

Social Solidarity Economy

The Impact of Social Enterprises

Dr. Karl Birkhölzer, Interdisciplinary Research Group Local Economy.
Technologie-Netzwerk Berlin e.V.

Berlin 29th of May 2013

Technologie-Netzwerk Berlin e.V. (Hrsg.)

Soziale Ökonomie in Berlin

*Perspektive für neue Angebote
und sinnvolle Arbeitsplätze in der Hauptstadt*



gefördert durch

Hans Böckler
Stiftung

Faktoren für eine faire Arbeitswelt

TechNet

Technologie-Netzwerk Berlin e. V.

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

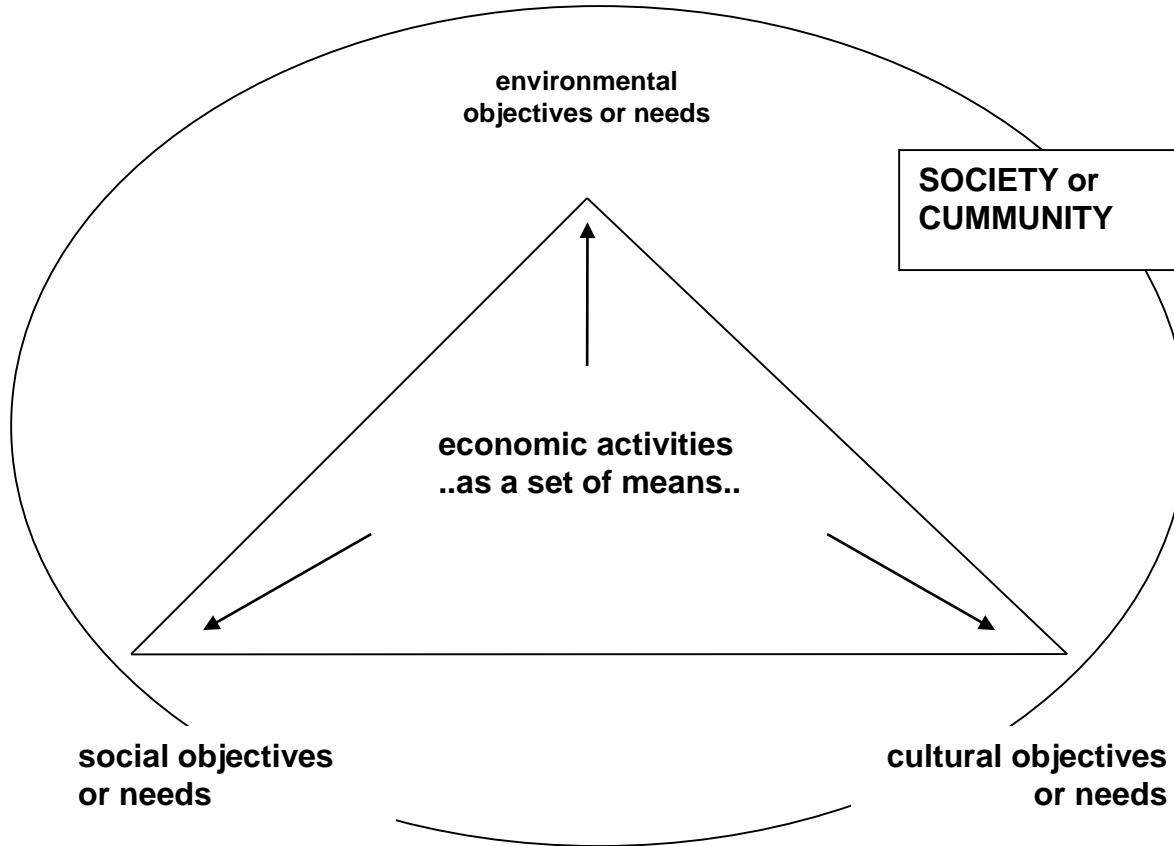
- The economy is understood as a system of means to serve people's needs
- These means of production vary considerably in different historical and cultural context
- At present we can identify at least four major economic systems according to their dominating principles:
 - A first system – for private 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

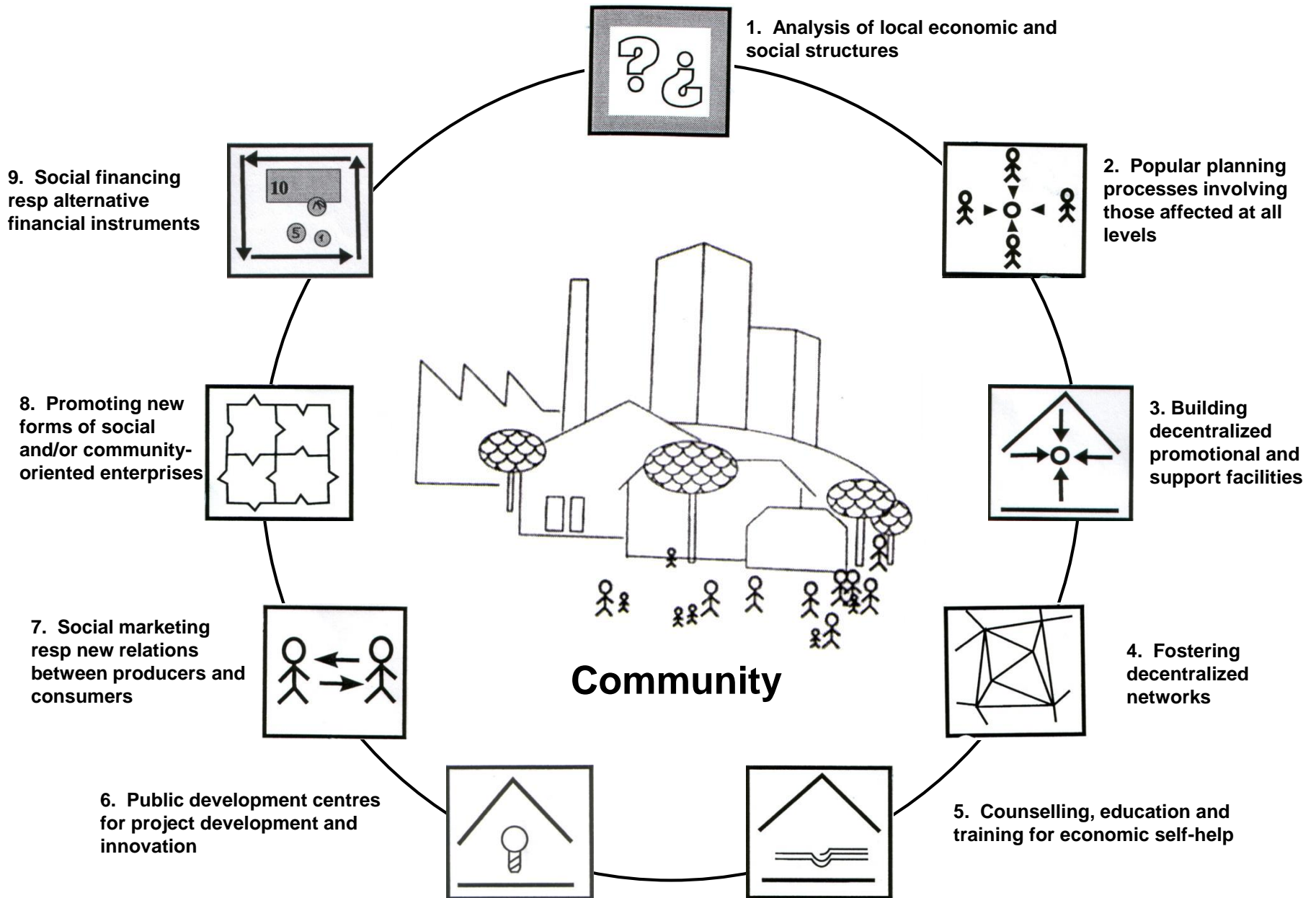
Social Capital Indicators

- 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)

Further Information:

Dr. Karl Birkhölzer

k.birkhoelzer@technet-berlin.de

www.technet-berlin.de

www.Cest-transfer.de