



Inclusive Effects of Supporting Policies for Social Economy in Europe

Florina Oana VIRLANUTA*

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ABSTRACT

Massive layoffs caused by the global economic crisis required the evaluation of the effectiveness of active measures to promote employability. The strategy "Europe 2020 for smart, sustainable and inclusive growth" became the expression of common European efforts to ensure jobs and reducing unemployment. In this context, there was an increased interest in the social economy, due to both the recognition of the limitations of traditional public and private sectors to meet the current challenges in the labor market and the quality and quantity of services of collective interest. In this paper, we propose an analysis at European level, of the inclusive effects of the support and development of social economy entities, the impact of support policies on the integration on the labor market of the persons considered socially vulnerable.

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1. Introduction

The Europe 2020 strategy for smart, sustainable and inclusive growth sets out objectives that aim to raise at least 20 million people out of poverty and social exclusion and to increase the employment rate to 75% for the population aged 20- 64. The Europe 2020 main initiatives, including the European Platform against Poverty and Social Exclusion and the Agenda for new skills and jobs, support the efforts to achieve these goals.

The social economy, through its way of organization, helps regulate at least three major labor market imbalances, namely:

- unemployment
- employment instability
- social exclusion of the unemployed persons.

Because of its ability to create and ensure jobs, social economy is one of the viable solutions in the context of global economic crisis. Over time, the social economy has strengthened its position as an alternative form of economic development based on a set of values and socio-economic principles different from both the market economy and the universalist welfare state: volunteering, democracy, non-patrimonial purpose, professional development of members and autonomy from the state. The social economy provides a business development based on principles of equity, social responsibility and transparency, encouraging democratic participation in decision making. Therefore the changes induced by the crisis can also be considered opportunities whose valuation depends also on the field of social economy. From its origins, SE was designed to answer the problems of poverty. Employability businesses as a form of organization specific to SE respond effectively to the difficulties of the labor market insertion of people subject to the risk of social exclusion. Over time, the SE has demonstrated the ability to adapt to difficult economic and social contexts and created new forms of intervention that essentially respond to business requirements and contribute to the active inclusion of beneficiaries. An important role in strengthening the field is played by the public - private partnership by implementing SE initiatives by NGOs, with support from the state, especially from local authorities.

A social activity proves effective if it answers to the social objective pursued, and as for the allocation of resources, if it meets the need for which the financial resources were spent, respectively if it created a curative or preventive effect.

The component of the economic environment which focuses on the efficiency of the people rather than the concern for multiplying capital or social economy plays an increasingly important role in the financial market, as there is no pressure exerted by the shareholders on the profitability of the private companies. (Jacques, D., 2004)

* Faculty of Economics and Business Administration, "Dunarea de Jos" University of Galati, Romania. E-mail address: florinaoana27@yahoo.com (F.O. Virlanuta)

In this regard, through this article we propose to identify the effects of inclusive policies of support and development of social economy in Europe.

2. Supporting policies for social economy in Europe

In 1980, representatives of the cooperative, mutual and associative sectors adopted in France, the Charter of Social Economy, and document updated in 1995. The SE Charter reiterates the values and manner of organization of SE by emphasizing the principles underlying this sector.



Figure 1. Principles underlying social economy, according to the Charter of Social Economy
 Source: Performed by the author

A second document, the Charter of the principles of Social Economy, was suggested in 2002 by CEP-CMAF network and includes the fundamental principles of SE:

- ◆ priority to individual and social objectives over capital;
- ◆ private structures;
- ◆ voluntary and open association;
- ◆ democratic control of the members;
- ◆ combining the interests of members / users and / or general interest;
- ◆ defense and application of the principle of solidarity and responsibility;
- ◆ autonomous management and independence from public authorities;
- ◆ most surpluses are used to achieve the objectives of sustainable development and providing services of interest to members or of general interest.

According to the Charter of SE principles, SE includes two sub-sectors: the commercial (business) and non-commercial and the objectives are: employment, social services development and strengthening social cohesion. SE falls into public policy guidelines: both social policies of social inclusion and labor market insertion and local development policies and job creation. At European level there is no official definition of SE and the main challenge to be overcome is exceeded "its institutional invisibility". Over time, SE has been defined either by the specific forms or by the principles promoted. SE was understood as "cumulating nonprofit organizations, cooperatives and other forms of private undertakings or used as a synonym for social enterprises". SE includes "cooperatives, mutual societies and associations (and increasingly more foundations) highlighting the specific character of the mission of these organizations, especially the purpose of functioning for the benefit of its members or communities rather than generating profit for investors" (Monzón L., Ávila R. C., 2006).

SE can operate under different forms of organization:

- ◆ voluntary organizations - sometimes linked to a religious cult and provide services;
- ◆ self-help groups of citizens addressing new ways of working and social inclusion depending on the availability of local resources;
- ◆ public social structures – incubators;
- ◆ cooperative organizations - community enterprises that promote within the community specific interests of certain groups;
- ◆ new forms of non-profit organizations - involved in the provision of public services and commercial activities for financial support of services;
- ◆ charities, associations and foundations - which have commercial entities that are designed to help increase revenues for public benefits.

One of the most robust definitions of SE is considered that of the Walloon Council of SE in Belgium (1990) that SE "consists of economic activities of companies, especially cooperatives, mutual associations and

other associations in which ethics is consistent with following principles: the ultimate goal is rather in the service of members or the public service than profit, autonomous management, democratic decision making, priority given, in the income distribution, to people and labor over capital". International Centre for Research and Information on Public Economics, Social and Cooperative (CIRIEC) proposed the following definition: "the set of formally organized private enterprises, with autonomy of decision and based on freedom of association, established to meet the needs of its members through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly related to capital contribution or contributions paid by them, each of them having one vote. SE also includes private organizations formally organized, with autonomy of decision and based on freedom of association that provide non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that establish, control or finance them". ES includes voluntary and non-profit organizations, providing non-market services for households. ES promotes business initiatives based on mutual solidarity, based on a system of values where democratic decision making and promoting priority for the human being and not for the capital prevail in the distribution of the surplus. ES does not consider the disadvantaged persons as passive beneficiaries of social philanthropy, but active protagonists of their destiny. SE sector in general and that of social enterprises in particular have been developed in Europe over the past 20 years. Developments in the economic and social gave way to another type of economy, between the private and public sector. The forms of SE play an important role in solving economic and social problems, providing an offer of activities and services whose application is not adequately covered by private or public entities.

Active inclusion aims at ensuring non-discriminatory access to employment and improving living and working conditions through the implementation of national programs for vocational training. Active inclusion is part of the European Strategy on Employment launched in 1997 with the Treaty of Amsterdam, which came into force at the summit in Luxembourg in the same year. The European Employment Strategy is a joint effort of coordination of national priorities in the field of employment for the attainment of European common social goals in the implementation of the open method of coordination. Initially oriented towards lowering the unemployment, with the launch of the Lisbon Strategy (2000), the strategy pursued full employment of labor. Evaluation and renewal of the Lisbon strategy emphasized the importance of the EES in achieving the desire to make the EU the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and better social cohesion. Since 2005, active inclusion is mentioned in EC guidance to Member States in the field of employment "to ensure inclusive labor markets for those looking for work and for disadvantaged people".

The principles of the renewed Lisbon strategy underpinned the development of the Active Inclusion Strategy (2008) based on: providing an adequate income, labor markets based on insertion and access to quality services. The implementation of active inclusion measures are based on involving all relevant actors at local, regional, national and European level: representatives of public authorities, private organizations, social partners, NGOs, social service providers and not least poor people. (CESECR, 2013)

The first guideline for growth and jobs (2005 - 2008) included creating and safeguarding jobs. Promoting lifelong work included the recommendation: "Particular attention should be paid to promoting labor market insertion of disadvantaged persons, including the expansion of social services and SE". Member States' priorities include "improving the adaptability of workers and enterprises through flexicurity, including for vulnerable people"(CIRIEC, 2006) In the context of the economic crisis, the Member States were recommended to continue the efforts to: attract and retain workers in employment, increase labor supply, modernize social protection systems, improve adaptability of workers and enterprises and increase investment in human capital through better education and skills. Guideline 18 "Promoting lifelong penchant towards employment " encouraged in the period 2008-2010 the support of "active labor inclusion and combating poverty and social exclusion of marginalized groups", paying attention to the development of social services and SE, as well as employment of people with disabilities. The recommendations made by CEES for EES development after 2010, include creating an inclusive labor market in which "various forms of SE that exist in Member States could play a role in overcoming the crisis, especially in creating jobs including in the field of the social services ". SE is seen as an instrument of active inclusion. EC requires Member States national reports on employment and social inclusion, but there is no guidance to develop national plans dedicated to SE. The situation is probably due to the fact that SE is partially addressed in the National Plans for Social Inclusion Promotion. Mere employment is not a guaranteed solution against poverty. 8% of EU workers are at risk of poverty, which explains the call by representatives of civil society organizations and trade unions to create quality jobs and sustainable structures similar to those developed by SE.

3. Inclusive effects

In Europe, there are over 11 million paid employees in the social economy (6% of the working population). The social economy has developed lately in Europe at a rate higher than the economic environment, social economy enterprises totalling 2 million units (10% of all businesses in Europe). (CESERC, 2013).

Table no 1. Aspects regarding development of social economy in European countries

Countries	Aspects regarding development of social economy
United Kingdom	New Conservative government focuses on social enterprise to reduce the public sector, Social enterprise coalition, Social enterprise Unit within government, diverse policies (promotion, investment, procurement)
France	social and solidarity economy embedded in regional structures, diverse policies (investment, procurement, networking, promotion)
Belgium	accent on social economy as a strategy for social inclusion
Italy	15,000 enterprises, 350,000 employees, 15 billion\$ in social cooperatives supported through positive procurement policies, accent on community services and social inclusion
Spain	Strong historic presence in certain regions (Catalonia, Andalusia), strong networks, national and regional policy, Law on social economy (2010).
Poland	new movement of social co-operatives and non-profits supported by public policy (Act on Social Co-operatives 2006, Act on Public Benefit Activities and Voluntary Movement 2003, Act on social employment 2003)
Romania	In 2013, nearly 2% of Romanian employees working in the social economy field with annual revenues of about 12.3 billion lei. The main areas of activity of enterprises in the social economy are services, agriculture, food industry, trade and industrial production.

Source: Performed by the author based on data extracting from Atlas of Social Economy (2014)

So far, during the programming period of 2007-2013, more than 50 million people benefited from the European Social Fund, including over 4.5 million unemployed persons and 5 million inactive people in 2011 alone. In this sense, the ESF has provided € 75 billion to help people fulfill their potential by offering them better skills and better prospects of getting a job. Its programs have helped to mitigate the negative impact of the crisis, to preserve jobs and to prepare an economic upturn. European Regional Development Fund has provided 18 billion for social inclusion measures, mainly aimed at boosting investment in education, health and social infrastructure. For the period 2014-2020, at least 25% of cohesion policy funds should be allocated to human capital and social investments, i.e. investments in people under ESF. In addition, in each Member State, at least 20% of the total ESF resources should be allocated to the thematic objective 'Promoting social inclusion and combating poverty'. As stated in the Social Business Initiative, social entrepreneurs play an essential role in promoting social inclusion and investment in human capital. However, social enterprises need easier access to private funding to help support their activities and allow them to expand.

4. Conclusions

The inclusive effects generated by the support and development of social economy in the European Union are evident. The EU budget should be a catalyst for growth and jobs in Europe, especially by creating a leverage for productive investment and human capital. To support and perpetuate these inclusive effects in Romania, concrete measures would be required to determine the development of social enterprises, measures which can be introduced into strategies and development plans and which include: an assessment of the problems of vulnerable groups and the impact that they have on the community; the creation of departments within local public administration, which target the identification of activities in the field of social economy which would involve persons at social risk; development of tripartite partnerships (NGOs, public institutions, private sector profit), capable of supporting initiatives in the social economy; the establishment, through public private partnership of productive units that solve problems of economic and / or social nature of the community; Development and implementation of support programs for employers who integrate into the labor market members of vulnerable groups. It would also be appropriate to develop and promote fiscal policies that support the social economy and social economy structures, including simulative financial measures.

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