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Cace, Sorin and Simona, Stanescu

Research Institute for Quality of Life, Research Institute for Quality  
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Role of the Social Economy to Increase Social Inclusion

Sorin Cace<sup>a,\*</sup>, Simona Maria Stănescu<sup>a</sup>

*<sup>a</sup>Research Institute for Quality of Life, Romanian Academy, Calea 13 September street,  
no. 13, district 5, zip code 050725, Romania*

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**Abstract**

The progress achieved by the social economy differs within the European Union from one member state to another member state because the critical situations, the actions, the institutional and legal framework, the overall context of the social economy are different in each individual European country. Despite this lack of homogeneity in this field, there are many social economy organisations which actually contribute to the social cohesion, there are successfully accomplished programs and activities aiming the social integration of the vulnerable groups and which support actively the fight against social exclusion. Several independent materials have been studied (guidebooks, reports, working documents etc.) in order to identify the different mechanisms for the transfer of social economy information related to improvement of the social inclusion at the local level. The approach of social inclusion in a structured and innovating manner specific to the social economy is a common coordinate for most EU member states within the context of the current economic crisis.

*Keywords:* social inclusion; social economy; vulnerable groups; social innovation; economic crisis.

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**1. Introduction**

In recent years, social economy became a popular subject on public agenda. Its capacity to offer sustainable jobs for the ones interested is based on mutual respect for a common set of principle: solidarity, private character, responsibility, autonomy, voluntary membership, democratic decisions (one man, one vote), and share of profit towards member's benefit. Other argument for increasing public attention is social enterprises' concern for job creation especially in the case of social insertion enterprises for less fortune people. Social economy is open to any domain of economy. It is to be noticed that successfully cover niche areas not very attractive for regular enterprises but requested by population and insufficient covered by other public or private actors. Capacity to offer positive answers to various social problems, attention paid to efficient use of available local resources, as well as protection of environment are just other aspects which support popularity of social economy.

Corresponding author. Tel.: +4-072-265-915, Fax. .: +4-021-318-2462 *E-mail address:*  
*corsorin@mailbox.ro*

## 2. State of art in Romania

Social economy is mentioned among innovative guidelines supporting the implementation of inclusive labour markets by its capacity to: „provide support for the social economy and sheltered employment as a vital source of entry jobs for disadvantaged people” (\*\*\*, European Commission, 2008, p. 4).

Taking a closer look at Romania from the institutional point of view, Governmental Decision 829/2002 on approval of National Anti Poverty Plan for Promotion of Social Inclusion represents the first document referring to social economy. A definition of social economy was mentioned among medium and long-term strategic objectives (2002-2012) and short term objectives (2002- 2004). Social economy is viewed as “economic activities which in subsidiary include social objectives with the condition of maintaining economic performance” (\*\*\*, Romanian Government, 2012). Social economy is supposed to be organized in such a way that “without reducing economic performances it should become a tool of social integration, to prevent social exclusion and combat poverty, by merging principles of economic policy with the ones of social policy” (\*\*\*, Ministry of Labour, Social Solidarity and Family, 2010, p. 3). Despite this first step done in the process of public recognition of social economy as a mechanism of promoting social inclusion, similar references are not included in the next strategic document signed by Romania in the field of social protection: Joint Inclusion Memorandum (2005).

As achievement, the definition of social economy mentioned in above mentioned Governmental Decision 829/2002 served as main source of inspiration for the definition included in recent Law 292/2011 on social assistance. Despite the fact that it still does not capture the complexity of social economy as domain it represents a step forward especially as further regulations are mentioned (Stanescu, coord., 2012, p. 36). The Law 292/2011 mentions that a special social economy law will be further adopted which represent public engagement and political support.

National Reform Programme 2011-2013 reflect public policy vision in integrating social economy among tools of promoting social inclusion. Objectives are clearly formulated and measurable. The strategic document includes Romania’s engagements towards further development of social economy with the support of structural funds (European Social Fund). Among and expected performances to be achieved we selected: establishment of 500 social economy organisations in the period 201-2013 able to offer 10.000 jobs and access of 150.000 vulnerable people to (re)qualification training programs (\*\*\*, Romanian Government, 2011a, p. 121). According with 2011 preliminary assessments, a number of 144 social economy organisations were established (\*\*\*, Romanian Government, 2011b, p. 116). In the same line, another assessment report focus on outputs of ESF co-financed projects, a number of 177.876 people were involved in various activities financed for six major intervention domains (\*\*\*, Romanian Government, 2011b, pp. 20-21). This number includes both vulnerable people as well as social inclusion experts. With reference to vulnerable people, the number of participants to (re)qualification programs was 11.277 people including 1.524 Roma, and 1.282 people with disabilities. In terms of women’ participation the total number was 7.452 including 635 Roma and 575 women with disabilities (\*\*\*, Romanian Government, 2011b, pp. 117-118).

As for ex convicts as vulnerable groups, one recommendation is to abandon current regulation referring to possibility to join (re)qualification programs nine months before end of prison period. These vulnerable people could be involved in qualification courses during the whole period in prison which would increase their professional chances to enter labour market (Durnescu, Descarpes, 2012, pp. 74-75).

According with the National Reform Plan, a social economy law legal supposed to be launched in 2011. The regulation was expected to include a definition of the social economy, an open classification of Romanian structures of social economy as well as supporting mechanisms (\*\*\*) Romanian Government, 2011a, p. 121). Successive revised versions of social economy law were launched in October 2011, December 2011 and September 2012 by the Ministry of Labour, Family, Social Protection and Elderly. While first version of the social economy law was never subject of a public debate, the second one was criticised mainly for misunderstanding of insertion of vulnerable group issue within the broader topic of social economy (Stanescu, coord., 2012, p. 35). Only the third version of the social economy law was supported by representatives of organisations in the field as well as experts including academia and universities (Arpinte, Cace, & Cojocaru, 2010; Cace, Tomescu, & Cojocaru, 2012).

In parallel, a legal initiative on social entrepreneurship was also launched in November 2011 but it was blocked by representatives of social economy organisations as it showed a misunderstanding of the role of public domain in comparison with the private one (Stanescu; Luca; Rusu; 2012. pp. 35-36).

From the perspective of people working in social economy, various regulations adopted so far in Romania were evaluated as efficient mostly by managers and employees from mutual organizations, cooperatives and non-governmental organizations. Their main recommendations in this respect envisage assessment of current legal framework, harmonization with international regulations, access to information and public consultation. Proposals for short-term measures to be adopted for a better functioning of social economy organizations include: financial mechanisms, political support including the local public administration, information and awareness campaign towards promotion of social economy as domain, mechanisms of involving the community (Stanescu; 2012. p. 17). The establishment of social economy organisations and insertion of vulnerable groups is supported by current legal framework (Stanescu, coord., 2012, p. 40).

According with 2010 data, 62% of social economy managers and 57% of employees consider that social economy would help the development of society. From their perspective, key actors to be involved alongside this process are: the state, local public administration, all citizens. Main directions of improvement mentioned by people were: increase involvement of public institutions, decreased bureaucracy and corruption; increase number of jobs; change of legislation; and more funds (\*\*\*) Ministry of Labour, Social Solidarity and Family, 2010, pp. 96-97). Confronted with economic crisis situation, Romania could find a wise solution by reconsidering the socio-economic strategy primarily including the role of the state and its functions (Zamfir, 2010, pp. 15-16). Still, noticed tendency among people working in social economy is to rather identify other potential responsible actors instead of valorize capacity of social economy as a whole or by personal contribution.

### **3. Social inclusion of vulnerable groups through social economy**

Due to recent specific activities of projects co-financed by European Social Fund, perception of population about social economy tend to equally view social economy and labour insertion of vulnerable people. An additional reason is based on financial guidelines as common attention is paid by these projects to similar target groups (Roma, people with disabilities, beneficiaries of minimum income guarantee and so on) (Cace et al, 2011). In this context, we assume the openness of social economy to more than vulnerable people and briefly present some research findings which could support a better employment of the ones interested including less fortune ones.

In Romania, one of the reasons for not finding a job relates to informal search through friends and relatives instead of following an official channel in this respect. Taking a closer look at jobs in social economy, the population's information level about social economy is rather low (\*\*\*) Ministry of Labour, Social Solidarity and Family, 2010, p. 94). Still, university graduates are the ones who know better the social economy domain. On the other side, the ones who would miss most the information about alternative innovatory employment through social economy are the vulnerable groups. They are not familiar neither with this domain, neither with its structures including social insertion enterprises. According with 2010 data, 78% of Roma never heard about it followed by 73% of single parents, 73% of beneficiaries of minimum income guarantee, 57% of people with disabilities and 50% of young people living the child protection system (\*\*\*) Ministry of Labour, Social Solidarity and Family, 2010, pp. 94:95). Comparatively, mutual societies for employees tend to be the best known social economy organisations most probably due to frequent interactions for ordinary loans (Ilie, 2011, pp. 162-163). Another reason could be the communist tradition to be part of a mutual structure during work and retired periods. This represents an exception in terms of public perceptions as the previous political regime had a negative impact on popularity of some social economy related concepts (cooperatives, voluntary work).

Concerning working experience of vulnerable people, they left last job mainly due to human resources reorganisation policy and health reasons (especially in the case of people with disabilities and beneficiaries of minimum income guarantee) (Cace et al, 2012; Nicolaescu, 2012). Other reasons for losing a job are: need for child care (single parent), personal reasons (roma people), and low level of salary (young people living the child protection system) (\*\*\*) Ministry of Labour, Social Solidarity and Family, 2010, p. 95). Due to low level of education, insufficient social insertion enterprises able to provide social and professional accompagnement, ones they lose a job they risk long term unemployment and high risk of poverty and social exclusion.

Labour market integration of vulnerable groups represent an innovatory alternative to social assistance system by taking into account the value of working capacity of vulnerable people (Dragotoiu; Marinoiu; Stanescu, coord., 2011, p. 9).

Among measures designed to promote social inclusion, employment programs for vulnerable people (Roma, people living in rural areas) could be backed-up by development of vocational programs, support for income generating activities especially in rural areas (Zamfir; Preda; Dan; 2007, p. 253). Public measures oriented

towards employment of vulnerable groups should be followed by various forms of support for the ones in need in their process of gaining their financial independency to the social assistance system (Zamfir, 2010, p. 122-123). Development of formal recognition of informally skills and knowledge according with European Credit in Vocational Education and Training could also support a better professional insertion especially in the case of Roma performing traditional occupations.

#### **4. Conclusions**

Taking into account growing attention for social economy as alternative and innovatory way to sustainable have access to the labour market, the paper prospected its link with social inclusion.

Social economy plays a role in promoting social inclusion of people, especially vulnerable ones by assuring sustainable access channels to labour market. Alongside exclusion from education, health, and housing, exclusion from labour market expose people to absolute poverty and low level of quality of life, self esteem and loose of human dignity. Active participation of vulnerable people in social economy organisations (as employees, ideally as entrepreneurs) represents a major step in fighting social exclusion and achievement of a decent life standard (Cace, Nicolaescu, Scoican, 2010, p. 193, Dragotoiu, Marinoiu, Stanescu, coord., 2011, p. 9; Pavel, 2011, pp. 92-97; Stanescu, coord., 2012, p. 66). Long term effects of confused social measures adopted within crisis period reflect an inefficient development. Such measures are often contradictory and do not really support the economic growth (Zamfir, 2010, p. 103). Swift shift from reactive measures to proactive ones should be based on assessment studies of achieved results and identification of gaps.

Within this context, development of a national strategy for social economy represents a key condition for promoting it as an efficient tool of social inclusion especially but not exclusively for vulnerable people. Envisaged adoption of a social economy law could represent one step towards further development and support.

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