SOCIAL ECONOMY: CHALLENGES AND OPPORTUNITIES*

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Abstract

The present article addresses a topic of interest for both the public sector and the non-profit sector, namely that of the innovative practices of social economy. Diverse practices and models of social economy are increasingly present in the Romanian community, this being the reason why it is important to study the major coordinates of social economy and social entrepreneurship identified by means of an empirical research done in Romania. Social economy is considered one of the most important innovative strategy approaches as this sector may contribute to some efforts done for the elimination of poverty and the re-launching of local economies. The integration of the identified elements in regional programs and public policies is the starting point of the strategic approaches regarding reform in public administration. Social economy can be an example of joint action for public and private organizations and institutions interested in carrying out community projects based on inclusive, participative and innovative forms of community development.

Keywords: social economy, reform, public services, non-profit organization, welfare networks.

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1. Rationale

The need for strategic and structural change is a constituent part of reform in local and central public administration. The aims of the strategic changes in the Romanian public system require a re-thinking of the relationship with the profit sector and with civil society. The reform of the public sector must contribute to the redefining of the role, the size and the functions of public administration institutions at local and central level (Hințea, 2011). The present paper analyzes the themes and the strategic and operational approaches that generate innovative structures and practices meant to formulate solutions to the problems of local communities. The last two decades have registered the implementation of new working practices and patterns in order to streamline the activities of administration institutions at local level and to make them more flexible. There are numerous initiatives, pilot projects and studies (Țigănaș *et al.*, 2011) that represent some important steps and stages of reform and modernization undergone by local public institutes. Among them, one can mention the preoccupation for supporting the joint initiatives of local administrations (community facilitator, local development agent), and the programs of social corporate responsibility and entrepreneurship in which public administration is the partner of private corporate actors (Irimieș and Marușca, 2010). All these approaches and initiatives have prefigured and partly included some constitutive elements of the broader concept of social economy or solidarity economy. From the very beginning, it is important to mention that the premise of the present study is the need to change perspectives and approaches with regard to resource administration and local community problems. The issues identified are connected with the efforts of social innovation that accompany the process of reform and are included in the broader process of social and economic development of local or regional communities.

2. Conceptual background

This study presents the main characteristics of the concept of social economy, the concepts and practices associated with social economy (with special focus on the concept of social entrepreneurship) and the modality in which these new realities could be implemented in socio-economic development policies. As stated above, social economy currently intersects with another important concept, that of social entrepreneurship, whose central type of action is innovation (Vlăsceanu, 2010).

Local initiatives in the area of social entrepreneurship and social economy can generate models of action with positive results in local or regional economy. Among them, there are the economic stimulus policies or the poverty reduction policies. The revitalization of local communities requires the involvement of social actors or the development of relationships among the interested parties at local or regional level – companies, NGOs, public administration institutes. The basic principles, generally accepted as viable, are generated by local initiatives and these are naturally accepted if they are provided by the local communities; this means that the bottom-up approach is to ensure support and viability. When development models are provided by top-

down approaches or if they are imported from other geographical areas, their chances to be sustained decrease significantly, which lowers their chances of becoming viable (Turliuc, 2008).

The main concern of the present research is to identify the framework and the activities that can be both viable and innovative at the same time. The assessment of development initiatives that are innovative at local level represents a reaction and a solution to the frustration of those local communities that are not included in large global projects (Klein, Tremblay and Fontan, 2009). The structural changes that occur at local and regional level need to adopt new working strategies meant to generate inclusive and sustainable development. The most important aspects viewed here start from the premise that social economy is a modality/an instrument able to mobilize those community resources that are capable of re-launching the socio-economic and cultural component of the community. The key social actors of these approaches are represented by public institutions, non-profit organizations and the business sector, and the role of these tripartite partnerships is to support innovative local initiatives. The study focuses on the principles and the function mechanisms of social economy as they appear in some Romanian community contexts, focusing on the formulation of proposals able to support local community development. The intention is to place social economy or social entrepreneurship in opposite contexts, starting from the idea that these models can be used in strategies meant to eliminate poverty and to streamline local government acts. Social exclusion can be diminished and poverty eradication becomes possible if one starts from local solutions and initiatives (Klein, Tremblay and Fontan, 2009).

The role of the public sector in sustaining social economy or entrepreneurship is central and it can be used in order to maximize the chances of socio-economic revitalization at local level only in tandem with the private sector, either the profit or the non-profit sector. The position of local administration is that of support and partnership and not that of bureaucratic control.

Another important aspect is the need to identify social institutions able to create socio-economic viability procedures and to integrate them in social networks. The institutional networks capable of supporting socio-economic innovation are projected to sustain their integration at regional or even at global level, thus avoiding social experiments in the field of socio-human development.

3. Methodological framework

Scholarly literature extensively indicates the role and the place of social economy in the anti-poverty strategies at local and regional level. The case studies viewed here are representative for solidarity economy and for the strategies of social exclusion reduction and are a part of a research carried out in 2010. The field research inventoried both the community and the institutional framework, as both are considered areas of activities that contribute to the development of social economy able to facilitate the socio-economic integration of vulnerable groups. The fieldwork consisted in a multiple case study and the documentation was done in the Central and North-West

Development Regions of Romania. The cases selected focused on the description and analysis of some practices specific to solidarity economy and social entrepreneurship[1]. The multiple case study united a set of cases under the same framework; the selection had no statistical connotations as the series was meant to collect illustrative situations for the aim of the research. The conducted research and documentation used multiple data sources that allowed the drawing of high-validity conclusions. In this respect, the approach used content analysis (secondary data analysis – reports, studies, analyses etc.) and primary data analysis provided by field research (interviews, observations). The subjects interviewed were persons from public, private and/or non-profit institutions and organizations that were responsible for the implementation of some projects in the social economy sector. The documentation also targeted the beneficiaries of solidarity economy initiatives, namely persons that are included in vulnerable groups in the rural areas (unemployed, Rroma people, jobless families, deinstitutionalized young people etc.).

The documentation process aimed to: (i) identify the institutional, community or group framework that registered initiatives specific to social economy; (ii) identify the problems/needs of the community or the groups under socio-economic threats, as well as to find the solutions to the identified set of problems. The priority of the field research was the identification of the key actors and of the projects specific to social economy, as well as the evaluation of the sustainability of some activities that provide income for the vulnerable groups in the rural area.

4. Community and institutional framework

The selection of cases was connected to the programs and projects identified in the North-West and Central Development Region of Romania. These can be seen as examples of efficient practice or as successful cases for the social economy sector. In this context, the research opted for focusing on the documentation and evaluation of those programs of rural development that included more categories of vulnerable groups.

Among the programs/projects studied and documented in order to sustain a case study, there were some programs of Civitas Foundation – the office in Odorheiul Secuiesc (http://www.szekelygyumolcs.ro) and Heifer Romania (http://www.heifer.ro/our-approach-107.html). Both organizations conduct community development projects, rural entrepreneurship projects or activities that are included in solidarity economy. The organizational support that NGOs offer is more susceptible to agenda change, and it is much more flexible and adaptable to those innovative programs that are in the process of standardization. The staff employed for operational activities is significantly larger in NGOs than the personnel involved in decision-making activities, and this is the case

1 The field research was done within the project 'Participation of vulnerable groups in social economy' financed by the European Social Fund under the Sectorial Operational Program Human Resources Development 2007-2013 (ID project 2151). The result of research activities: 'Social economy and vulnerable groups', authors Preoteasa *et al.* (2010).

of the bureaucratic apparatus (Bryson, 1995). Each organizational entity brings a set of positive elements that complete the deficiencies of the partners, thus contributing to the maximization of results.

The field research aimed to identify the modalities in which vulnerable groups in rural areas can integrate into productive enterprises or productive social organizations. The documentation was based on a series of interviews with the members of the project management, of the local councils, the elected officials, direct beneficiaries or potential beneficiaries of the rural development projects[2].

The documentation revealed a series of practices that resulted in the successful implementation of some rural entrepreneurship projects. One of the first outcomes of the process of documentation is connected to the activities of evaluation of local economies, as the rigorous evaluation based on consistent methodologies leads to the correct identification of the activities/regions of potential support. It must be underlined that the evaluation of potential activities is directly reflected in the sustainability and efficiency of the initiatives specific to solidarity economy.

The field research outlined the fact that many projects and programs in the field of social economy and entrepreneurship were implemented in the rural or small and medium urban regions. The initiation and development of social entrepreneurship in such areas explain the fact that social problems in these zones are more severe as they cannot attract considerable private investment; solidarity economy can provide resources that contribute to the eradication of poverty or to sustainable productive activities for all the community members.

The institutional framework also includes the institutional aid necessary for supporting the activities of social economy and entrepreneurship. The regional or area centers are some of the entities mentioned by the participants in the research. Their role and functions cover some of the major strategic aspects without which the initiatives of social entrepreneurship or the activities of social economy cannot succeed. Here is a list of the activities that must be provided in the early stages of the social economy sector:

- *Consulting and technical and managerial assistance* regarding social entrepreneurship activities or the social economy sector (production units or special workshops, social enterprises, cooperatives etc.);
- *Promotion and marketing* for social economy through the establishment of networks and institutional partnerships able to facilitate contracting/delivering, access to markets or consumers;
- *Implementation of community events* – meant to transform into opportunities of promotion of the new social enterprises, to allow the exchange of ideas among the groups interested in participating in the development of social economy. The potential institutional actors interested in social economy can be the following: city halls, private institutions that conduct CSR programs, vulnerable groups, NGOs etc. Community events have two functions: they want to contribute to the

2 The field research took place in Cluj, Sălaj, Harghita and Sibiu counties.

increase of visibility of the social economy sector and they want to change public opinion about this type of economy.

Once created, the institutional framework able to support social economy needs a set of values and an informational environment meant to contribute to the formation of a type of culture specific to social economy. Therefore, the value component and the informational one require the *development of the formation/information/education components specific to the culture of entrepreneurship and social economy.* The introduction of the packages of formation and training characteristic to social economy is meant to capitalize community initiatives; these address some target groups (socio-professional groups, persons with social inclusion problems or with issues related to socio-professional orientation etc.) and the expertize of the NGOs is an asset of this area.

The support of local communities is an essential condition for the functioning of the social economy sectors. Case studies showed that viable projects started from the ideas of some local groups that benefited from the assistance of some process facilitators (see associations and foundations specialized in community assistance and development). Such isolated initiatives functioned as *pilot-initiatives*, further on promoted as good practice. Starting from such arguments, the respondents repeatedly appreciated that a *regional support network for social economy* is necessary – and the projection of such network will take into consideration the specificity of each region. The networks can be grouped according to geographic concentration, the complementarity of activities and services, and the local or regional economic profile.

The planning and management abilities are decisive aspects for the implementation of some projects of social change and innovation. The management and leadership abilities are accompanied by a system of elements that make the efforts of the organization viable (the elaborated plans and strategies, budget systems, the anterior expertise and experience in approaching the process of change etc.). The success of some projects of change relies in the capacity to project and to sustain the process of strategic planning able to produce the expected change. Strategic planning is the instrument of change for the organizational or the community environment and it presupposes the adjustment of community/organizational capabilities and resources to the conditions of the environment outside the organization (Balogh *et al.*, 2003).

The realism and accuracy of the evaluation of organizational resources, the clarity and adequate communication of the established objectives and goals of the processes of change, the decisive stages of the implementation plan etc. – they all speak about the maturity of the public structures or of the NGOs that have exercised and implemented such projects of major change. Local initiative groups can bring new human resources capable of providing innovative visions. They are however deficient in aspects that regard the systematic implementation of such initiatives.

The goals and finality of the approaches in the field of social economy will lead to the increase of the degree of socio-economic integration through the exploration of local resources – social capital, labor force, raw materials, land – and it will integrate components to ensure the sustainability of environment protection (natural diversity, alternative energy, eco-organic production etc.).

5. Final remarks

The lack of cooperation between the private and the public sector (and this is about any kind of economic, social and cultural crisis) results in the deepening of the problems of a certain community, area or region. The philosophy of success in administering development problems is based on the notion of cooperation and complementary action. Based on these principles and values, the followers of social economy models consider that the mutual efforts of the three sectors can generate innovative action models capable of sustaining development. This first joint effort is possible by means of a common regulatory framework of action which has to be flexible enough to respond to local conditions in diverse areas and regions. The design of a general framework would indicate the types of actions specific to social economy and it would indicate the partners and their competencies, the financial aspects etc. Romania registers efforts to implement the regulations and legislation necessary for the social economy and entrepreneurship sector.

The inter-sectorial cooperation, public administration – the nonprofit sector, constantly becomes a priority of the activities in this field. The role of both entities is to raise awareness with regard to the utility and benefits of this sector and of business.

In the Romanian socio-economic sector, the concept of social economy should meet a set of challenges that covers two areas: (i) the need to elaborate the legislative framework in order to establish the functional coordinates of social economy; (ii) the economic and social field which requires the large-scale reactivation of the practices based on economic cooperation and solidarity.

The proposals and solutions identified during the field research intend to be arguments for the formulation of codes of good practice for the social economy sector in order to facilitate social inclusion for those vulnerable groups that face the threat of social and economic exclusion. The research outlines the idea that such initiatives may come from any institutional entity (the public sector, the profit or non-profit private sector) interested in taking any steps towards approaches that could contribute to innovative social and economic development.

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