

Chapter 18

Nijmegen: Work Corporations—for the Unemployed, by the Unemployed

Joost Fledderus, Taco Brandsen and Francesca Broersma

18.1 Introduction

In 2011, the municipality of Nijmegen, located in the southeast of the Netherlands with approximately 165,000 inhabitants, decided to adjust its re-employment policy. This reform was necessary because national retrenchments severely cut the municipal budget for re-employment services—from 30.3 million € in 2011 to 11.5 million € in 2014 (Gemeente Nijmegen 2011). A large proportion (68%) of this budget was being spent on created, subsidised jobs. Given that these jobs were proven to be expensive and unsuccessful instruments to get beneficiaries back to the regular labour market, these were put to an end (Gemeente Nijmegen 2011). The belief of most local political parties was that the resources must be spread more equally among all recipients of social assistance (i.e. benefit for long-term unemployed). Instead, the concept of work corporations (*werkcorporaties*) was introduced to modernise their current policy in an “innovative fashion” in order to “realise the ambitions” with respect to re-employment (Gemeente Nijmegen 2011).

Work corporations resemble social enterprises (Defourny and Nyssens 2012), which are run primarily by beneficiaries themselves, though with professional guidance and possibilities of education, and which aim towards the re-employment of the participants within 2 years. This chapter describes how work corporations are organised, how users are addressed, the position of work corporations within the local welfare of Nijmegen, and ends with observing current developments. It is

J. Fledderus (✉) · T. Brandsen

Department of Political Science & Public Administration, Institute of Management Research,
Radboud University Nijmegen, PO Box 9108, 6500 HK Nijmegen, The Netherlands
e-mail: j.fledderus@fm.ru.nl

T. Brandsen

e-mail: t.brandsen@fm.ru.nl

F. Broersma

Hoofdweg 356-1, 1056 DC Amsterdam, The Netherlands
e-mail: francescabroersma@hotmail.com

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primarily based on interviews with the Alderman of Work and Income, two policy advisors of the municipality of Nijmegen, and 17 participants, held during October 2012 and July 2013.

It should be noted that Dutch municipalities have a fairly large degree of discretionary space to determine their policies when it comes to providing services to social assistance beneficiaries. Social assistance benefits are distributed according to the Work and Social Assistance Act, which applies to those who receive little to no income from work. All municipalities receive a budget for granting benefits, which may complement one's income up to 70% of the minimum wage as well as a budget for re-employing beneficiaries. Because this latter budget was shrinking fast, the municipality had to think of new ways of organising their re-employment policy.

18.2 Work Corporations

The concept of work corporations was introduced to the city by the local Labour Party (Partij van de Arbeid, PvdA) in their party programme of 2010. In no more than two sentences, the party expressed the need for the development of work corporations in order to preserve subsidised jobs. When the Labour Party formed a coalition with the Green Party (GroenLinks, GL) and the social-liberal party Democrats '66 (Democraten '66, D66) in 2010, work corporations were included in their common manifesto. The municipality then involved existing organisations operating in the field of subsidised labour or re-employment services to develop a concrete plan for work corporations.

18.2.1 *Internal Organisation*

Work corporations intend to re-employ recipients of social assistance (i.e. income support which is regulated by the Work and Social Assistance Act, WWB) with a considerable distance from the labour market by offering a combination of work and education. Basically every entrepreneur can initiate a work corporation, as long as it complies with a few conditions: People should be offered an opportunity for personal development (mainly through education), the service or product delivered should have societal relevance (which may be interpreted very broadly), and a work corporation should be able to be self-sufficient by selling these services or products (though it should remain non-profit). After a maximum of 2 years, people should leave the organisation and are supposed to find a regular job or continue with an educational programme.

Although most of the first work corporations were part of non-profit welfare organisations or concepts, for-profit companies have also started up work corporations (for instance, to educate potential future employees). A key factor of these corporations is that participants are responsible for generating revenues through unpaid work and that these revenues are invested in running the organisation.

Work corporations in Nijmegen include a restaurant, a sewing workshop with its own fashion brand, maintenance companies for public spaces and public housing, and a bike service shop. By 2012, over 400 people had participated within more than 40 work corporations.

When needed, a starting grant will be given to a new work corporation. Instruments that are used for the re-employment of participants (such as coaching and education) are also financed by the municipality. Structural overhead costs and non-structural development costs must, however, be compensated by the income the organisation earns by selling the services or products it offers. In the first year and a half, this will be partially funded by the municipality, but after 2 years, this should all be covered by the work corporations.

Both the municipality and the work corporations have distinct responsibilities. The work corporation selects participants, creates a personal re-employment programme/development plan for the participant, guides the participant during the development process, and provides education/training, often in collaboration with an educational institute. The municipality has the primary role in the recruitment of participants, if possible in cooperation with the work corporation; provides required facilities for the re-employment programme; and monitors the output target. The municipality sets up a contractual arrangement with the work corporations, the content of which is adapted to the corporation. Some work corporations have to comply with a performance target in terms of outflow of participants towards work or other educational programmes. Others do not have to fulfil any targets at all, although it is unclear why. The municipality does expect higher rates of outflow for work corporations with good labour market prospects.

18.2.2 Ways of Addressing Users

For the municipality, the most important aspect of the work corporations is that, after a year or two, users will gain sufficient skills to be able to find a job on the regular labour market. They attain these skills partly because they are required to work from the very start and partly because they are supervised and educated throughout the programme. Hence, the policy combines elements of “Work First” (Bruttel and Sol 2006) and more capability enhancing or empowering approaches (Bonvin 2008). Work corporations teach not only technical but also social skills. Participants learn the basic elements of being an employee, such as getting in on time, asking for a day off or planning holidays, calling in sick, etc. But it also means learning to work with other participants, taking responsibility, and being an active employee.

The municipality states that for every individual it must be assessed whether working in a work corporation is the most suitable re-employment strategy and, moreover, whether the available work suits the client since work corporations also differ from each other (Gemeente Nijmegen 2011). Thus, there is some level of personalisation involved: Not every person that receives social assistance benefits automatically qualifies to join a work corporation.

Almost all users of the work corporations must have an intake interview or sometimes even a formal job application. For two important reasons, intrinsic motivation is a key criterion for selection: (1) It is almost impossible to complete the programme successfully without a certain passion or preference for the profession and (2) the performance target set for outflow to work cannot be reached with unmotivated workers. Nevertheless, after a relatively successful start, the municipality found that it became more difficult to find voluntary applicants for the work corporations. Therefore, they began to organise compulsory job markets where eligible individuals were obliged to take a look at the work corporations and are very much stimulated to declare their interest in one of them.

People enter work corporations for different reasons. For some, this includes obtaining a diploma; for others, it is the first step towards a higher level of education. Still others value the social contacts at work and the rhythm of a working life. There are also those who mention that a change in home life—for instance, arranging child care—already ensures that their world broadens. However, participants might also lack any form of motivation, especially when they feel that participation is mandatory. In this case, sanctions might be imposed. Users sign a contract with the municipality where basic rights and obligations are described. A sanction may include a (temporary) reduction of the received benefit—for example, if a user has repeatedly not shown up. Until now, this measure has been rarely used.

In general, the concept of work corporations stems from the idea that people who are in need of guidance in their search for a job are still able to be active and thus able to generate income. In this sense, the municipality looks at what recipients of social assistance are capable of doing rather than at what they cannot do.

18.2.3 Interaction with the Local Welfare System

In the beginning, the abolishment of subsidised labour and the introduction of work corporations were accompanied by some opposition, especially from the Socialist Party (SP) and obviously from those who occupied subsidised jobs. Subsidised jobs were related to values typical to the left-wing municipality such as solidarity and equality (because vulnerable individuals are appreciated for their valuable work). Some argued that work corporations did not incorporate such important values. However, in 2010, the Alderman of Work and Income¹ (from the PvdA) stated that “participation remains the starting point”. Yet, work corporations do seem to break with traditional beliefs in the city of Nijmegen. All stakeholders are now given an active role in re-employment: civil society, the private sector, local government, and the beneficiaries. Hence, work corporations can be both regarded as a co-production between participants and professionals and as a co-management structure between the municipality and the private and third sector (Brandsen and Pestoff 2006).

¹ Aldermen are part of the local Council of Mayor and Aldermen, which is responsible for implementing and executing municipal policies.

According to the Alderman, the ideal situation would be plenty of successful, self-sufficient work corporations for clients to choose from. This way, the municipality will still be able to give everybody the chance to participate in society when resources are limited. Shifting the responsibility of the municipality of re-employing beneficiaries towards organisations in the field has probably been the largest implication of the innovative reform. In particular, organisations that were used to working with subsidised employees are now required to think differently about the future of the participants. Re-employment was never something these organisations had to worry about.

An important topic within the field of social enterprises is the concern for unfair competition with the private sector (Brandsen and Karré 2011). However, even though they do not have to pay the participants, the work corporations are unable to sell their products and services for a below-market value. This is because the revenues should cover all overhead and development costs. Actually, many work corporations recognise the importance of close collaboration, rather than competition, with the specific economic sector to be able to assure outflow to regular work. For example, a bike repair shop cooperates with a big bicycle company because they are in need of employees. This increases the chances of participants to find a job there.

18.3 Future Developments

The municipality of Nijmegen clearly states that it does not work on the basis of a blueprint. Rather, it has been trying to develop a flexible model, which suits the local welfare system of Nijmegen. The municipal coalition as well as the administration would like to take enough time to see whether the concept can develop into a successful instrument. A first evaluation at the end of 2012 showed that 18% of all participants (88 out of 484) have successfully found a new job or higher educational programme (Gemeente Nijmegen 2013). This is less than the desired target of 25%. The most important point for improvement was to give more responsibility to the municipality during the final phase of activities, in realising the outflow to regular employment. Work corporations often do not have sufficient expertise to guide participants towards the labour market. Therefore, the evaluation suggests that the municipality will have to put more effort in finding a good match between the job seeker and the work corporation and make more use of its network. In short, there should be a more intensive relationship between the municipality and the work corporations than anticipated.

Also, as mentioned, it appeared to be more difficult to get people enthusiastic to join a corporation. The coercion used by the municipality to assure participation has led to the involvement of less motivated beneficiaries. Because the managers of the work corporation are dependent upon the cooperation with and between its participants, a lack of motivation can seriously obstruct the work process. A better understanding of the motives of participants to join such programmes might help to avoid such a tension.

Meanwhile, opposition towards the new policy seems to remain relatively mild. This might be due to the fact that the policy has been developed together with the third sector (i.e. the non-profit organisations which started the first work corporations), that there remains space for work corporations to adapt to specific conditions, and that the core ideas of the innovation are in accordance with the dominant values of the local welfare system.

Until now, Nijmegen appears to have been the only municipality that has implemented work corporations as a core element of their re-employment policy. Yet the core idea behind this initiative can be relatively easily disseminated across other European cities. That is, trying to involve all parties that potentially contribute to the inclusion of disadvantaged jobseekers, such as welfare organisations and private businesses. Also, it points at the possibility of investing in the unemployed on the one hand and to require some contribution from citizens (in the form of work without pay) on the other. Keeping in mind some of the difficult aspects of the policy, work corporations—or similar initiatives—may prove to be a fruitful co-production between citizens, local government, business, and the third sector.

18.4 Conclusion

Due to financial constraints, the municipality of Nijmegen has had to revise its re-employment policy. The result—work corporations—represents a sharp break with local traditions and therefore amounts to a social innovation. Moreover, as the work corporations all have freedom to determine their internal organisations, the policy also encourages innovative structures at the sub-organisational level. Nonetheless, it remains to be seen whether work corporations will prove to be resistant to (local) political changes or whether they are merely a transitional structure in the shift towards another type of policy.

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