

## THE MARKETING OF THE STRUCTURES OF SOCIAL ECONOMY IN THE EUROPEAN STATES

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**Abstract:** *In the present work I propose an analysis, both theoretically and empirically, about the social economy through various forms of organization which exist in the European countries. As a result of this analysis, I will show that in some countries the concept of social economy, and implicitly its forms of organization, enjoys a higher level of acceptance and in others this concept is in its early stages of implementation. The social economy in Europe has established numerous organizations to act as its representatives. Through them, the social economy of Europe took part in the processes of elaboration and implementation of national and EU policies. In different European countries social economy associations have created platforms that represent credit unions, labor and agricultural cooperatives, mutual insurance companies, corporations and associations of complementary insurance and other non-governmental organizations of social action. The social economy has played a historic role in different EU policies since the Treaty was signed in Rome, when it was founded Eurocoop, the organization representing consumer cooperatives in Europe, and in the process of developing the common agricultural policy. For social economy organizations, the economic performances are separated from the social ones, so the efficiency is often difficult to measure. It has responsibilities not only towards its members but also to the community, generating the term "Social Responsibility" or Corporate Social Responsibility (C.S.R.). Economic and social reality shows that the expression "social economy" is widespread and expanding in all EU countries. But the term "social economy" and its scientific concept is not the same in all EU countries, sometimes within the same country coexists with other terms and similar concepts. The development of social economy in the new Member States of the European Union involves a reconstruction of the national systems. A competitive social financing cannot be achieved without real support from both the political environment and the business environment. All of this must be completed by a incentive and supportive legislative system.*

**Keywords:** social economy; associations; foundations; nonprofit sector; corporate responsibility

**JEL classification:** M31, A14

### 1. Forms and structures of organization of the social economy

Considering the role of the various entities within the social economy, we can identify three categories of relevant entities: organizational forms of social economy, the competent institutions and the beneficiaries of social economy activities (Raport de cercetare privind economia socială în România, 2010).

Socio-economic organizations have been grouped into four major categories: enterprises, cooperatives, foundations, associations whose legal form can vary considerably from one country to another.

A classification can be made on three categories of countries, according to the normative regulations concerning the social economy in the European Union countries:

1. countries that have specific legislation for these forms of social economy;

2. countries that have certain statutory provisions relating to forms of social economy, through the inclusion in certain laws;

3. countries where there is no legal provision regarding the social economy organizations. (Economia socială, analiză comparativă în opt state membre ale Uniunii Europene, 2011,pg. 21).

### 1.1. Traditional forms of the social economy

The cooperative can be defined as an enterprise established freely, controlled by legal entities, with the aim of achieving mutual benefits, on an equitable basis, arising from the activities of the enterprise and not from the investment already made. (Parnell Edgar, 1992)

Another definition, given by *Cooperatives Europe*, is the following: "Established with the double purpose of achieving economic success and social objectives to meet. They are based on the following principles: voluntary membership and free; democratic control of the members; economic participation by members; autonomy and independence; cooperation between cooperatives; care for the community." (

<http://www.co-opseurope.co-op/spip.php?rubrique19>)

In order to understand their importance we can show the prevalence of them: 250,000 of enterprises cooperatives with 160 million members and which ensure 5.4 million jobs. (<http://www.coopseurope.coop/spip.php?rubrique18> [19 Dec 2015])

Mutual societies, a concept used by the manual of European Commission is as follows: "an autonomous association of persons (legal entities or natural persons), united voluntarily for the primary purpose of satisfying their common needs in the insurance (life and non-life), providence, health and banking sectors, which conducts activities that are subject to competition. It is managed according to the principle of solidarity between the members, who participate in the governance of the business, and adheres to the principles of absence of shares, freedom of membership, lack of pure profit-making objectives, solidarity, democracy and independence." (*Manual for drawing up Satellite Accounts of Companies in the Social Economy: co-operative and mutuals*, decembrie 2006).

Another definition of mutual societies is given by the Association Internationale de la Mutualité (AIM), which supplemented the definition given above: "The mutual societies grouped together within AIM are groupings of persons with social-welfare objectives and without a profit motive, whose goal is to provide protection against the consequences of various social risks to their members and members' families. They generally provide voluntary social welfare coverage and access to social services financed on the basis of solidarity, whose scope is defined democratically by the members. Mutual society operates in accordance with the principle of autonomous administration, absence of shareholders and independence from public authorities. Although mutual companies must comply with national legislation, and that it is subject to supervision by such authorities, democratic control of their operation is exercised primarily by their statutory bodies. The autonomy and their democratic structure guarantees dynamism and constant adaptation of their services in order to meet the needs of the actual." (<http://www.aim-mutual.org/index.php?page=13>).

Associations differ from other forms of social economy because it does not operate for profit, with the role: social actors, partners of public authorities in their mission of services of general interest. "Associations are key players in the development of the European Union and no progress can be made in building a social and political project for Europe without the participation of its citizens and social actors", according to Social Economy Europe.

Foundations are defined by Social Economy Europe as "asset-based and driven by a purpose, they have no members or shareholders and are separate incorporated nonprofit organizations. Foundations focus on areas ranging from the environment, social services,

health and education to science, research, art and culture. Each has a secure and reliable source of income, enabling them to plan and execute activities for a longer period than many other institutions such as governments or companies. "

In 2011, in the European Union countries, there were approximately 273,000 foundations of which one third is for the public benefit. (Economia socială, analiză comparativă în opt state membre ale Uniunii Europene, 2011,p. 29 )

The social economy in Europe has established numerous organizations to act as his representatives. Through them, it took part in the trials of elaboration and implementation of national and EU policies.

In different European countries social economy associations have created platforms that represent credit unions, labor and agricultural cooperatives, mutual insurance companies, corporations and associations of complementary insurance and other non-governmental organizations of social action.

The social economy has played a historic role in different EU policies since the Treaty was signed in Rome, when it was founded Eurocoop, the organization representing consumer cooperatives in Europe, and in the process of developing the common agricultural policy.

European Standing Conference of Cooperatives, Mutual Societies, Associations and Foundations, is the most endorsed from the European social economy sector in relation to the European institutions.

## 1.2. Modern forms of organization of social economy

Social enterprises are characterized by new organizational forms and new features of the social economy. The term first appeared in Italy by the late 1980s, in order to emphasize the evolution of the traditional cooperative to social cooperatives.

**Table 2:** The specific characteristics of social economy enterprises and social enterprises.

Social economy enterprises	Social enterprises
Clear social mission; Resilience further partial or total profits; Democratic character.	Clear social mission; Resilience further partial profits; Increase the quality of democratic control processes; Multistakeholders approach; Entrepreneurial orientation in the supply of social services (e.g. associations); Increase the categories of beneficiaries.

Source: I.E.S.- Ghidul managerului de întreprindere socială, București 2012.

We can say that social enterprise is a new form of entrepreneurship that combines "business management with social purpose" and aims to satisfy the needs of the members and not profit maximization. For example, an organization that provides free meals for low-income families, it can use the kitchen and staff to provide catering services to the schools, hospitals, etc. that are willing to pay these services. (Preluare după I.E.S.- Ghidul managerului de întreprindere socială).

The European Commission intends to establish an administrative, legal and financial environment, favourable for these businesses so they can operate on an equal footing with other enterprises in the same sector. Social entrepreneurship initiative was launched in 2011 in order to identify actions in order to make a real difference and to improve the situation on the ground of social enterprises. What are social enterprises? A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for owners or shareholders. It works by providing goods and services on the market in a way that is innovative and entrepreneurial and uses profits primarily to achieve social objectives. It is managed in a open and responsible manner, involves employees, consumers and stakeholders of its commercial activities. ([http://ec.europa.eu/growth/sectors/social-economy/index\\_en.htm](http://ec.europa.eu/growth/sectors/social-economy/index_en.htm))

Despite their diversity, social enterprises primarily operates in four areas:

- integration into the workplace - formation and integration of disabled people and unemployed persons.
- personal social services - health, welfare and medical care, training, education, child care service, services for the elderly, or mutual assistance for disadvantaged people.
- local development of disadvantaged areas - social enterprises in remote rural areas, schemes of development/rehabilitation, cooperation on development with third countries.
- others - including recycling, environmental protection, sports, art, culture or historical preservation, science, research and innovation, consumer protection and amateur sports.

Types of new forms of social economy:

1. Collective enterprises (associations for agriculture, forest composesorate, houses of mutual help, artisan cooperatives, consumer cooperatives-small hydropower community or different companies of public transport).
2. Community enterprises (folklore associations, different foundations aimed at protecting historical monuments etc.). They can not support themselves and are supported by local authorities. This category includes social enterprises and multi-stakeholder, in which certain private companies associated with public authorities in order to solve community problems.
3. Employment businesses, are characteristic of the urban environment and have the aim of integrating disadvantaged people into employment labour market.
4. Non-profit entrepreneurial organizations. They are generally financed from donations, sponsorships, grants, but due to the necessity of a stable funding they develop economic activities.

Social innovation can be defined as the development and implementation of new ideas (products and services) to meet social needs and to create new social relationships or collaborations, aiming at the improvement of human welfare.

Social innovation describing the whole process to develop new responses to social needs in order to deliver better social outcomes. This process consists of four main elements: identifying unmet social needs; development of new solutions in response to these social needs; assessing the effectiveness of new solutions in meeting social needs; finding effective social innovations. ([http://ec.europa.eu/growth/sectors/social-economy/index\\_en.htm](http://ec.europa.eu/growth/sectors/social-economy/index_en.htm))

Woking and Social Enterprise distinguishes a firm's business values of traditional, classical and a social enterprise.

**Table 3:** Classical enterprise values compared to a social enterprise

Business values of a classic entrepreneurial business	Business values of social enterprise
Ensuring consumer satisfaction; Building consumer confidence; Overcoming competitors; The provision of goods at a price-quality ratio as good as possible; Finding innovative solutions for solving customers' problems;	Integrity and fairness in all that is done; The practice of social inclusion and the fight against inclusion; Treating all persons coming into contact with the enterprise with fairness and equality; Permanent concern to members, employees and clients;

<p>Increase your business and profits; The discovery of a competitive market niches.</p>	<p>Involvement in community issues; The production of competitive goods and services; Concern for the development of human resources of the enterprise; Providing a pleasant environment for staff and members; Respect, courage, creativity and impact; Evidence of passion and professionalism.</p>
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Source: I.E.S.- Ghidul managerului de întreprindere socială, București 2012, pg 26.

In conclusion, it appears that for a successful social enterprise reaching values contribute to increasing income, so values are becoming an integral part of business strategy from a social enterprise.

## 2. Conclusions

In conclusion we can say that the social economy has succeeded in recent decades, not only to increase its capacity to contribute effectively to solving new social problems, but also to consolidate his position as a indispensable institution which ensures the stability and sustainability of economic growth, modernization of the economy that serves the needs of society, the redistribution of income and wealth in a fairer way, correcting imbalances on the labour market for a deeper economic democracy.

Due to the different forms that social enterprises take, depending on the social assistance system, civil society, financial markets and public policies in each country, there are significant differences between countries in social and business sectors in which they operate. Thus in Romania and Hungary social enterprises predominate in areas such as health, education and social work, while in Sweden and the UK they provide community and social services and in Italy social enterprises include, in particular social assistance services and work integration ( which include cleaning, furniture, gardening, renovations, etc.). The social economy is understood differently in terms of theory, in European countries according both to level of development and cultural beliefs of each country.

With regard to the activities of the organizations of mutual-type, it can be concluded that there are some restrictions. In many countries, are limited to carry out certain activities. In general, whether defined as insurance carriers or not, they are not allowed to be involved in the financial services market. Within insurance, their operations may be limited to life or general insurance. Therefore, the restrictions are often linked to the legal status of the organization. This would be beneficial when you have rules and regulations with related activities, so that for each operator in the same market, to apply the same rules.

We can also say that, although there are already for many centuries different mutual insurance companies, does not mean that this way to provide risk coverage, is an old-fashioned method of doing business. On the contrary, because it has existed for centuries, it has been proven to be the most effective and valuable assurance system. Therefore we can say that it is an old form which still "adds modern value."

Growing interest over the forms of social economy may diminish if their long-term sustainability is not taken into account . Sustainability forms of social economy is a complex issue in terms of social, economic and cultural, requiring both human and financial resources, and creating a system of public policies that require this innovation.

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