



BRIEFING FOR MEMBERS

THE SOCIAL ECONOMY

What is the Social Economy?

The term Social Economy is ambiguous and there is a lack of a clear definition of the concept and scope¹. The term usually coexists with other terms, such as enterprises with social goals (Belgium), social cooperatives (Italy), cooperative enterprises serving the general interest (France), etc and has been used interchangeably with some of these terms².

The Social Economy is composed of a great plurality of actors. The main difficulty for defining the Social Economy is clarifying the distinction between the different forms of Social Economy activity: Social Economy enterprises, Social Economy organisations, Work Integration Social Enterprises (WISE) and non-profit organisations. These organisations and enterprises are characterised principally however by their aims and by their distinctive form of entrepreneurship³.

Aims of the Social Economy

The main aim of all the organisations is to serve people or other Social Economy organisations rather than to remunerate capitalist investors. CIRIEC describes Social Economy organisations/enterprises as being created “to meet their members’ needs through the market”. The non-profit criterion is not seen as an essential requirement for Social Economy organisations, but a distribution of profits or surpluses among the “user members” of a social economy organisation is not proportional to the capital or to the fees contributed by the members⁴.

Characteristics of the Social Economy

Social Economy Europe states that the Social Economy includes *organisations* such as cooperatives, mutual societies, associations and foundations. Social Economy *enterprises* have been defined as “market producers”, which means that their output is mainly intended for sale on the market at economically significant prices⁵.

Social Economy enterprises and organisations are generally seen as run in accordance with the democratic principles of solidarity (redistribution) and mutuality (mutual ownership of an organisation/enterprise) and are characterised by a strong personal involvement of its members⁶ in the management of the

¹ CIRIEC (International Centre of Research and Information on the Public, Social and Cooperative Economy) a non-governmental international scientific organisation that did research on the SE in Europe, on demand of the European Commission.

² See Toby Johnson Roger Spear (2006) to read more about the SE in France, Germany, Italy and Poland.

³ Social Economy Europe, <http://www.socialeconomy.eu.org/?lang=en>

⁴ Social Economy Europe, the European Economic and Social Committee, CIRIEC.

⁵ CIRIEC

⁶ Members are, basically, individuals or families. In co-operatives and mutual societies, the members and the users of the activity in question are usually (but not always) one and the same. In a workers' co-operative, the co-operativised activity is employment for its





organisation/enterprise⁷. Democratic involvement is understood by the European Economic and Social Committee that each member has one vote in the decision making processes, irrespective of the capital or fees contributed by the members.

This is one area where according to some definitions⁸ the Non Profit sector and the Social Economy approaches differ. In the Social Economy approach any non-profit entities that do not operate democratically are generally excluded, although it is accepted that voluntary non-profit organisations which provide non-market services to persons or families free of charge or at prices which are not economically significant can be included in the Social Economy.

Work Integrating Social enterprises (WISE) are a special form of Social Enterprises. They are also not-for-profit private organisations providing goods or services directly related to their aim to benefit the community, but their main aim is different. The core mission of WISE is creating jobs for disadvantaged people and the integration of these people into society by offering them a job. WISE are entities which are fully entrepreneurial and whose main goal is to help people who are at risk of permanent exclusion from the labour market (poorly qualified persons, long-term unemployed, people with disabilities, migrants etc.) towards sustainable employment and integration in society. WISE promote active inclusion based on lifelong learning, self-development and empowerment⁹.

Examples

WISE take on different forms in different European countries. Basically there are three types of WISE. The first type is sheltered workshops. These workshops employ disabled persons with physical and mental disabilities.

Secondly there are integration enterprises that employ low qualified unemployed people and target groups.

The third type is work experience enterprises that employ low qualified unemployed people to give them a professional training through a productive activity, to prepare them to get into the regular labour market.

How is the European Union involved?

At European level the Social Economy appears above all in two major lines of policy: social and work integration policies (for example in the European Platform Against Poverty) and local development and job creation policies (for example the Single Market Act). Therefore the theme of the Social Economy is high on the agenda. Both the European Commission and the European Parliament are producing reflections on this topic in the context of these two policy areas.

What is Eurodiaconia doing and what can you do?

As many of your activities may be considered part of the Social Economy, it is useful for you to know what is going on at European level in this area and how this might impact your work. There is currently an opportunity to influence the Commission's work on the topic, and in turn provide publicity and funding opportunities for the social economy.

The Commission does not have a clear definition of the Social Economy but Eurodiaconia aims to put forward a definition on the basis of real examples of the work of our members and their opinions. We will carry out a mapping of our members' positions on this topic and what Social Economy activities are carried out in Diaconia. We will make an overview of the characteristics that are according to our members essential

members, in a housing co-operative it is building homes for the members, in a farming co-operative it is marketing the goods produced by the members; in a mutual society, the mutualist activity is to insure the members, etc (Toby Johnson Roger Spear, 2006).

⁷ See for example CIRIEC, Toby Johnson Roger Spear (2006), the European Economic and Social Committee, Social Economy Europe, the European Commission.

⁸ See for example the European Economic and Social Committee.

⁹ The WISE project



for organisations to be classified as being part of the Social Economy. We will also look at how different European countries approach the Social Economy and in which working conditions these organisations and enterprises have to operate. We would like to hear from our members what would make it easier for their Social Economy activities. On the basis of this information we will try to advocate for good conditions for the Social economy to operate, including specific actions the EU could take.

To carry out this mapping we would like to call members to talk about their opinions and experiences of the Social Economy and will contact each member organisation to arrange this. If you have documentation on the social economy in your country or about your activities please send it to the secretariat to help develop this mapping.

Further information and links

[Link to the European Economic and Social Committee's report on the Social Economy in Europe](#)

[Link to the non-legislative resolution on the Social Economy of the European Parliament](#)

[Link to European Commissions' publication on Small and Medium Sized Enterprises](#)

[Link to Social Economy Europe website](#)

[Link to the WISE project](#)

[Link to Social Enterprise International Literature Review by Toby Johnson Roger Spear \(2006\)](#)

[Link to the CIRIEC report on the Social Economy](#)

[Link to the European Platform Against Poverty](#)

[Link to the Single Market Act](#)

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