

# Social Solidarity Economy

## The Impact of Social Enterprises



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# A Social Movement for Alternative Economies with a Variety of Names

**Social Economy:** économie sociale / F / EU – CMAF: Co-operatives, Mutuals, Associations, Foundations – Social Economy Europe – CIRIEC

**Solidarity (-based) Economy:** économie solidaire / F / Quebec – economia solidaria / Lateinamerika – RIPESS – ASEF/SE Asia

**Community Economy / Enterprise / Business:** GB / IRL – Commonwealth / COMMACT

**Third Sector / NGOs – NPOs / Civil Society:** ISTR – Johns Hopkins Project – Zivilgesellschaft in Zahlen / Bertelsmannstiftung

**Third System:** tertia systema / I – EU / TSEP

**Social Enterprise:** Legal frameworks in GB / I – EMES – BEST/D – Social Enterprise Coalition / GB a. o.

**Social Co-operative:** Legal frameworks in I / PL – Sozial-/Stadtteilgenossenschaften / D

**Social Entrepreneurship:** USA – Ashoka – academic institutes D / DK / GB o.a.

**Social Business:** M. Yunus – EU/SBI

**People's Economy / People-Centred Development:** economia popular / Lateinamerika / Illich / Razeto / Max-Neef – PCD/SE Asia

# Historical Background

The SSE is based on a tradition of more than 150 years:

Four major strands of development:

- **Economic self help** in the tradition of the co-operative and mutual assistance movement
- **Charitable help 'for others'** in the tradition of the social welfare organisations
- **Philanthropy** in the traditions of donations and foundations
- **Voluntary action** in the tradition of volunteering and community associations

# Common Characteristics: A Working Definition

- Formally established economic activities to achieve primarily social and/or community oriented objectives
- Setup, run and controlled by initiatives of citizens or other civil society organisations to serve unmet needs and/or solve conflicts
- The economic performance is subordinate to the social and/or community oriented objectives by statutory agreement to work not-for-private-profit and reinvest the surplus in the overall objectives
- The organisational structures are based on co-operative or collective principles

# Theoretical Background: Concept of a Pluralistic Economy

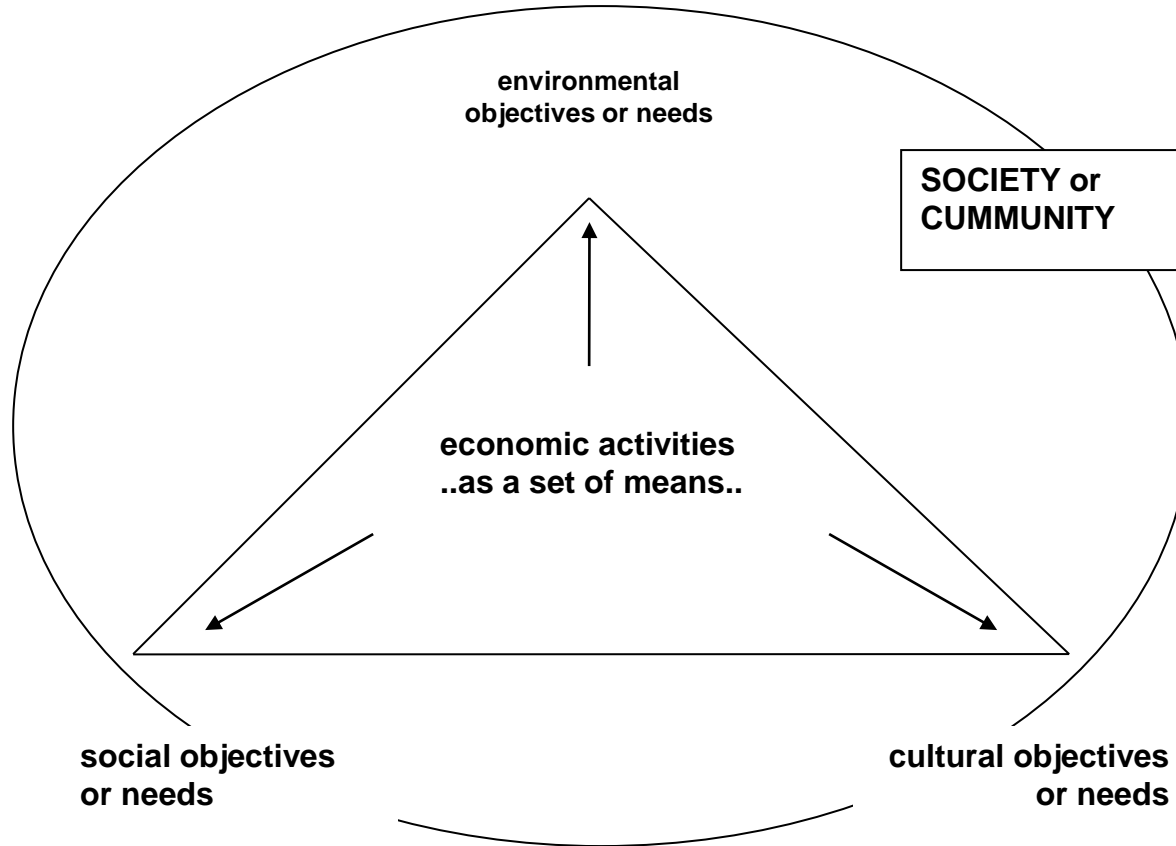
- The economy is understood as a system of means to serve people's needs
- These means of production vary considerably in different historical and cultural context
- At present we can identify at least four major economic systems according to their dominating principles:
  - A first system – for private profit
  - A second system – for public service (redistribution)
  - A third system – for social profit resp. the common good
  - A fourth (and often neglected) system – the informal or shadow economy

## Historical Approach (Max Weber)

- European economies are seen as ‚mixed economies‘ combining market and state principles (first and second system)
- But there has always been an ‚economy in the shadow‘ which is increasing in times and areas of economic crises
- The Social Solidarity Economy resp. Third Sector is a way of economic self help ‚out of the shadow‘:
  - from competition to co-operation
  - from individualism to solidarity
  - from informality to visibility

# Understanding Sustainability

*Diagram: Sustainability triangle*



# The Emergence of Social Enterprise

In times and areas of economic crises people gather around unmet needs and/or unsolved conflicts

People start protesting and campaigning: others should meet the needs or solve the problem

People decide to take over responsibility by themselves, embark on economic self help and become social entrepreneurs



## Inventing innovative solutions

- In this situation, social enterprises have to find and have found alternative as well as innovative strategies to survive
- The following is based on the European Curriculum 'Local Social Economy' developed with partners from Germany, Italy, Poland and Scotland in 2009
- We collected a wide range of case studies from all over the world, where we could identify six major fields of activity:

# Main Fields of Activity for Social Enterprises

- Serving basic needs like food and housing
- Decentralised technical systems for energy, transport, water supply and disposal
- Proximity or neighbourhood services of all kind
- Cultural activities and cultural heritage
- Leisure and recreation services
- Environmental protection, prevention and repair
- Municipal infrastructural services

# **The Local Social Economy**

Social enterprises are mostly committed to local/community problems, but these problems are not always solveable at local level

They need to have strong roots in the community, but also co-operative relationship on regional, national and international level

Scaling up: by replication (strawberry strategy) and co-operation on higher levels (networks, consortia, partnerships, social franchising)

# **Strategies for local economic development**

- Developing a local economic action (business) plan
- Creating production and value chains (local economic cycles)
- Watching the money flow in the community
- Increasing the money exchange within the community
- Using non-monetary exchange systems like LETS, SEL and others

# Building and Improving Social Capital

Communities in economic crises areas are characterised by a shortage of financial and physical capital

But human as well as social capital is often underemployed:

- Mobilising the untapped capacities of local people
- Investing voluntary work of citizens
- Improving Social Coherence

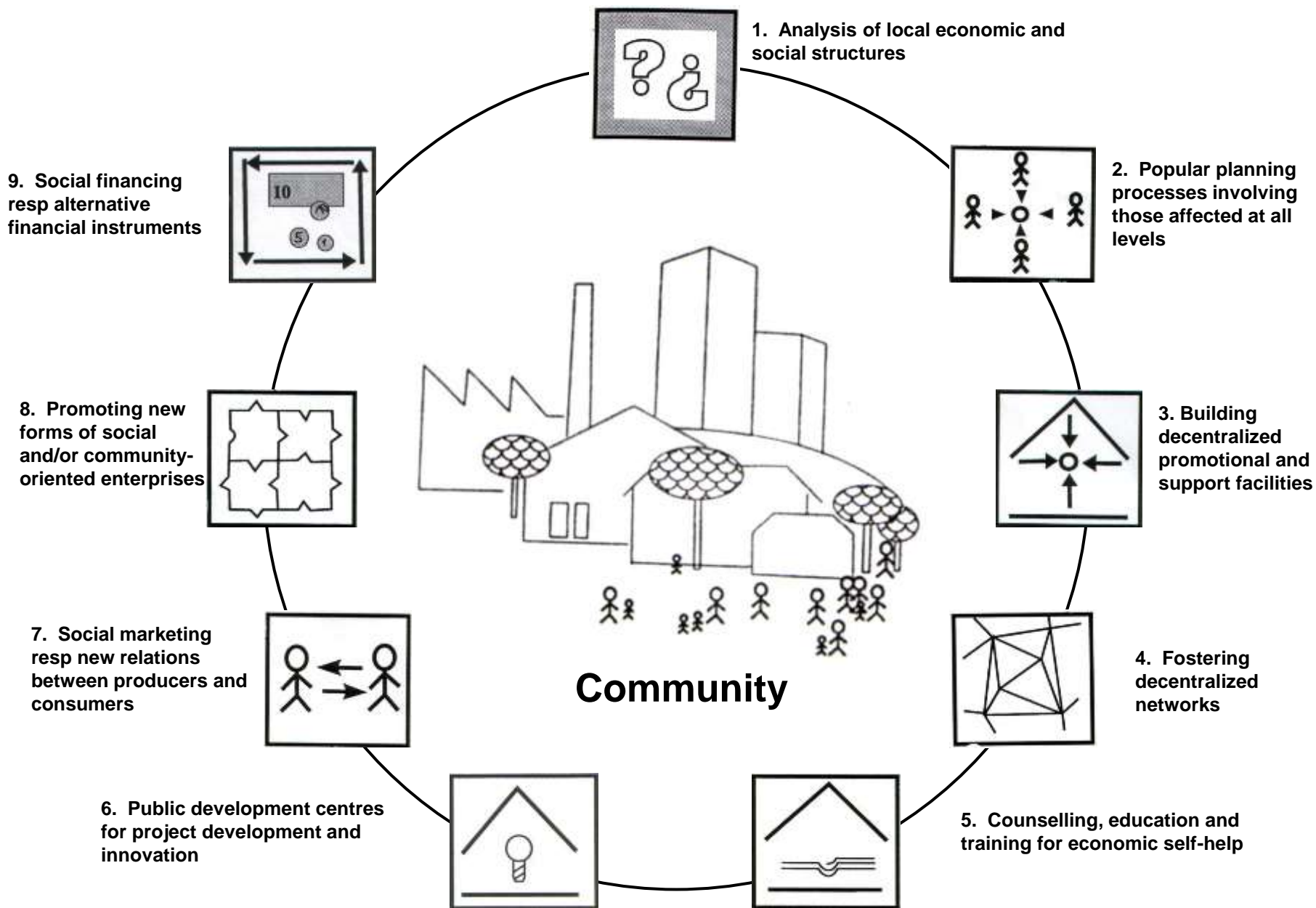
# Social Capital Indicators

- Level of trust
- Size and quality of reciprocity and mutual exchange
- Existence of generally accepted norms of behavior
- Strength of community identity and commitment
- Numbers and quality of social (formal and informal) networks
- Quality of information channels within and outside the community

# Community Centred Development

- Re-building the social and/or community infrastructure is a precondition of successful local economic development
- Local economic development has therefore often to start with apparently non-economic activities
- A programme of local economic development should be developed in three phases of
  - firstly community building
  - followed by further community development
  - and finally establishing a working community economy

# CONCEPT FOR A PROGRAMME OF LOCAL ECONOMIC DEVELOPMENT





# Societal benefit of Social Enterprises

- growth of employment opportunities in general
- growth of employment opportunities for women, elderly, disabled, migrants
- main actor in active labour market schemes
- main actor in the fight against poverty and social exclusion
- main actor in local development
- socially added value by serving goods and services in socially or locally restricted markets

# Future Perspectives

Another economy is possible: Local, social, sustainable vs. TINA ('There is NO Alternative')

Future challenges:

- increasing visibility
- developing alternative microeconomic strategies for social enterprises
- establishing intermediary services for the sector
- promoting special vocational as well as academic education and training

Reference: Local Social Economy Learning Package  
([www.Cest-transfer.de](http://www.Cest-transfer.de))

## Further Information:

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