will analyse the emergence of social enterprises in the Dutch context. The third section will focus on one specific type of social enterprise, particularly interesting in the context of this study, namely the so-called '*BBBs*' (neighbourhood development schemes).

1 The Dutch non-profit sector[1]

In terms of employment, the Netherlands has the largest non-profit sector in the world. In 1995, over 12 per cent of the Dutch labour force worked in the non-profit sector, especially in the fields of education, healthcare and welfare (Burger and Dekker 1998), while in the same year the average share of non-profit employment in developed countries was estimated at about 7 per cent. However, Dutch non-profit organisations are not characterised by a high degree of autonomy, which is one of the criteria set in the Johns Hopkins Comparative Non-profit Sector Project. An explanation for the size of the non-profit sector and its dependency on government funding can be found in the specific history of the Dutch non-profit sector.

The development of the Dutch non-profit sector

The 'pillarisation' process

The development of the Dutch non-profit sector can only be explained in the light of the so-called 'pillarisation' process. Pillarisation is the process by which groups of citizens organised themselves along religious and political lines. Catholics, Protestants, Liberals and Socialists each founded their own political parties, labour unions, housing associations, newspapers, schools, broadcasting associations, sports clubs, hospitals and so on. The pillarisation was not confined to the non-profit sector, as every town or neighbourhood had its own Catholic and Protestant shops.

Pillarisation is said to have had a great influence on the emancipation of different population groups.[2] It was the way for the Catholic, Calvinist and Socialist minorities to achieve full citizenship. Scholars tend to point out the effect of the social control exercised through the pillar organisations. Through the pillars, the norms and values of the religious communities were reproduced and, for a long time, differences among pillars were sharpened. At the same time, however, the elites (leaders) of the pillars could work very well together to maintain the status quo (and in so doing, their own positions). They respected each other and realised that none of them could ever claim a majority. Therefore in government they also had to co-operate in coalition cabinets. Because the elites had a great interest in keeping all the pillars satisfied, funding of the pillar organisations through government money grew. Since pillarisation was so pervasive, it led to a vertical segmentation of Dutch society.

In the twentieth century, and especially after the Second World War, all kinds of service-providing organisations were set up along the lines of the pillars. In the fields of education, healthcare, welfare and housing, private non-profit pillar organisations developed rapidly. These organisations, most of them foundations and associations, were financed by collective arrangements. This development can be understood by recognising two leading principles in the politics of the elites, namely a limited and subsidiary government and equal treatment of all pillars.

The principle of a limited government was agreed on by Catholics, Protestants and Liberals. In the Protestant community, the principle of sovereignty in one's own circle was primary. According to this principle, in important areas of the society, such as the family, education, religion and even business, the role of government should be minimised. The Catholic principle of subsidiarity has the same effect in that it states that the government should only interfere in everyday life when family, community or the church cannot handle it themselves. Of course, Liberals also were averse to government interference. Pillar organisations thus started their own schools, healthcare institutions, welfare organisations and so forth.

The principle of equal treatment made it possible for government subsidies to be granted to comparable organisations in the different pillars. This principle was most evident in the field of education. Equal financial treatment for public

and private education was enshrined in the Dutch Constitution.[3] Through this proportional distribution of facilities and of benefits among the different segments of the population, the non-profit sector grew steadily.

After the Second World War, the foundations of Dutch welfare society were laid by the elites. Several corporatist structures were set up to smooth the path to economic prosperity. Well-known and very important in the field of agrarian production are the product and industry boards, created as public-law institutions. The most important corporatist body is the 'Socio-Economic Council', (the *SER, Sociaal Economische Raad*), in which labour unions, employers' organisations and the government (independent experts) each have one-third of the seats. The *SER* has the right to advise the government on important socio-economic issues. Agreements in the *SER* and in the 'Foundation of Labour' (*Stichting van de Arbeid*), where employers and employees meet, are said to be important conditions for continuing economic growth in the Netherlands (the Dutch socio-economic system has become known as the 'Polder-model'). New corporatist structures are still being established. Less than ten years ago, employment services were 'tripartised' – the former directorate general of the Ministry of Social Affairs was privatised and put under the management of employers, employees and government. And even these days, in restructuring employment and social security policies, tripartite bodies are created.

At the turn of the millennium, the Netherlands still has an extensive non-profit sector. It functions in important spheres of society like healthcare, education and housing. Private non-profit organisations are mostly publicly financed and they perform public tasks, but in their way of operating, they do not merely carry out government policy. As the Johns Hopkins study clearly points out, it is often a two-way relationship in that government regulations are frequently designed after extensive consultation with the representatives of the various fields (Burger *et al.* 1997). Nevertheless, many of these non-profit organisations are subject to government rules and regulations. Schools, for example, are not free to set their own salaries or to define their own curriculum, and housing corporations have to comply with national rent levels. Because of the requirements they have to fulfil, the non-profit organisations have had to professionalise, with little room for voluntary activities.

The future of the Dutch non-profit sector

As stated above, Dutch society still has corporatist characteristics. The various corporate bodies, however, have been under fierce criticism. These organisations were accused of being soft and the social partners are seen as not being sufficiently conscious of the limitations of the public purse. This is associated with a cry for more market influences in the different spheres where non-profit organisations are active. This would result, for instance, in other ways of financing, with hard contracting instead of more or less open activity subsidies.

The influence of the pillars is diminishing as a result of secularisation. As a matter of fact, pillarised organisations are getting a more secular character and

are freer in their operations. Simultaneously, their natural groups of clients are disappearing. A Catholic is no longer automatically a member of the Catholic broadcasting organisation, and Protestants schools are frequently attended by children from Socialist or Liberal families.

This does not mean that the non-profit sector is diminishing. What is noticeable is that many of the older non-profit organisations are reorganising and are becoming more market oriented. They are responding to demand with well-defined products, they are budgeting more strictly, and they have a more professional policy on personnel (human resource management). Some of the older pillarised organisations are losing members. This is the case, for example, with religious welfare organisations that work with many volunteers. But, on the other hand, some big organisations that use volunteers are growing rapidly, especially foundations and associations that are active in fields such as environment protection, human rights and international solidarity.

One can also see new types of non-profit organisations coming into being. For instance, in the field of reintegration of the long-term unemployed or of the partially disabled, many private foundations offering services to municipalities have been set up. The city of Amsterdam has, for example, established a non-profit business corporation (a limited company) to organise and execute part of the city's policy on reintegration of the unemployed. 'The Work Ltd.', as it has been called, is still in operation and is expanding its activities to foreign countries.

Finally, there is a lively debate on the strengthening of civil society. With the diminishing influence of the pillars, in their role in the reproduction of norms and values and in the social control they exert, and with the growing importance of the market and of individualisation, a new need is felt for integrating structures. New non-profit organisations are reacting to this demand. An example is the neighbourhood development schemes, that are aimed at bringing back social cohesion in neighbourhoods, at stimulating local economies, and at keeping neighbourhoods clean and safe while creating jobs for the unemployed. But before focusing on these organisations (which we will do in section 3), we will discuss another important feature of Dutch society with regard to the development of social enterprises, namely the Dutch active labour-market policy.

The Dutch active labour-market policy

As already mentioned, the Dutch welfare system has proved sufficiently specific to be considered as a model in its own right and has achieved significant results in the fight against unemployment. It aims at combining flexibility with a high degree of social security. The active labour-market policy is one of the policies implemented in the framework of this model, and it is of particular importance in understanding the emergence of social enterprises in the Dutch context. It will thus be examined in this section.

The Dutch government has been pursuing the so-called 'active labour-market and social security policy' for some years now. According to this policy, social security must increasingly focus on the re-entry of the unemployed into the

labour market or, if this is not feasible, into activities which will prevent social exclusion. The local social services departments together with the job centres make special efforts to achieve this.

To implement this policy, the central government has developed several measures. The most recent legislation is the 'Jobseekers Insertion Law' (*WIW, Wet Inschakeling Werkzoekenden*). The *WIW*, introduced in 1998, is aimed at the long-term unemployed and all unemployed youth under twenty-three years of age. The measure offers local authorities a range of possibilities to tackle these people's employment problems. For those furthest removed from the labour market (with a low employability), the instrument of 'social activation' allows the unemployed who are not able to move on to the regular labour market in the short term to do a range of (quasi-work) activities without losing their social security benefit. Possible activities include volunteer work, resocialisation programmes and the like. The main purpose of these programmes is to avoid and to combat the social exclusion of the long-term unemployed.

People with a slightly better labour-market position can be put to work with the municipality through subsidised jobs. They will be able to earn up to 120 per cent of the legal minimum wage, and will be seconded to private enterprises or institutions. Initially, these jobs are for two years, but they can be converted into permanent appointments. Those closer to the labour market (with a higher employability, but still long-term unemployed) can, under the *WIW*, be employed in so-called 'work-experience jobs'. The local government is in a position to offer a very substantial wage cost subsidy to those firms willing to create work-experience jobs for the long-term unemployed.[4] The unemployed can stay in these jobs for a maximum of one year and, after that, they are expected to move on to regular jobs without further subsidy. It is estimated that, in 1998, some 55,000 unemployed had been re-employed in either a secondment job or a work-experience job. Among those 55,000 are all the people under 23 who have been unemployed for six months.

The *WIW* replaced two important former schemes for the unemployed, i.e. the 'Jobpoolscheme' (*Regeling Banenpools*), for the long-term unemployed, and the 'Youth Employment Guarantee Act' (*Jeugd Werkgarantiewet*), which was meant for the unemployed up to twenty-three years old. In 1999, the *WIW* also incorporated projects which up to then were administered under the so-called 'Melkert-2 Scheme'.[5] This scheme, officially called 'Experiments Activating Benefit Money' (*Experimenten Activering Uitkeringsgelden*), encompassed various experiments where social benefit money is used to create jobs. Projects that were approved by the Ministry of Social Affairs and Employment receive a subsidy of 8,000 Euro per job created. This amount equals the central government's contribution to unemployment benefit (90 per cent of the benefit). More than 20,000 jobs were created in this way. The majority of Melkert-2 projects have been transferred to the *WIW* work-experience jobs programme.

Besides the *WIW*, another important job-creation plan, the 'Melkert-1 Scheme', has been in operation since 1995. The scheme is officially called 'Extra Employment Scheme for the Long-Term Unemployed'.[6] The essence of the scheme is the creation of 40,000 jobs, paying up to 120 per cent of the minimum wage in the public sector. This scheme is funded, in part, through social expenditure that would otherwise have been spent on unemployment payments to the participants. The jobs are meant for the long-term unemployed and are in the care sector (including hospitals, and homes for the elderly), in day nurseries, in public safety/supervision jobs, in schools and in the sports sector. The intention of the government is to create normal jobs i.e. the unemployed should get regular labour contracts. The only 'peculiarity' of the jobs is their financing. By mid 1998, about 30,000 of these jobs had been created. After a study which explored the possibilities of enlarging the total number of Melkert-1 jobs[7] the government announced further subsidised jobs under this scheme. Some of these new jobs will pay up to 150 per cent of the minimum wage.

Finally, for those people who, as a result of physical and mental handicap, are unable to obtain a job in the usual ways the Netherlands introduced, in 1967, the 'Social Labour Provision Act' (*WSW, Wet Sociale Werkvoorziening*) under which the local authorities are responsible for the organisation of work. Currently local authorities have established 102 units (the so-called sheltered or social workshops) where work is carried out within the *WSW* context. The majority of these units are public corporations, and some are foundations. Among the *WSW* enterprises, we can distinguish five different groups of activities:

- heavy manufacturing industry (metal, electrical and printing);
- light manufacturing industry (assembling, packaging);
- outside activities (horticultural);
- secondments;
- other activities.

A little over half of the 85,000 people engaged in *WSW* enterprises are active in manufacturing. Basically, these jobs are so-called 'last resort jobs', meant to prevent the handicapped from becoming socially excluded. The costs incurred by *WSW* institutions were originally almost fully reimbursed by the government, but in 1989 a system of budget financing was introduced. Since then, the activities of *WSW* enterprises have become increasingly market oriented.

2 The Dutch context and the emergence of social enterprises

The above-described measures are all part of an all-encompassing approach. Not one long-term unemployed person was to be left alone; a plan should be drawn up (by local authorities) leading to some kind of activity, be it a paid job, voluntary activities, schooling or training. In the middle of 1998, the Netherlands had around 500,000 unemployed (excluding handicapped) of whom approximately 50 per cent were long-term unemployed. By this time, more than 100,000 jobs had been created within the framework of the above-mentioned schemes: 30,000 in Melkert-1, 21,000 in Melkert-2 and 55,000 in the *WIW* schemes.

This all-encompassing approach of the Dutch government leaves little room for fully independent local initiatives, like there were in the 1970s and the 1980s. In those years, numerous small enterprises and projects operated on both an ideological and a not-for-profit basis, yet were market oriented and made payments to their participants. In 1984 and 1989, these initiatives were described in the 'Atlas of Local Initiatives'. There were three kind of activities that more or less matched the EMES definition of social enterprises: the so-called 'service and aid schemes', the sheltered workshops and certain job schemes. In 1988, the Netherlands had 541 of these initiatives, employing over 25,000 people.

Over the past years, many of these initiatives and enterprises have been incorporated in either the public or the private sector. Banks, formal support organisations and larger firms recognised the possibilities offered by certain small-scale ideological enterprises and supported them or even took them over. Other initiatives were absorbed by government measures against unemployment, in which case, they can still be formally independent associations or foundations. Their existence, however, is fully tied to the government, both financially and through rules and regulations. For many of the existing projects and for new ones, participating in the government-steered programmes is a logical decision in that by doing so, they gain access to subsidies for wages and often for organisational costs. For the unemployed, it represents a way to get work experience at a relatively good wage. It is also in line with the history of non-profit organisations in the Netherlands, as described above.

As a consequence, however, almost no project can meet the complete set of entrepreneurial and social criteria defining social enterprises. Economic risk is reduced and is substituted by a certain degree of dependency on government. Furthermore, the organisations are never fully autonomous. They have to meet a number of criteria set by the government and they have to comply with certain rules concerning their market behaviour (e.g. no 'unfair' competition). True enough, the labour is paid for, but mostly through government subsidies. Besides, at least part of the initiators are employees of municipalities, paid to start up these kinds of initiatives, and the organisations involved are not always democratic organisations with participation of multiple stakeholders.

What does characterise many new Dutch initiatives fighting unemployment and social exclusion is that they make use of contributions from different sources. As stated above, many initiatives are oriented towards the market but are using state subsidies at the same time. The third source many initiatives turn to is social capital.[8] Trust, civic spirit, solidarity and the like are resources which are used extensively by initiatives which are, in turn, reproducing these resources by their activities. These activities are not only for private consumption, but they generate and enhance collective externalities.[9]

The way in which these various resources are mixed within the initiatives differs according to local or national contexts. From country to country, access to state resources will differ, and from region to region (or even from neighbourhood to neighbourhood) the possibilities of using social capital will differ. One can, following Lambooy (1981) and Renooy (1990), speak of a production environment for social enterprises.

We will now turn to a specific Dutch type of social enterprise, the neighbourhood development schemes.

3 Neighbourhood development schemes

One of the most interesting examples of new initiatives are the so-called neighbourhood development schemes – in Dutch, *BuurtBeheer Bedrijven*. The abbreviation *BBBs* will be used hereinafter to refer to these schemes.

History

BBBs were inspired by the *Régies de Quartier* in France. They can be described as independent enterprises where local residents are given the opportunity to work part time for pay, doing simple maintenance jobs on houses and the living environment or providing social services for other neighbourhood residents. In 1992, feasibility studies were carried out for four *BBBs*, to be set up in neighbourhoods in the cities of Rotterdam, The Hague, Almere and Maastricht. One year later, these *BBBs* had actually started. The goals that these initiatives defined for themselves were:

- enlarging participation of the residents in the management of the neighbourhood;
- improving the income position of people on minimum incomes;
- breaking the social isolation of certain groups (long-term unemployed, migrants, the elderly);
- improving the daily upkeep of the neighbourhood.

An important initiator of the *BBBs* on the national level was the 'Dutch Foundation for Experiments in Housing', (the *SEV*, *Stuurgroep Experimenten Volkshuisvesting*). The *SEV* more or less imported the concept of the French *Régies de Quartier*. At city level, it was mainly professionals (social workers) who took up the idea and mobilised the inhabitants of the neighbourhoods. These first social entrepreneurs managed to activate more than 150 residents, but experienced some start-up problems. The most serious were the following:

- potential customers (housing corporations) hesitated to make use of the services offered by the *BBBs*;
- municipal (maintenance) departments feared loss of jobs;
- municipalities had already started other schemes to combat unemployment;
- social security laws hindered an easy entrance of the unemployed into the *BBBs*;
- rules on subsidised labour (for example Jobpools) restricted the type of activities that the unemployed could undertake and forbade part-time jobs;
- entrepreneurial skills had to be developed.

The problems encountered by the Dutch *BBBs* reveal an important difference from the circumstances under which the *Régies de Quartier* came about. In France, the social benefit payment was lower than in the Netherlands, but people on benefit were allowed to work part-time (for six months) despite their benefit. This meant that the unemployed could enter *Régies* on a part-time basis more easily than in the Netherlands. Of course, this is not the only difference between the Dutch and French situations. In French cities, for example, at the time *Régies* came about, there was more work to do to improve living conditions than in the Dutch case, where public housing schemes, in most cases, ensured a good standard of maintenance. In this context, some speak of 'a stimulating backlog' for the French initiatives (*SEV* 1998a). *BBBs* also differ from the *Régies* in their legal framework. Whereas the *Régies* are democratic associations, *BBBs* are either foundations or limited liability companies, i.e. more entrepreneurial legal forms.

One year after their start-up, the first four *BBBs* employed seventy-eight persons (of whom forty-two were through a government scheme as described above) and had a turnover varying from 80,000 NLG (36,000 Euro) to 251,000 NLG (about 113,000 Euro). In 1998, these four *BBBs* employed, in one way or another, around 200 persons.

Diversity

In 1998, there were twenty-four *BBBs*, all more or less fitting the description given above and all pursuing the goals stated above. But within this unity in definition and goals, a great variety can be observed in the ways they are operated. In the following sections we will elaborate on different characteristics of the *BBBs*. When possible, an overall picture will be given and the diversity will be illustrated with examples.

Legal form and organisation

All of the *BBBs* use the foundation as the legal form. The simplest organisations have a board with representatives of the neighbourhood, the municipality or welfare foundations, a managing director for daily management and one or more product groups or activity fields, which may in turn have co-ordinators. Two *BBBs* also make use of the limited company as a legal form. *BBB Schilderswijk*, in The Hague, for example, operates its commercial activities through four limited companies and its non-commercial work through a foundation.

The use of foundations and limited companies as legal forms results in fewer possibilities for the inhabitants of the neighbourhood to influence the policy of the *BBBs*. To enhance the participation of inhabitants in the *BBBs*, the concept of neighbourhood shareholdership has recently been put forward. The idea is to make it possible for tenants to buy a share in their neighbourhood by paying 10 NLG (4.5 Euro) a month to a community-fund. This fund can finance the repair, construction or maintenance desired by the shareholders. Housing corporations (i.e. highly professionalised corporations of tenants supplying housing) in the town of Capelle aan den IJssel are seriously thinking of introducing this plan.

Activities

BBBs undertake a wide range of activities. At the core of their work are the maintenance of housing blocks, the cleaning of public spaces, small repairs, etc. While some *BBBs* confine themselves to these tasks, others have expanded considerably. The already-mentioned *BBB Schilderswijk*, for example, has four limited companies for commercial activities. These activities include the management of a swimming pool and of sports facilities, the supervision of exams at a Polytechnic in The Hague and the organisation of activities for events in the city (*Urban Fun Ltd*). This *BBB* argues that they get what they can, if only to compensate for losses in non-commercial activities. A growing market for the *BBBs* is the field of personal services, such as cleaning, baby-sitting and the like.

BBBs' activities can be classified into three categories. The first is commercial activities through which social goals are achieved. A second category consists of so-called 'additional work'. Additional refers to the fact that the activities are not carried out by regular firms and thus do not raise any problem of unfair competition although government subsidies are used to pay the workers. Examples are: collection of waste paper, recycling centres, running of bicycle stores, collection and disposal of injection-needles (for drugs), garden maintenance and graffiti removal. The main goal of these activities, however, is to provide services for the neighbourhood. The third category of activities includes those in which the emphasis lies more on providing work experience, or even offering a way out of social isolation, than on the delivery of services in itself. These activities can be carried out using government schemes like the *WIW*, but they can also be done voluntarily.

Financing / customers

Just as the activities vary, the types of customers differ among *BBBs*. Local authorities and housing corporations are almost everywhere important consumers of *BBBs*' services. Next to these, private households, schools, shops and regular enterprises are the main users. The *BBB*'s capacity to sell its services determines its degree of dependency on (local) government subsidies. Examples of income from assigned work and from subsidies in five *BBBs* in 1996 are set out in Table 14.1.

It should be underlined that the *BBBs* have rather substantial turnovers. Between 1994 and 1996, the mean turnover tripled from 312,000 NLG (141,579 Euro) to 1,034,968 NLG (469,565 Euro).

The ratio of income from assigned work to subsidies differs greatly between *BBBs*. This variation is related to the different types of activities that are undertaken by the *BBBs*. In Rotterdam, for example, where 85 per cent of the income is derived from subsidies, many activities are meant to offer work experience to

Table 14.1 Income of *BBBs*, 1996

Income source	*Rotterdam*	*The Hague*	*Maastricht*	*Almere*	*Glanerbrug*	*Mean*
Assigned work	160,000 NLG (72,605 Euro) (15%)	2,347,950 NLG (1,065,453 Euro) (94%)	329,819 NLG (149,665 Euro) (58%)	540,000 NLG (245,041 Euro) (90%)	92,600 NLG (42,020 Euro) (20.5%)	694,074 NLG (314,957 Euro) (67%)
Subsidies	900,000 NLG (408,402 Euro) (85%)	150,000 NLG (68,067 Euro) (6%)	234,473 NLG (106,399 Euro) (42%)	60,000 NLG (27,227 Euro) (10%)	350,000 NLG (158,823 Euro) (77.4%)	338,895 NLG (153,784 Euro) (33%)
Other	(0%)	(0%)	(0%)	(0%)	10,000 NLG (4,538 Euro) (2.1%)	
Total	1,060,000 NLG (481,007 Euro) (100%)	2,497,950 NLG (1,133,520 Euro) (100%)	564,292 NLG (256,065 Euro) (100%)	600,000 NLG (272,268 Euro) (100%)	452,600 NLG (205,381 Euro) (100%)	1,034,968 NLG (469,648 Euro) (100%)

Source: *SEV* (1997)

Table 14.2 Income and expenditure of *BBBs*, 1996

	Rotterdam	*Maastricht*	*Almere*	*Glanerbrug*
Income	1,060,000 NLG (481,007 Euro)	564,292 NLG (256,065 Euro)	600,000 NLG (272,268 Euro)	452,600 NLG (205,381 Euro)
Expenditure	980,000 NLG (444,705 Euro)	629,085 NLG (285,466 Euro)	429,000 NLG (194,672 Euro)	438,800 NLG (199,119 Euro)
Result	80,000 NLG (36,302 Euro)	–64,793 NLG (–29,401 Euro)	171,000 NLG (77,596 Euro)	13,800 NLG (6,262 Euro)

Source: *SEV* (1997)

long-term unemployed. The Hague, on the other hand, with 94 per cent of the income coming from assigned work, has a very commercial approach, with mostly commercial activities.

The flipside of income is of course expenditure. In Table 14.2, income and expenditure are compared for those *BBBs* for which figures are available. Except for Maastricht, the *BBBs* appear to conduct their businesses profitably, and even with low reliance on subsidies, a *BBB* can be successful. If we divide the turnover by the number of workers in the *BBBs*, it appears that a mature *BBB* is able to generate around 20,000 NLG (9,000 Euro) per full-time worker per year.

Contracting

BBBs are increasingly faced with commercialisation and professionalisation pressures. Assignments are becoming less 'open' and *BBBs* are forced to compete on price and product with other market participants. As Spear puts it, 'hard contracting' is replacing 'soft contracting' (Spear 1998). This development is not without consequences. More attention to strictly defined performance means higher demands on productivity, which in turn means that there will be a tendency to hire only the 'better' unemployed; in other words, this trend induces a process of 'skimming' (or 'creaming'), as it is called in the Netherlands. The fact that hard contracting implies tangible, specifiable goods and services means that more intangible goals like improving living conditions or (social) safety are pushed to the background in the tasks of the *BBBs*.

Despite the increasing importance of hard contracting, it is obvious that, in the case of the *BBBs*, one cannot speak of a real market. On the one hand, the price of labour is highly subsidised. On the other, the *BBB* is supposed to create societal benefits (collective externalities) which are never taken into account in the simple cost-benefit analyses that underlie the so-called hard contracts. It is difficult to measure these societal benefits, but neglecting them amounts to neglecting the specific character of the *BBB* as a social enterprise.

Workers

In Table 14.3, we present the total number of workers in *BBBs* in 1997.[10] If we take into account the five *BBBs* that could not produce accurate figures, we may conclude that around 600 people are working for the *BBBs*. It is clear that

Table 14.3 Workers in *BBBs*, 1997

	Regular	*Subsidised*	*Voluntary*	*Total*
Part-time	56	53		109
Full-time	74	311		385
Total	130 (24.1%)	364 (67.4%)	46 (8.5%)	540

Source: *SEV* (1998a); Prantl (1998)

subsidised labour is crucial for the running of a *BBB*. Even the commercial *BBB* in The Hague has more than 50 per cent subsidised workers. It is notable that *BBBs* mostly employ men. The fact that part-time jobs are scarce in the *BBBs* could be one of the reasons for the under-representation of women (Prantl 1998).

The original idea that *BBB* workers should live in the neighbourhood does not seem to be adhered to. While *BBBs* attempt to recruit their personnel from their neighbourhoods, they are often forced to seek employees from other parts of town. The only selection criteria that the *BBBs* strictly adhere to are motivation and a basic knowledge of the Dutch language. Of course, this has some repercussions for the quality of the work.

The kind of subsidised labour varies and workers engaged in all types of government schemes are to be found in the *BBBs*: *WIW* jobs, Melkert-1 and Melkert-2 jobs, *WSW* (disabled workers) jobs and people under different sanctions (young offenders). Besides these, several *BBBs* work with volunteers. The use of subsidised labour helps the *BBBs* to offer their services for relatively low prices. One of the main challenges that *BBBs* are facing is the simultaneous achievement of two important goals which are sometimes difficult to reconcile. On the one hand, they seek to provide good-quality, professional services, while on the other, one of the main goals of subsidised labour schemes is to have the former unemployed move on to regular jobs, and consequently the best subsidised workers usually leave the *BBBs* first. The very achievement of their reintegration goal can thus make it difficult for *BBBs* to attain their economic goal. In other words, a *BBB* with good results in terms of reintegration of the unemployed into the labour market will also, as a consequence of the constant turnover of workers, experience more difficulties in achieving its economic goals. These difficulties should thus not be considered as a sign of failure, but as a logical consequence of the social goals of the *BBB*.

Participation

One of the main goals of *BBBs* is the stimulation of the participation of residents in the upkeep of their own neighbourhood. On the whole, results on this criterion cannot be seen as very positive. As already stated, the legal framework, the foundation, is in itself not very democratic, and the possibilities for residents' involvement in the management of *BBBs* are limited. In practice, besides the people working for the *BBBs*, participation is confined to a small, permanent group of people. There are several reasons for this low rate of participation.

First of all, as a result of the Dutch employment schemes, working part time is almost impossible. This impedes the active participation of many people. Another reason is that *BBBs* concentrate on work. Neighbourhood festivities or other social events are seldom organised by *BBBs* (unlike the situation with French *Régies*). A third explanation could be that *BBBs* are professionalising. Some *BBBs* are expanding their territory and are strongly market-oriented. This reduces the identification with the *BBBs* on the part of neighbourhood residents. Finally, participation is often low because social cohesion, trust and solidarity are low. For example, in neighbourhoods in Rotterdam and The Hague, cultural heterogeneity is very high, people lead individual, atomistic lives and frequently have an almost fatalistic attitude. The feeling of being a community is absent.[11] As much as a *BBB* is needed to produce social capital, it can use social capital as a specific resource in these areas only to a limited extent.

4 Conclusions and lines for the future

BBBs are probably the most prominent type of social enterprises in the Netherlands. An examination of their characteristics reveals that, although achievements of most *BBBs* in terms of participation and the mobilisation of other than public resources are not very impressive, they effectively contribute to the improvement of living conditions and standards in certain neighbourhoods insofar as streets are cleaner and houses are better maintained. But their most positive results are certainly those achieved in their work with the long-term unemployed. For these people, *BBBs* constitute a way to gain work experience or to just escape from social isolation. On the whole, *BBBs* can be said to make a valuable contribution to local development in the broader sense of the word.

In summary, several factors contribute to low participation of residents in *BBBs*. These include: unfavourable existing legal forms; the fact that Dutch social laws leave little possibility for innovative solutions involving, for example, part-time jobs for the unemployed;[12] an emphasis on work and production activities on the part of the *BBBs*, with little attention to the socialising effect on the neighbourhood.[13]

Finally, and maybe more fundamentally, one could also argue that it is not necessary for *BBBs* to achieve a high participation rate, since it appears that a low participation rate does not impede the achievement of their reintegration goals. As already mentioned, the low participation rate can be considered as the normal result of *BBBs*' success. This is because when the unemployed reintegrate into the 'classical' labour market, there is a rapid turnover of workers, and participation is affected.

As far as their resources are concerned, some *BBBs* are deliberately turning to the market in order to reduce their dependency on government subsidies for labour. In doing so, hard contracting increases and consequently, social goals and the identification with the community diminishes. It appears that *BBBs* which are undergoing such a development are confronted with a difficult choice: if they turn to the market, the possibility of relying on social capital as a resource is

reduced, but they can still be successful employment schemes. If, on the other hand, *BBBs* are still seeking social capital as an important resource besides government subsidies, and some money from the market, they need to find ways to mobilise residents, and this is often incompatible with market-oriented policies. Seeking co-operation with Dutch organisations for voluntary work and utilising Dutch active labour-market policies are possibilities for the *BBBs* which choose the second alternative. A national support organisation could also be of great help to *BBBs*. In France, the *Régies* have their national organisation, the *Comité National de Liaison des Régies de Quartier*. Such a structure is still missing in the Netherlands, although plans for a national network have been drawn up.

It is difficult to evaluate the actual prospects for the development of *BBBs*. Generally, one could say that social enterprises, as a way of mobilising and reproducing social capital, could play a very useful role in the Netherlands. Indeed, there is a growing awareness that after years of budget cuts in the collective sector and rationalisation in the market sector, Dutch society has something which could be called a 'social deficit'.[14] Stimulating social enterprises, as new types of organisations within the non-profit sector, could be a way to combat this.

Notes

1 This paragraph is based on the study 'Defining the Non-profit Sector: The Netherlands', which is part of the Johns Hopkins Comparative Nonprofit Sector Project (Burger *et al.*, 1997).
2 In recent years, there has been a plea for an Islamic pillar in Dutch society to speed up the integration of Muslims into the society.
3 This can sometimes lead to ridiculous situations. When, for instance, a window was broken in the public school, all schools received a new window. This has changed.
4 Depending on the job security offered, 9,780–12,000 NLG (4,400–5,400 Euro) per year.
5 Ad Melkert was the Dutch Minister of Social Affairs and Employment during the period 1994–1998. He initiated several job schemes.
6 *Regeling Extra Werkgelegenheid voor Langdurig Werklozen.*
7 See Homburg and Renooy (1998).
8 See the contribution of Evers in this book (Chapter 17).
9 See the contribution of Laville and Nyssens in this book (chapter18).
10 Figures represent nineteen of the twenty-four *BBBs*. For the other five, no figures were available.
11 See, for example, Kroft *et al.* (1989).
12 It could be said that, until recently, certain initiatives of the unemployed were smothered to death through social laws; the new law, the *WIW*, now offers more possibilities for flexible use.
13 In the Netherlands, the organisation of social activities has traditionally been the responsibility of professional social workers. In recent years, however, the social work sector has been confronted with very serious budget cuts, which has led to a decline in its activities.
14 This term was used by P. Rosenmöller of the Dutch Green party in the election campaign of 1998 to counter the continuous use of the budget deficit as an argument for government policy.

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