Social Cooperative – an Important Entity of the Social Economy

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ABSTRACT
Contemporary society is characterized by a number of social problems that have multiple causes that range from structural weaknesses of purely individual factors. In the challenges of globalization phenomenon and in the context of sustainable development needs of humanity, the cooperative movement has an important role. Cooperative organizations have the ability to provide viable alternatives, being the main actors of social economy, along with associations and foundations, putting the human in the center of the activity and bringing another report in the process of creating economic value. Also, the cooperative movement is a solution for the multiple and difficult economic and social issues of the contemporary world.

1. Introduction
The European Commission launched on March 3, 2010 in Brussels, Strategy Europe 2020 to exit the crisis and prepare EU economy for the next decade. We identified three key factors for economic growth to be supported by concrete actions at EU and national level:

♦ smart growth (fostering knowledge, innovation, education and digital society);
♦ sustainable growth (making our production more competitive, with more efficient use of resources);
♦ inclusive growth

Development of social economy involving all three key factors: smart, sustainable and inclusive growth. A definition of the social economy known in Europe is from International Center for Research and Information on Public Economics, Social and Cooperative, that the social economy is the body of formally organized private enterprises, with autonomy of decision and freedom of association based on, established to meet the needs of their members through the market by producing goods and services. Social cooperative is an emerging topic for different stakeholders across Europe: farmers, farmers’ organisations, service-users of social farms and their organisations, providers of social and health care services, other stakeholders in social and health care and local, regional and national authorities. It is an innovative approach located within two concepts: multifunctional agriculture and community-based social/health care. Social farming includes all activities that use agricultural resources, both from plants and animals, in order to promote (or to generate) social services in rural areas. Examples of these services are rehabilitation, therapy, sheltered work, life-long education and other activities that contribute to social inclusion. The general definition of social farming is not yet agreed around Europe. At the same time, today there are different ways to indicate what the phenomenon is about (farming for health, green care, care farming, social farming) and to show how agriculture is used for social purposes. Initiatives for social farming are often introduced by farmers and local communities. Social farming is both a new and a traditional concept. It originates from the traditional rural self-help networks that were well-established in rural areas before the modernisation of agriculture and the rise of the public welfare system. Nowadays the concept has been substantially reformed in an innovative and an evolving way.

Social Business defined by Muhammad Yunus as those “business driven rather a question, a problem, rather than profit and acting as a change agent in the world. They pursue changing social and economic situation of the poor.”[2]

The social economy has developed lately in Europe at a rate greater than the economic, social economy enterprises totaling 2 million units (10% of all businesses in Europe) and use 11 million paid employees (equivalent to 6% of the labor force in the EU). In this context, coordinated action at EU level are more effective than the efforts of each individual state member. [9]

The “Social innovation and social experimentation” can be a powerful tool to guide reforms and adjust policies to implement the Europe 2020 Strategy. The budget for the implementation of this program for the period 1 January 2014 to 31 December 2020 is estimated at 958.18 million Euros. According to the

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"social innovation and social experimentation" self-employment is one of the ways that people without a job can integrate the labor market. Creating jobs by strengthening new businesses play a key role in achieving the Europe 2020 objectives. Research and implementation of a social cooperative in Romania is based on the same principles: increasing the employment of labor in rural areas and increase the number of micro enterprises in the agricultural sector.

Social cooperative model was introduced in Italy in 1991, followed by countries such as Portugal, Spain and France. Social Cooperative was created to act in the general interest of the community and to facilitate the integration of disadvantaged job categories. The main activities of social agricultural cooperatives in Europe are farming, viticulture, apiculture, olive cultivation, organic animal husbandry, pisciculture.

2. Link between cooperatives and social economy

Co-operatives are an important part of European economic life and industry; there are 250,000 co-operative enterprises in the European Union, owned by 163 million citizens (1 in 3 EU citizens) and they employ 5.4 million people.

Co-operatives hold substantial market shares in important industries in most Member States, especially in agriculture (63% in Netherlands, 79% in Finland, 55% in Italy and 50% in France), forestry (60% market share in Sweden and 31% in Finland) banking (50% in France, 37% in Cyprus, 35% in Finland, 31% in Austria and 21% in Germany) retailing (consumer cooperatives hold a market share of 36% in Finland and 20% in Sweden), pharmaceutical and health care (21% in Spain and 18% in Belgium) and information technologies, housing and craft production. In Italy cooperatives represented almost 15% of the total economy. [8]

Cooperatives also provide services such as catering, accounting, legal advice or marketing for a group of enterprises (e.g. plumbers, hairdressers, taxi owners etc.). In recent years cooperatives have also been present in sectors of general interest like education, transport, energy provision.

An important specific form of cooperative is the mutual guarantee society which is a self-help initiative for small companies in the area of financial services. It is usually set up by entrepreneurs in a region or sector with the assistance of chambers of commerce, Chambers of Craft, industry federations or banks specialised credits to SMEs and other economic associations, which provide also part of the equity. Mutual guarantee societies operate as an external guarantor who can increase the bank's lending readiness towards their SMEs members.

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

3. Social cooperative over the world

Cooperatives are enterprises that exist to serve the needs of their members who contribute to their capital, own and control them, rather than to provide a return on investment. All enterprises exist to serve the interests of their cardinal stakeholder groups. For traditional companies that means investors. However in a cooperative returns on capital must always be subordinated to other interests (e.g. integration of people
with disabilities). In fact a non-co-operative enterprise might be called an association of capital (or investor-driven business) whereas a co-operative is an association of people.

Cooperatives are an important component of the modern market economy. Currently, based on the total active population of the world, the number of cooperative members is 28%. A cooperative can function in almost any industry where there is a group of converging needs. Worldwide cooperative activity operates on cooperative principles, cooperative companies regularly reviewed by members of the International Cooperative Alliance (ICA). This global organization of cooperative movement founded in 1889, consists of 226 active cooperatives in all sectors of the economy that groups more than 800 million members in 89 countries. The recent development of cooperatives in the EU countries shows that their objective is related to the provision of educational and social services, which are carried out beyond the "borders" of coop membership. This emerging trend undermines traditional cooperative model, which relies on the holding and the identification of members and users, which leads to openness and willingness to have other stakeholders in solving tasks and attract benefits.

The agriculture and food industries group together all co-operatives that operate along the entire agricultural value chain, starting from the cultivation of agricultural products and livestock farming to the industrial processing of agricultural products and animals. This sector includes both agricultural producers' co-operatives and consortia of co-operatives, or similar arrangements, to carry out the processing and
marketing of agricultural goods for members. Overall, data was collected for 645 co-operatives distributed in 25 countries, with a total turnover in 2011 of 582.80 billion US dollars. [8]

The social economy is seen as a solution to modernize the European social model, especially due to its ability to provide viable solutions to the social inclusion of vulnerable groups, solutions that aim to promote active measures for these categories of people (labor market inclusion, their participation in finding solutions to problems, the combination of those persons by pooling different resources, increase local capacity development, etc.). It generates employment and entrepreneurship that meet various social needs.

Social economy entities are collective, being initiated by various groups of people to solve specific needs faced, and through the involvement of various actors within government - from the founding members, beneficiaries, providers and other stakeholders in community. [5] As already stated, their main purpose is social, but this does not mean that profit-pursuing and so are characterized by the presence of a duality social and economic goals and objectives. All these features, plus those related to the origin of funding sources, management structure, the resources, property rights, made the social economy entities are considered economic organizations hybrid. Link these organizations with local development process is demonstrated by the nature of the motivation behind the establishment and who most often targeted solving various social problems facing their members or communities of origin. Fair these people are usually done in small groups, defined by certain interests or characteristics (people who need to market their production, they need quality products that need access to certain products or services, etc.) and, most often, are located geographically. Local context leaves its mark on any initiative of this kind, and variables as the capital, human capital, social infrastructure or support from institutions are crucial to the success or failure of such initiatives.

Conclusions

To be successful cooperatives should be competitive, while maintain their character business units. In the case of cooperatives, success is not only high profitability, but also improve living standards, financial and social situation for its members. At the European and global level, the cooperative sector is a powerful economic and social actors in these societies, with significant results that can be summarized as follows by both market shares and GDP contribution of their work and the number of members and welfare offered to citizens through the jobs created. There are a large number of motivations underlying the establishment of social economy entities, which range from social diversification and cover a greater number of needs or serve an increased number of beneficiaries to create employment opportunities for beneficiaries - for rural communities or of the poor, where the number of jobs available is very small, social economy entities are an extremely important employer - or the production of goods and services necessary for the community - there are areas that are not suppliers for goods and services that people needs as profits would be very small (small rural communities, aging). Other reasons aimed at ensuring business sustainability - economic activity allows for additional funds to be used for production of goods and services to members / beneficiaries - or obtain funds needed to carry out social activities - is a strong reason for NGOs working in the field provision of social and medical services, but also for pensioners unions or unemployees.

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