

SOCIAL ECONOMY DIMENSIONS FROM ROMANIA. PERSPECTIVES AND REALITIES OF NGO SECTOR

FELICIA ANDRIONI, MIHAELA CAMELIA SCHMIDT*

ABSTRACT: *Beginning with 2000 European Union understood the importance of a new perspective for European community: Social Economy. Social economy refers to individuals or legal entities who come together to take on an active economic role in the social inclusion. Social Economy represents the activities and services income generating to help vulnerable people to integrate on the labor market. In this article, in the theoretical part after we are presenting some social economy conceptual delimitations, are highlighted some dimensions of social economy in Romania, and also we analyze the actual situation and the role of the social economy for NGO sector. Our descriptive analyze used the following research methods: analysis documents, comparative analysis.*

KEY WORDS: *Social economy; perspectives; NGO sector; civil society.*

JEL CLASSIFICATION: A13

1. INTRODUCTION

In the last years we wondered about social economy dimensions and and its benefits. Thus, this study has started from the premise that “social economy has an explicit social mission from the perspective of serving the needs of members and the wider community” through income generating economic activities that support social activities for vulnerable groups, being conducted by organizations with a strong democratic character. (Constantinescu, 2011, p.4)

Based on the following research questions:

- What is it social economy and how can social economies to change and improve quality of life for people in need?
- What kind of leverage needed to make functional these aspects?

* Lecturer., Ph.D., University of Petrosani, Romania, felicia_andrioni@yahoo.com
Lecturer, Ph.D., University of Petrosani, Romania, schmidtcamelia@yahoo.com

- How can some good theoretical aspects or ideas regarding social economy be implemented in social reality?

- What is the situation of the contemporary social economy in Romania?

through this analyse, we wanted to identify some concluding answers which clarify the dimensions of the social economy in Romania from the perspective of NGO segment.

In the vision of Constantinescu “the concept of social economy means many collective social initiatives with social purpose taking place within the boundaries of social and private sector businesses. The social purpose of economic activity is not limited to the provision of social services, as the term might indicate, but concerns the social finality of diversity activities which aim satisfying individuals, or community needs. (2011, p.4)

Defourney J. and Develtere P. considered that “the social economy includes all economic activities conducted by enterprises, primarily co-operatives, associations and mutual benefit societies, whose ethics convey the following principles: 1. placing service to its members or to the community ahead of profit; 2. autonomous management; 3. a democratic decision-making process; 4. the primacy of people and work over capital in the distribution of revenues.” (1999, p. 33) A very important aspect highlighted by authors is the fact that the objective of the social economy is to provide services to its members or to a wider community, and not serve as a tool in the service of capital investment.

In achieving social economy, NGOs sector consist from associations and foundations play a significant role.

According to the Government Ordinance 26/2000, Article 1 “individuals and legal persons which carrying out activities in general interest or in the interest of local collectivities or, as the case, in their non patrimonial personal interest may constitute associations or fondations”. So, the associations and foundations are organizations whose primary purpose is non patrimonial, but can also perform economic activities directly or through the establishment of companies. (Constantinescu, 2011)

In 2011, in Romania has elaborated the document "Social Economy Atlas" which in premiere highlights NGOs with economic activity both as integrated part of the NGO sector and separately, in order to make as clear economic orientation of the NGO sector. In this document it is clear that NGOs engaged in production are near to the concept of social economy. (Constantinescu, 2011, p.5)

Two common and related concepts with social economy concerns social enterprises and social entrepreneurs. “While the for-profit business operation and the local government enterprise may appear to be the logical and familiar institutional forms through which services are provided, there is yet another common form. It is a hybrid of market, non-market and non-monetary goods and services forming a stable organization that goes beyond the temporary function generally associated with the formation of an initiative. Its institutional form can best be described as a “social enterprise” - a private business with a social purpose” (Laville, 2003, p. 398)

The concept of social enterprise is an extension of the social economy, adding some features: entrepreneurial orientation in the provision of social services, targeting a larger segment of beneficiaries and increasing the quality of democratic control processes. (Constantinescu, 2011, p.6)

Regarding Social enterprises Laville considered that this enterprises could “be an appropriate solution to present day service needs since they provides services which are simultaneously individual and semi-collective, that is, they are services which provide benefits for the community as well as for the direct users.” (2003, p.399) In author opinion these services combat inequality, strengthen social bonds and articulate citizens’ concerns and some European countries (France, Spain, Portugal, Italian) allow for a multistakeholder social enterprise that involves volunteers, workers, service users and local authorities in the decision making process.

A definition given by the European Research Network EMES network concept of "social entrepreneurship" refers to "the creation of a social value that is produced in collaboration with people and organisations from the civil society who are engaged in social innovations that usually imply an economic activity". (Hulgard, 2010, p.4)

2. RETROSPECTIVE ON THE EUROPEAN COMMON SOCIAL POLICY AND GENERATING IDEA OF SOCIAL ECONOMY

Construction of the European Union created with the aim to ensure a common and cooperative security policy, is founded on "consolidation objectives an area of freedom, security and justice, on promoting economic and social progress and on the affirmation of Europe's role in the world". (Centrul de Informare al Comisiei Europene în România, 2004, p.1)

Development of social and economic policy means formulating issues in secular manner, as the case of capital paradigm. (Popp, 2012)

Common European Union social policy, in the opinion of the European Institute of Romania, is composed of a set of complementary policies, developed and perfected over time, that "act in those sectors of activity which affect and generate individual and social wellbeing [...] and whose legal basis was established by the Treaty of Rome (European Community Treaty, 1957), strengthened by the Single European Act (1986/1987) and reinforced by the Maastricht Treaty (1992) and the Amsterdam Treaty (Treaty on European Union 1997)". (IER, 2003, p. 4, p. 8)

The main significant moments of social policy of the European community, are summarized in table 1.

A crucial moment in the evolution of European social policy, was the year 2000 when through drafting the Lisbon Strategy (Lisbon Strategy), was established ten-year goal of the European Union, with regard to transforming of the Community economy into the most competitive knowledge-based economy. By adopting the same year of the Social Policy Agenda, the objectives of the Lisbon Treaty have been translated into an action program for 5 years, which is the current social policy framework. Thus, the social agenda targeted the following aspects: social situation EU enlargement and internationalization of social policy employment rate of labor, the development of a knowledge based economy, the growing importance of information technology (Berne, 2003). Because new approach it brought by focusing on quality, 2000 was a key moment in the evolution of community social model. European Commission in February 2005, launched a new social agenda aimed at modernizing the European social model, under the Lisbon Strategy for growth and occupancy of

employment. Llena Berne, mentioned about the new agenda that "focuses on the employment and equal opportunities for all citizens and also try to ensure that the benefits of growth and the level of employment of labor force in the EU benefit all members of society, such that it is understood an increased interest for redistribution of wealth and equal opportunities" (Berne, 2003, p. 2).

Table 1. Significant moments for European social policy

No.	Year	Documents adopted	Observations
1	1957	<i>The Treaty of Rome</i>	Lay the foundations of European social policy through its articles on the free movement of workers and freedom of their establishment in the context of the creation of the common market.
2	1986	<i>The Single European Act</i>	Contains directives on health and safety at workplace, introduce social dialogue and the concept of economic and social cohesion.
3	1989	<i>European Social Charter</i>	Establishes fundamental social rights and with them, the course of action of European social policy.
4	1991	<i>Social Policy Protocol</i>	Establishes European social policy objectives that were prefigured Social Charter.
5	1992	<i>Maastricht Treaty</i>	Aimed at achieving a high level of social protection and a high level of labor employment, equality between men and women, rising standards of living and quality of life.
6	1993	<i>Green Paper</i>	Debate on the future of social policy at EU level and paves the way for the White Paper.
7	1994	<i>White Paper</i>	Sets out priorities of social policy until 2000.
8	1997	<i>The Amsterdam Treaty (ratified in 1999)</i>	Contains provisions regarding: citizens' rights, strengthening democracy, security and foreign policy.
9	2000	<i>The Lisbon Strategy</i>	Established ten-year goal of the European Union, represented by transforming its economy into the most competitive economy based on knowledge.
10	2000	<i>The Social Policy Agenda</i>	Agenda takes these specific objectives and strategy elements related to social policy and converts them into an action program for 5 years, which is the current social policy.
11	2005	<i>The New Social Agenda</i>	The New Agenda aimed at modernizing the European social model, the growth and the employment of labor. The New Agenda focuses on the employment and equal opportunities for all citizens.

Source: European Institute of Romania, Arpinte D. and others. A., 2008, pp.349-350; Andrioni, F., 2010, pp. 9-10

The key priorities from the new social agenda were included the fight against poverty and employment, on the one hand, and promoting equality on the other hand. Through these key priorities were supported by European Commission's two strategic objectives for the next five years: prosperity and solidarity for all Member States. In the New Agenda are granted a great importance to network activity, participation of various stakeholders by creating associations between public authorities at local, regional and national level, employers and workers' representatives and NGOs.

Since the New Social Agenda, which is currently in place at European level, are the two main directions of European Social action, employment and poverty reduction (based on the promotion of equal opportunities) by some measures to combat discrimination and inequality by encouraging equal opportunities for men and women, to analyze the impact of population aging and the future relations between different generations or to assist Member States in reforming pensions or the elimination of poverty, up to clarify the content and characteristics of social services of general interest, these measures were supported by EU Member States and at EU level are in progress.

ESN delegates from 18 countries of the European Union have developed recommendations for social services in the publication *Key Recommendations Social and Employment Activation*, on the theme activation on social and social commitment in social services. It is proposed that these recommendations will contribute to the development of national and European social policies on the subject. It was considered that, because social services are in direct contact with vulnerable persons, these services may have an active role in social inclusion of those persons through their involvement in community social activities as part of social inclusion. (ESN, 2006)

With regard to employment and social activation (active inclusion)_social services from European Union have become more and more involved in measures by activation and integration of labor. Perspective of social services has not only a social but also an economic one, European Commission considering that the “employment is for many people defense guard against social exclusion” (ESN, 2008, p. 4). It is known that social protection focused on long-term care services or non-partisanship, leading users into dependence and social exclusion. Social workers of many European countries have had the experience working with various people at risk whose problems were amplified, result of their inactivity on market long-term labor. Through measure by social activation and active inclusion is important to underline that the “social services have the potential to activate people and lead them to become strong and independent” (*Ibidem*). Therefore, it was stipulated in the same document, a priority condition is that the service to work with other multidisciplinary sectors: health, adult education, employment services, employment, and economic sector.

So, the genesis of European social economy based on ideas contained common European social policy that underlines the need cooperation between the social sectors and the economy sectors to eradicate poverty and promote employment and social inclusion.

3. SOCIAL ECONOMY REALITIES FROM ROMANIA AIMING NON-GOVERNMENTAL ORGANIZATIONS SEGMENT

In the following we make a diagnosis of the general dimensions of the social economy in Romania, diagnose aimed at covering the following analysis indicators: 1) the number of NGOs included in the social economy, 2) the number of non-governmental organizations (associations and foundations) active in the social economy, 3) number of employees in social economy organizations, 4) income and assets associations and foundations economic activities; 5) areas activity of NGOs; 6) regional distribution of social economy organizations; 7) evolution of the number of NGOs in Romania, 8) rates establishing associations and foundations during 1990-2010.

To achieve this diagnosis was used as a research method: analysis of documents provided by FDSC Romania (*The social economy Atlas, 2011; The analysis of financing mechanisms directly from the state budget for NGOs in Romania, 2007* and analysis of statistical data provided by the INS during 2000-2009).

According to the National Institute of Statistics, in Romania social economy includes a number of approximately 70,000 organizations and 36.77% of them were identified as active organizations and accumulated incomes of organizations active in the year 2009 reached EUR 6 million lei equivalent to 1.5 million euros. In social economy organizations worked more than 163,000 employees, representing 3.3% of total employed population. (See table 2)

Of the total 25,744 active organizations, associations and foundations hold the weight of social economy segment in Romania from two perspectives: a) the representative number of these organisations - 23100/2009 which represent 89.73% from organizations active and b) the amount of income, fixed assets or staff employee.

Table 2. Social economy organizations: Financial indicators

2009	Nr. Organizații Active	Total Imobilizări (Lei)	Total Venituri (Lei)	Total Excedent (Lei)	Total Personal Salarial
Asociații și Fundații	23,100	4,487,997,415	4,318,562,541	643,597,873	109,982
ONG cu act. economica	2,471	2,092,026,105	1,889,902,178	235,425,576	23,551
Case de Ajutor Reciproc	897	1,077,861,865	230,927,692	67,574,847	18,999
CAR Salariați	704	570,490,474	116,289,083	36,940,866	16,275
CAR Pensionari	193	507,371,391	114,638,609	30,633,981	2,724
Coop Meșteșugărești	788	597,105,105	760,469,633	38,138,113	25,553
Coop Consum	894	151,027,781	591,473,959	12,065,928	7,401
Cooperative de credit/ Bănci Cooperatiste	65	81,707,645	132,701,737	3,697,641	1,419
Total	25,744	6,395,699,811	6,034,135,562	765,074,402	163,354

Sursa: INS, 2009

From the statistical data provided, it appears that income and assets associations and foundations engaged in economic activities totaled 44% of total revenues and assets of non-governmental sector. Incomes generated exclusively by economic activity (sales or public contracting) have experienced a constant upward trend, reaching a value of 792 million lei at the end of 2009, which means a

contribution of 18.5% of economic activities in the total income of the non-governmental sector. (Source: INS 2009, FDSC 2012)

Regarding the main activities of NGOs in Romania in 2009 the first places are classify the social and charitable activity (23.9%), followed by the field of sports (17.8%), education, research and training (10.6%). The following table shows that despite the fact that the total revenues of organizations working in social charity are the highest (25.8%), incomes from economic activities represent 16% of total economic income, agricultural associations even if recorded 13.5% of total incomes registered the highest percentage (30%) of the total economic income.

The religious organizations, followed by social services and sports organizations have attracted economic income during 2009. Also of the data provided by the INS to show that sports organizations and educational organizations are the biggest employers in the NGO sector in Romania.

Table 3. The nongovernmental organizations: Areas of activities (2009)

Domenii de activitate	2009 (total ONG)	2009 (% din total ONG)	2009 (Total venituri)	2009(% din Total venituri)	2009 (Total venituri economice)	2009 (% din Total venituri economice)	2009 (Total Personal)	2009 (% dinTotal Personal)
Social și Caritabil	5522	23.9%	1,112,972,238	25.8%	124,801,211	16%	18,221	16.6%
Sport și activități de hobby	4103	17.8%	592,930,500	13.7%	115,691,611	15%	25,804	23.5%
Educație, Cercetare și Formare Profesională	2456	10.6%	508,887,395	11.8%	48,832,300	6%	25,537	23.2%
Asociații Agricole/Obști	2278	9.9%	581,088,727	13.5%	241,101,088	30%	8,155	7.4%
Cultură	2133	9.2%	188,505,951	4.4%	25,364,218	3%	3,522	3.2%
Organizații religioase	1852	8.0%	928,843,727	21.5%	183,781,589	23%	17,122	15.6%

Source: INS 2011; FDSC 2011

As mentioned previously in Romania are recorded in the year 2009 to 23.100 active associations and foundations. Regarding regional distribution of active social economy organizations (see table 4), these are spread in all development regions of Romania, associations and foundations with a weight higher in regions with greater development level (Central 4702, North - West-4389) and less weight in regions with lower development level (South East - 1783 South West 1790).

It may be noted, from Table 4, that 22% of all social economy organizations operating in rural areas, most representative of which are agricultural associations within the NGO sector and consumer cooperatives, which can be considered a rural phenomenon.

Table 4. Regional distribution of social-economy organizations

2009	Asociații și Fundații	CARS	CARP	COOP Credit	Coop Mestesugărești	Coop Consum	Organizații de Economie Socială	% din Total
Nord-Est	2490	90	35	12	211	158	2996	10.6%
Vest	2370	51	22	5	69	106	2623	9.3%
Sud-Est	1783	125	19	8	126	112	2173	7.7%
Centru	4702	74	22	7	91	148	5044	17.9%
Nord-Vest	4389	87	24	14	106	153	4773	16.9%
Sud-Vest	1790	79	27	4	64	77	2041	7.2%
Sud	2091	86	34	10	74	112	2407	8.5%
București Ilfov	3485	112	10	5	47	28	3687	13.1%
România	23100	704	193	65	788	894	25744	
Rural	4,158	52	14		5	683	4,907	22%

Source: INS 2011; FDSC 2011

In the following table, it can be seen which is evolution of the number of NGOs is recorded in NGOs register of the Ministry of Justice. (Constantinescu, 2011)

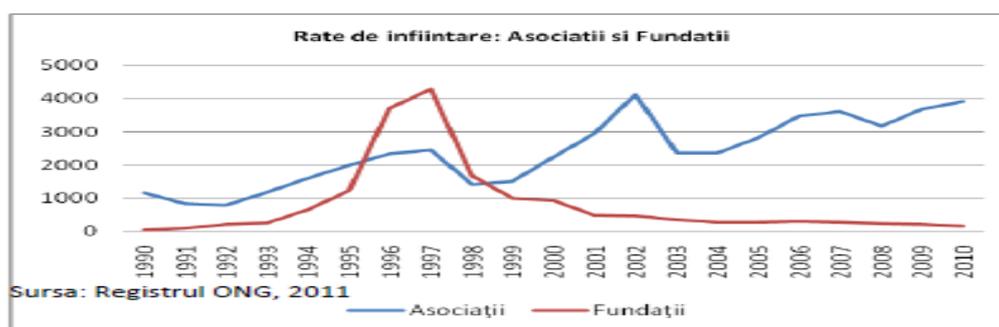
Table 5. Evolution of the number of nongovernmental organizations in Romania (2000-2009)

	2000	2005	2007	2008	2009
Asociații și Fundații Înregistrate (Registrul ONG)	32,160	49,038	56,832	60,261	64,197
Asociații și Fundații Active (INS)	10,730	16,937	19,819	20,945	23,100
Rate de activitate	33.4%	34.5%	34.9%	34.8%	36.0%
ONG cu act. economică (INS)	1,265	2,536	3,203	2,416	2,471
Rate de act. economică	11.8%	15.0%	16.2%	11.5%	10.7%

Source: NGOs Register; Ministry of Justice; INS 2011; FDSC 2011

Thus, clearly reflects the idea that there is a steady increase by two times higher of the number of organizations registered in the period 2000-2009. It can be seen that the number of NGOs with economic activity has increased steadily from 2000 until 2007 and then has recorded a slight decreased in 2008 and 2009.

Regarding rates setting up of the associations and foundations in the period 1990-2010 there has been an ascendant curve in the next time periods: 1992-1997; 1999-2002; 2004-2007; 2009-2010, and on the establishment of foundations has been a progressive value during 1990-1997 and regressive value in the period 1998-2010 (see figure 1)



Source: INS 2011; FDSC 2011

Figure 1. Establishing rates of Associations and Foundations

4. CONCLUSIONS

The social economy represents a topical issue both at European and national level. In the context of European legislative regulations what supporting and aimed developing social economy activities, that offers sustainability activities aimed at the wellbeing of individuals and communities, non-governmental sector is a pillar of its development.

Social economy development took place on the background of political economic and social transformation, in Romanian and European society.

The political, social and economic changes since 1989 provide a policy framework conducive to the development of social economy.

In this moment, in Romania, are registered over 70000 organizations, from which over 23100 are active. These organizations are working in different fields: education, social, environment, culture, religion, offering various goods and services, establishing partnership relations with public organizations and business, mobilizing interests and capabilities, defending rights and promoting new ideas and reform projects (FDSC, 2010, p.7)

From the statistical data provided, it appears that income and assets associations and foundations which offered economic activities totaled 44% of total income and assets of non-governmental sector. The incomes generated exclusively by economic activity (direct sales or public contracting) saw a steady growth trend at the end of 2009. (FDSC, 2007)

Regarding the main activities of NGOs in Romania in 2009 the first places are classify the social and charitable activity (23.9%), followed by the field of sports (17.8%), education, research and training (10.6%). (INS, 2009)

In recent years, in Europe and in Romania, made their appearance those social entities provided by the NGO sector that operates outside the strict limits of the market and the state, and operating in the social economy. These entities have in the vision of Lester Salamon, following common features: have an institutional structure; are private, independent of the state in institutional terms; do not distribute profits - do not share profits with administrators (managers) or with a group of their "owners"; self-

governing - have control over their own operations and decisions; are voluntary - participation in them is not required by law and can attract voluntary contributions of time or money. (Salamon et al., 1998)

In conclusion, social economy involve economical and social dimensions both of them are interacting, the social economy representing a human approach to the problems and economic facts and constituting a special type of economy that aims to benefit the entire society.

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