

THE COOPERATIST SECTOR – SOCIAL INVOLVEMENT. THE DEVELOPMENT REGIONS OF BUCHAREST – ILFOV AND SOUTH-EAST, ROMANIA

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Abstract: *The purpose of this article is to underline the social importance of the cooperatives from the regions of Bucharest-Ilfov the South-East of Romania. In this paper there was made a comparison between the sector of the social economy and the cooperative movement being brought strong argumentations in the favor of subscribing the cooperatives to the social economy sector. The cooperative movement may represent a source of renewal for the social economy in all. From this point of view, the function of social protection can't be conceived in an isolated way but has to be seen as being in a tight relation with the cooperation's involvement in the economical system of the society. The results of the study that was made on a number of 235 cooperatives from the regions that were analyzed showed that from the point of view of the social protection function, the cooperatives have a less significant importance. The lack of a now and then help of their members, persons that belong to a vulnerable social group suggests the possibility that the produced problems by the economical activities of the cooperation to be so low that to be needed only limited interventions. The future researches should come with solutions for the surviving and the enrichment of the economical performances of the social cooperatives that represent instruments with a high potential as concerning the function of social protection of the vulnerable social groups*.*

Keywords: *social economy, social cooperative, social protection, vulnerable social group, community.*

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* Abbreviations: CEP-CMAF - Social Economy Europe, was set up in 2000; SE Chart - Social Economy Chart; EU - European Union; CAR - Houses of Mutual Aid; L.N.O.P.H.C.M. - The National League of the People with Disabilities from the Craftsmen Cooperatives; VAT - Value-added Tax; NGO/ONG - Non-Governmental Organization.

Introduction

Next to the mutual societies, associations and foundations, the cooperative societies are social economy organisations. The social economy sector was legally established in the 19th century (Deraedt, 2009). Although there is no official definition of the social economy at the European level, the different approaches and definitions of the social economy include references to cooperatives as basic social economy organisations (Romanian Ministry of Labour, Family and Social Protection, 2010). For instance, according to a definition given by the Belgian Walloon Council for Social economy (1990), social economy “consists of economic activities undertaken by societies, *mostly cooperatives*, mutual associations and other associations where the ethics is in agreement with the following principles: the end purpose is to serve the members and the community rather than to make profit, autonomous administration, democratic decision-making, priority given to people and work rather than to capital within the process of profit distribution” (our emphasis).

According to Romanian authors, social economy include all organizations situated between the public and private sector in terms of organization, operation and principles declared (Pîrvu, D.; Ungureanu, E.; Hagi, A., 2009, p. 53).

The field literature defined the cooperative system by making reference to two components whose combination is to Levi and Davis (2008: 2179), the very “reason to be of the cooperative phenomenon, the source of its originality”. The two components are the social and the economic: the existence of the cooperatives depends on the functioning of each individual component. According to the arguments of Levi and Davis (2008), the associative component encourages the cooperative members to form an organisation with social purposes, while the economic component has the purpose to mobilise the resources of the enterprise in support of accomplishing the social goals.

This approach of the cooperatives – focusing on the economic and social components – is quasi-identical with the approach of the entire social economy. This is only natural considering that the “system of values and the principles guiding the popular associations, whose synthesis is traced in the history of the cooperative movement, served to formulate the modern concept of social economy” (CIRIEC, 2009). In order to understand adequately the relation between the social economy and the cooperative sector, it is useful to compare two documents which stipulate the principles of these two areas of activity. Thus, we have the *Chart of the Social Economy Principles*, proposed in 2002 by the Permanent European Standing Conference of the Cooperatives, Mutual Societies, Associations and Foundations (CEP-CMAF) organisations (Romanian Ministry of Labour, Family and Social

Protection, 2010); we also have the *Statute of the European Cooperative Society* adopted by the Council of the European Union (2003). These two documents will be subsequently referred to as *SE Chart* and *ECS Statute*.

SE Chart stipulates the priority given to the individual and to the social capital rather than to the capital, as basic principle of the social economy. Similarly, ECS activities must be organised to the mutual benefit of the members, so that each member enjoys ECS activities. *ECS Statute* doesn't preclude explicitly the interest for the capital; it even allows the presence of investors, who cannot use ECS services, though, with voting rights limited, collectively, to 25% of the total number of votes (preamble 9 and article 59 of ECS). At the same time, *ECS Statute* specifies that the benefit of each member is in agreement with its contribution.

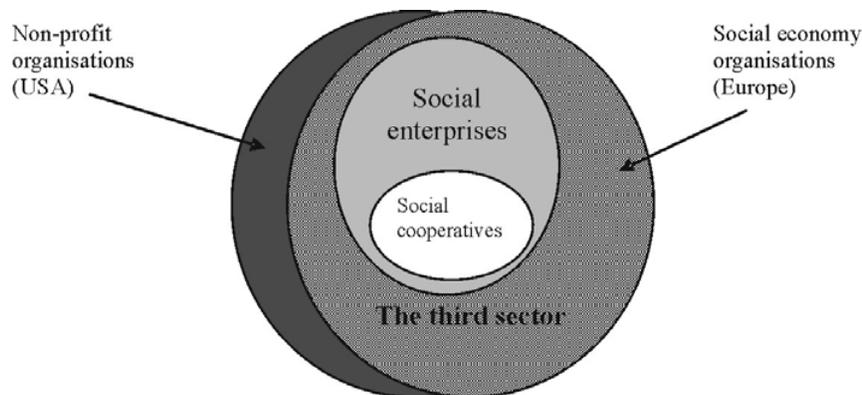
The democratic control of the members on the organisation is acknowledged both in *SE Chart* and in *ECS Statute*, but it leaves open the possibility of weighing the distribution of votes with the purpose to take into consideration the contribution of each member to ECS activity. *ECS Statute* acknowledges, however, in principle, the rule "one man, one vote".

SE Chart stipulates that most of the surplus "is used to accomplish the goals of sustainable development and to deliver services to the interest of its members or services of general interest." The corresponding stipulation in *ECS Statute* is that the profit must be redistributed on equitable bases or retained and used to the interest of its members.

There also are differences between the two documents. *SE Chart* stipulates the principle of harmonizing the interests of the members/users and/of the general interest, while *ECS Statute* stipulates the general interest only in relation with the dissolution of the European cooperative societies, situation in which their assets and the reserves must be distributed to other cooperative entities with similar objectives (with those of the dissolute ones) or objectives of general interest.

The conclusion is that the activity of the cooperative societies belongs, in their entirety, to the social economy. On the other hand, the social economy is very comprehensive and it includes crediting and loans (through mutual aid houses) or social services for the vulnerable groups (associations or foundations) which are not specific to the cooperative societies. A good illustration of the relations between the social economy and the cooperative sector can be found in Thomas (2004), even if it analyses a specific category of cooperative societies stipulated by the Italian law, the social cooperatives (Figure 1).

Figure 1
 Venn diagram representing the relations between the social economy, the third sector and to social cooperatives.



Source: Thomas, 2004, p. 247.

The researchers interested by the social economy put their hopes in the capacity if the social activity area – the third sector in US terminology – to create or preserve jobs under the circumstances in which the other two sectors, the private and public sectors, are unable to cope with the changes in economy. Starting with the 1970s, the interest for the cooperative sector materialized, for instance, in the works of Desroche (1976), as a strategy for the social and economic insertion of the disfavoured people (Laville 2001). Within the context of deepening regional unemployment disparities due to the expansion of the metropolitan centres, social economy caught the interest of the social policies actors (Westlund 2003). The interest for social economy increased lately both in the different EU member states, and within the institutional framework of the European Union, a proof in this direction being the “Report on social economy” of the European Parliament (2009). According to it, the interest for social economy is a response to “acknowledging the limits of the traditional public and private sectors to answer the current challenges on the labour market and to the challenges of the quality and quantity of the services of collective interest” (European Parliament, 2009).

In Romania, a series of social economy researchers consider that it offers solutions to reduce social exclusion by increasing employment for vulnerable and creating mechanisms to help these people (Arpinte, D.; Cace, S.; Cojocaru, 2010, p. 66).

This chapter undertakes to answer the following question: which is the social protection function of the cooperatives in Romania, at this moment? The theoretical

justification of the work comes from a more general question regarding the social role of the cooperative societies. This problem has been stated by Defourny et al. (2001) in a paper on the control of social exclusion in Europe. These authors anticipated that the cooperative sector would represent a source of restoration of the whole social economy. From this perspective, the social protection function cannot be conceived isolated, rather in tight relation with the involvement of the cooperative sector to the economic system of the society. Unfortunately, the situation of the cooperative sector in Romania shows no optimistic perspectives, but the implicit comparison with an ideal situation might provide the “essential tension” required for the renovation of this institution.

Following is an operational definition of the cooperative societies function. The next section will relate this social function to the historical evolution of the cooperative sector, which was established much in response to the need of the poor and/or marginalised classes, within the process of capitalist industrialisation, to maintain or improve their material status and social identity. The subsequent section analyses, starting from quantitative and qualitative data from the research projects *Integrated* and *Proactive*, the social protection role which the cooperative societies from the development regions Bucharest-Ifov and South-East, from Romania, practice, perceive or anticipate. Section four debates the economic survival of the cooperative societies and the way in which the process of economic marginalization affecting them bears on their social protection function. The last part provides the conclusions of the chapter and the prospects of the research into the cooperative sector.

Although the cooperatives are considered part of the social economy, a more definite conceptual delimitation must be drawn: which is the social function of the cooperatives? Two theoretical positions developed in response to this question. On the one hand are those considering that the main task of the cooperative system is the economic one, while the social contribution seems to be a secondary effect of the economic activities (Fairbairn 2002). This position is similar to the one of the economist Milton Friedman who said, in reference to the private sector, that the social responsibility of the corporations is to make profit. On the other hand, as mentioned above, blending the economic function with the social one is essential to the welfare of the cooperative system and its members (Levi and Davis 2008). Although they seem opposite, both perspectives contribute to understanding the social function of the cooperative sector in a broader sense, as it was conceived in the research projects *Integrated* and *Proactive*.

The social function of the cooperative societies to be investigated in this chapter comprehends, operationally, two aspects: on the one hand, the social protection role of the cooperatives which use part of their resources for the social protection of its members experiencing situations of vulnerability and, on the other hand, the more general social role of the cooperatives as employer. The first aspect might be called

the social protection vocation of the cooperative societies, which underlies their social function and which originates from the collective identity which the cooperatives bestow on their members. The underlying values of the social protection function of the cooperatives are the mutual help and the charity (Romanian Ministry of Labour, Family and Social Protection, 2010, p. 20). The second aspect is that of the need of socio-economic integration which the individuals try to respond by participation in the cooperative system. This is why it is important to explore the way in which the cooperative organisations facilitate the access of the vulnerable people or groups to the labour market (Defourny et al., 2001; Arpinte et al., 2010: 67). The economic survival of the cooperatives is a *sine qua non* condition for the social function in relation with the broader society. Anticipating the following discussion, as the cooperative sector contracted after 1989, the members of the cooperatives can be considered themselves as being vulnerable, the organisations representing their interests being increasingly fewer and smaller.

Obviously, the two aspects are not independent since an individual chooses to participate in the cooperative sector or in the private one *also* due to the solidarity values which the cooperative movement presumes. Briefly, the operational definition of the social function of the cooperative societies presumes two aspects: 1. Utilization of the surplus generated by the cooperative activities for the comprehensive and sustainable social protection of the members in need and 2) involvement of the vulnerable people (externally) and on the existing members (internally) within a comprehensive cooperative labour system. We will approach both aspects, considered in their historical dimension.

The social function of the cooperative societies: collective identity and economic survival in a historical approach

Defourny et al. (2001, p. 22) said that the social economy appeared, partly, as result of social movements which perceived themselves as vectors of social change, as “assertion of the possibility to bring social solidarity to life through economic activities”. Within the current debates on social economy, both in the scientific world and within the concrete (practical) contexts where social economy activities develop, the ethic values of solidarity and reciprocity play a fundamental role (Moulaert and Ailenei, 2005, p. 1048).

However, which is the origin of these values? According to Defourny et al. (2001), three values start, historically, from the collective identity conferred by the affiliation to the guild of the craftsmen. This class was, at the same time, marginalised and deprived of its historical privileges, but it also was highly solitary. The labour unions, the workers' parties and the mutual aid societies, the cooperatives and the voluntary associations emerged from this world of the people freshly stripped of their privileges

by the development of the capitalist production system, a world which, nevertheless, was aware of its public destiny (Defourny et al. 2001, p. 21). The mutual help and charity amongst the members of the craftsmen classes animated the cooperative from their very beginning.

On the other hand, the cooperatives appeared in the 19th century in response to the employment problems which the private and public sectors were unable to solve (Defourny et al. 2001, p. 24-5). This is the first stage of the idea of social economy, the one formulated in 1830 by Charles Dunoyer in his book *Nouveau traité d'économie sociale* (Westlund 2003: 264). Defourny et al. (2001: 20) describe in the following terms the circumstances in which social economy emerged:

Social economy, particularly its cooperative side, emerged amongst the exploited class which was struggling to improve its standard of living which were very unsafe [in the 19th century].

The most eloquent example of “requirement creation” is that of the craftsmen cooperatives which appeared as a reaction of the manufacture workers who were seeking to preserve their status of craftsmen when they were confronted with the possibility to become mere proletarians employed in the expanding capitalist system. Similarly, the consumption cooperatives were established to ensure the access of their members, with severely limited incomes, to the basic food and non-food products (Defourny et al. 2001). The first consumption cooperative acknowledged as starting point for the cooperative movement is “Rochdale Society of Equitable Pioneers”¹, established in 1844. On the other hand, however, the cooperatives also appeared within non-industrial contexts, such as the many cooperatives (for watermills utilization, for game etc.) established in the Middle Ages and in the early modern period in Finland and in other European societies. An interesting note is that among these incipient organisations there were poor people cooperatives and a cooperative of the old people from a parish (Aaltoonen 1961). In all these situations, it is important to observe that the cooperative sector emerged due to needs which could not be met using the market mechanisms or, more generally, through the spontaneous interaction of the individuals.

Generally, cooperatives, as the organizational structures of social economy based on specific forms of entrepreneurship are turning to increase quality of life of vulnerable people (Zamfir, E.; Fitzek, S., 2010).

Returning to the present situation, the European experience and regulations in the field of cooperatives show that their social vocation is not just pure rhetoric. According to the National Survey of the Italian Social Confederations, on December 31, 2003, there were 6,169 cooperative societies registered in Italy, of which 60.2% provided social, educational and health care services (the so-called type A cooperatives) and 32.1%

¹ <http://www.answers.com/topic/rochdale-1>.

provided jobs to the disadvantaged people who wanted to join the labour market (type B cooperatives)¹. These two types (A and B) are social cooperatives established in Italy according to a special law (381 of 1991), whose purpose is a better utilization of the human resources and the social integration of the socially marginalised people (Thomas, 2004). The main activities of the type A cooperatives, resided in the field of social assistance and were provided particularly to families and through day-care centres (Levi and Davis, 2008). Type B cooperatives were studied in depth by Levi and Montani (1995). The cooperatives they analysed, a total of 15, employed both people with disabilities and people with no disabilities in productive activities (gardening, hotel services or toy manufacture) (Levi and Davis, 2008). The authors revealed that the cooperative ethics made the cooperative members consider surplus distribution and the payment of dividends as being foreign to the cooperative spirit. The existence of such spirit among the cooperatives included in the analysis is to be observed in the following paragraphs. The 1970s and the 1980s were for Western Europe the moment of a fresh start for the social economy through cooperative structures. The downsizing of the welfare state and the reappearance of poverty and unemployment problems can be solved, at least partly, by the development of the social economy, of the cooperatives particularly, at the local level (Elsen and Wallimann 1998). Even if they have an eminently pro-social orientation, and they differ thus from the economic actors of the free market, the cooperatives from the Italian study (Levi and Davis, 2008), participate intensely in the economy understood in its traditional meaning. For instance, the type A and B cooperatives were employing about 190,000 people, of which 161,000 were employed directly by the cooperatives and other 28,000 were employed indirectly by collaboration contracts and 32,000 were working without any payment. The turnover reached about 4.5 billion euro.

The problem of the economic integration of the cooperative societies within the local, regional and national economy is very important for the cooperatives at the present time. Understood as answers to the crisis of the welfare state (Defourny, et al., 2001), the cooperative societies have the basic role of solving (at least) part of the problems which the market economy mechanisms left unsolved, i.e. long-term unemployment, social exclusion, the economic situation of the peripheral rural areas, etc. (Monzon and Chavez, 2008). The need for social inclusion can only be met if the forms of organisation specific to the social economy, in general, and to the cooperative sector, in particular, succeed to integrate a significant number of people on the labour market and if this integration persists and even expands. From the opposite point of view, the contraction of this sector, it is obvious that both the function of socio-economic survival and the social-protection vocation of the

¹ The two types of cooperatives no longer have strictly delimited activities, as they have been formulated initially by law 381 of 1991; currently they are also named mixed cooperatives (Thomas, 2004).

cooperatives suffer. We will subsequently analyse the two aspects of the social protection function of the cooperative societies using the data collected during the research programs “Integrate – Resources for the socially excluded Roma women and Roma groups¹ and of the research project „Proactive – from marginal to inclusive”.

Data collection methodology

The survey conducted during the research project Integrate included quantitative and qualitative studies on the social economy offer (including cooperative societies, non-governmental organisations – NGOs – and houses of mutual aid - CAR) from the regions of development Bucharest-Ifov and South-east. Another component of the research, whose data will not be used in this paper, included a questionnaire-based survey of the demand for social economy conducted on a sample of the population from the mentioned regions. Both the offer survey and the demand survey were conducted in January-April 2011.

The survey of the offer of social economy used three types of questionnaires which collected data regarding those types of organisations, on the perception of their managers and of their staff. All the identified organisations which agreed to supply information were included in the survey. The total number of surveyed units was 235 cooperatives, 229 NGOs and 228 CAR. The quantitative data were collected during qualitative interviews conducted with the representatives of the three types of organisations. In this chapter we will focus on the cooperative societies included in the survey, but we will also make comparisons between them and the houses of mutual aid and the NGOs operating in the two surveyed regions of development (Bucharest-Ifov and South-east). Another source of data collection was from the interviews with the presidents of the cooperative societies conducted during the Proactive project in the regions of development South-Muntenia and South-west Oltenia.

The relative and absolute frequencies of the organisations which provide specific forms of support for their members, for instance, will be mentioned, even if their number is low, as indicating the situation of the cooperative sector in the two regions. This approach is legitimate under the circumstances in which most cooperative societies don't provide such forms of support. The results can be only little generalised not because of the lack of data, rather because of the scarcity of the support forms developed by the cooperative societies at the present moment.

¹ Project financed by the European Social Fund through the Sectoral Operational Program Human Resources Development 2007-2013 “Invest in people!” Priority Axis 6 „Social Inclusion Promotion”. Area of intervention 6.1 „Social economy Development”.

The social protection vocation of the cooperative societies from Bucharest-Ilfov and South-east development regions

How much of the surplus obtained by the cooperative societies is invested in the social protection of the cooperative members who are in vulnerable situations? To answer this question, we will use the answers provided by the presidents or representatives of 235 cooperative societies from Bucharest-Ilfov (39) and South-east (196) regions. Most of these organisations are cooperative societies of the 1st degree¹, accounting for 81% of the cooperative societies from Bucharest-Ilfov and 82% of those located in South-Muntenia region. The cooperative societies of the 2nd degree (which include mostly cooperative societies of the 1st degree, plus other natural or legal persons, according to the same law) represent 16% and 12% for the two regions, respectively².

The most general question regarding the social protection function of the cooperatives – if the organisation provides any kind of support to its members in need – produced the following responses: 35%, or 13 of 37 cooperative societies in Bucharest-Ilfov and 41% or 80 of 196 cooperative societies in South-east currently provide or used to provide such support. The proportion of cooperative societies providing support for the vulnerable persons is lower than in the case of the NGOs (80% and 82% in Bucharest-Ilfov and South-east, respectively) and slightly lower than in the case of the mutual aid houses (CAR) from Bucharest-Ilfov (57%). On the other hand, the CAR units from South-east region are less active (39%) in supporting the people in need even than the cooperative societies. In absolute values, the number of cooperative societies which didn't provide in the past or don't provide currently any kind of support to their members is very high: 24 of 37 units in Bucharest-Ilfov and 114 of 196 units in South-east.

It is important to notice the dynamics of the cooperative society's function of whether they provide or not support for the people in vulnerable situations. While in Bucharest-Ilfov region of development, only 2 of the 37 representatives of the cooperative societies stated that they used to aid the people in need (without mentioning, however, how far in the past they did this), the current proportion is 11 of 37. On the other hand, the proportion remained quite stable in South-east region: 35 of the 196 cooperative societies provided assistance in the past and 45 of 196 units currently provide assistance. These differences are statistically significant in every region³.

¹ Which means, according to law 1/2005, that they are formed of natural persons and that they are registered according to the provisions of this law.

² The difference to 100% consists of non-answers.

³ The chi-square tests have values of 36.564 and 114.079 for Bucharest-Ilfov and South-east, respectively, which corresponds, for 4 degrees of freedom, to a significance level of <0.001.

The main supportive activities for the people in need provided by the cooperative societies are in the form of single aids provided to the cooperative members in special situations or in emergency cases; very rarely the aid is in the form of periodical assistance. For instance, the aids provided most frequently by the cooperative societies are for funerals (about two thirds of the cooperatives from Bucharest-Ifov¹ region of development and 40 of the 45 cooperatives from South-east region). The next form of support, in terms of relative frequency, is represented by the emergency aids provided by about half of the cooperatives from Bucharest-Ifov region and by a fifth of the cooperatives from South-east region. The third form of assistance regards payments for treatment or medical surgery (dental ones included), provided by a quarter of the cooperative societies from Bucharest-Ifov region and by a fifth of the cooperatives from South-east region. From this point of view, the cooperative societies from the two regions resemble to the mutual support organisations of the mid-19th century (Moulaert and Ailenei 2005). In contrast, a single cooperative society from Bucharest (of the 11 cooperatives from Bucharest-Ifov region which provide assistance) and one in South-east region (of the 45 cooperative societies) provide periodic al aids.

The intention to supply aid to the people in need give first-hand image of the social function of the cooperatives and of their potential contribution to the development of social protection forms with the cooperative sector. Less than half of the cooperative organisations from Bucharest-Ifov and just a fifth of the cooperative organisations from South-east stated their intention to develop (new) forms of support in the near future. Furthermore, almost half of the representatives of the cooperative societies from South-east region stated their intention *not* to develop such activities. This inertia of the cooperative sector is in strong contrast with the intentions stated by the non-governmental organisations and by the houses of mutual aid. 53% of NGO representatives (of 118 located in Bucharest-Ifov) and 40% (102 from South-east region) stated their intention to diversify and develop the supply of new social services, while only 33% and 26% of the NGOs from the two regions of development stated that they don't intend to do this. While the latter two values seem rather high, it is important to remember that most the NGOs already support the people in need (about 80% of them).

It is interesting to notice that the attitudes of the cooperative societies from South-east region regarding the intention to come to the support of the people in need are very similar to the intentions of the CAR² units from the same region. Like in the case of the cooperatives, only a fifth of the CAR units intend to develop new forms of support, while about half explicitly denied such an option.

¹ Because of the low number of organisations providing support in Bucharest (11), we do not mention the percentage, rather the approximative proportion.

² It is about the CAR unit in general, if not otherwise specified.

This attitude of a limited, sometimes almost inexistent, role of the cooperative societies in supplying services to the people in need is confirmed by the interview-based research. For instance, in Vrancea County, the cooperative societies of consumption and the credit cooperative have no programs or activities in support of the vulnerable groups from the community, outside the usual, commercial activities. Furthermore, they don't even have the intention to run such activities in the future. The interviews conducted with the representatives of the leading bodies of the cooperative societies and of the CAR units from Vrancea County revealed that they are preponderantly oriented towards profit and too little (or almost at all) towards the social impact. From the discussions with the representatives of these leading bodies, it resulted that they do not perceive themselves as social economy organisations. For instance, during a focus group with the representatives of the social economy organisations conducted at Focşani, a participant said that CAR and cooperative representatives did not attend the meeting "maybe because they don't understand yet what social economy is and why they are included in it..."

This information, corroborated with the information regarding the aids supplied in the past or present, suggest a negative and pessimistic image on the function of social protection which the cooperative societies may provide to their members or to the broad community to which these organisations belong. The aids provided by the cooperative units are mainly meant for single events with features of personal or family crisis in the life of the cooperative members. The lack of any periodical assistance suggest the possibility that the surplus obtained from the economic activities of the cooperation societies is so low that it only allows limited interventions in support of the cooperative members. The next section will analyse the budget of the cooperatives, which might clear up this matter. On the other hand, it may also be possible that even of the economic situation of the cooperatives is not precarious, their social involvement is quasi absent. For instance, the representative of a craftsmen cooperative society from Vrancea County asked "*what does social economy mean for us? The thinking should start from the people up, not from the bottom people...*" and then he added "*We don't quite have possibilities in this direction...*".

We will subsequently discuss the few cases of the organisations which intend to develop the existing forms of support for their members. Consistently with the above observations, even these organisations don't seem to be willing to assume an expanded or long-term role of social protection. The representatives of five cooperative societies from the Bucharest-Ilfov region of development and nine from the South-east region of development stated their intention to develop new forms of support. It is important, however, to analyse in more detail which are the initiatives of these organisations, which are their target groups, what financing they intend to access and which kind of partnerships are they ready to establish in their endeavour to develop such activities. The most mentioned form of aid is the financial assistance

as loans or financial aid. Three cooperatives from Bucharest-Ifov and as many from South-east intend to develop such forms of aid. Other two cooperatives from Bucharest-Ifov intend to develop home services either as medical assistance or care, or as socialisation. Significantly, just one organisation intends to develop activities stimulating the development of the cooperative sector, i.e. training courses, labour integration, protected workshop or production. Although they stated their interest in the development of social services, a significant number of cooperative societies (6) from South-east region didn't respond the answer regarding their actual intentions.

Other indicators of the low social impact of the cooperative organisations are those regarding the sources of financing they foresee to use in expanding their activities and those regarding the partnerships they are willing to establish to this purpose. All the 14 representatives of the cooperative societies refrained from mentioning an answer, except for a single cooperative society which mentioned sponsorships and private donations as source of financing. All the five cooperative societies from Bucharest-Ifov region and half¹ of those located in South-east region mentioned they want to develop these activities by themselves, with no assistance from NGOs or public institutions. In contrast, at least two thirds of the non-governmental organisations intend to establish such partnerships for the development of social services. The corresponding proportion of CAR units is lower (about a fifth). The autarchic way in which the cooperative societies approach the expansion of the social protection questions the feasibility of their proposals.

The cooperative societies also seem to lack a clear conception of the beneficiaries of the new forms of support for their members in need. For instance, eight of the nine cooperative societies from South-east region of development provided no answer as to the age category of their beneficiaries. On the other hand, the cooperative organisations from Bucharest-Ifov region refer to the adult people in general, while not specifying a special category of higher vulnerability in connection with the age. Regarding the general type of vulnerability, the answers seem to lack orientation, similar with the situation of the age of beneficiaries, particularly for the South-east region. Here, eight of nine respondents provided no kind of answer. In the Bucharest-Ifov region of development, the most frequent answer, three of the five organisations, is that they intend to assist the people in contextual vulnerability. Another organisation from Bucharest-Ifov stated that it intends to assist the people from institutions experiencing situations of vulnerability or the people in a state of permanent vulnerability. On the other hand, none of the 14 cooperative societies (from both regions) intending to develop forms of support, seems to be willing to undertake actions of development, prevention or education. Comparatively, about

¹ The other half of respondents didn't answer our question.

15% of the NGOs mentioned this field as having potential interest for the expansion of social services in both regions.

The social protection function – conceived as vocation – is also measured by the extent to which the cooperative societies employ or intend to employ people from the group with high vulnerability. In this interpretation, employing the vulnerable people is an expression of the social solidarity. The cooperative societies employed less people belonging to the vulnerable groups than the NGOs or the CAR, with one exception, the CAR units from South-east region (only 1% of the 179 CAR units stated to have employed vulnerable people). The breakdown the employed people by group of vulnerable situations is as follows: the people with disabilities were employed most by the cooperative societies (3 of 39 units in Bucharest-Ilfov and 16 of 196 units in South-east region), followed by the Roma people (4 of 37 units in Bucharest-Ilfov and 16 of 196 units in South-east region). The comparison with the other organisations put the cooperative societies in a bad light. For instance, 20% (127), respectively 19% (102) of the NGOs from Bucharest-Ilfov and South-east regions employed people with disabilities. 20% of the NGOs from Bucharest-Ilfov and 2% from South-east regions employed Roma people. The cooperative societies resemble to the non-governmental organisations in this latter point of view. On the other hand, just 2 of the 196 cooperative societies from South-east region and none from Bucharest-Ilfov employed people receiving the minimal guaranteed income, while 5% of the NGOs from Bucharest-Ilfov and 6% from South-east region employed vulnerable people from this category. Similarly, the young people coming from placement centres were employed in just 4 of the 196 cooperative societies from South-east region (and by none cooperative from Bucharest-Ilfov region), compared to 11% and 14% of the NGOs from Bucharest-Ilfov and South-east regions.

The comparison with the CAR units provides an image full of shades of colours regarding the “closeness” of the cooperative societies to employing disfavoured people. Very few CAR units from South-east region employed disfavoured people: only two units (1%) stated to have Roma people on their staff (from no other group of disfavoured people). The number of mutual aid houses from Bucharest-Ilfov is the same with the number of cooperative societies (4 of 49) who employed people with disabilities, but exceed the proportion of cooperatives which employed former beneficiaries of the minimal guaranteed income (4 of 49 compared to 0) and the proportion of cooperatives which employed Roma people (5 of 49, compared to 2 of 39).

The main reasons invoked by the cooperative representatives to employ vulnerable people pertain to the decision of the leaders to assist people in difficulty (9 of 21 answers in both regions) and to the competency of the employee (14 of 21 answers). On the other hand, the assistance of an NGO or the intervention of an authority didn't

contribute to the employment of any vulnerable person, according to the representatives of the cooperative societies. This suggests the poor integration of the cooperatives in the networks relating the vulnerable persons to social economy. On the other hand, the NGOs and CAR units are in a similar situation: only 3 of 73 NGOs (4%) said to have employed vulnerable persons with assistance from an NGO and 2 employed such persons following the intervention of an authority.

The collaboration between the cooperative societies and the NGOs is rather low in general and not just regarding employment. 7 of 36 Bucharest-Ilfov cooperatives and 33 of 196 South-east cooperatives have collaborated with non-governmental organisations (rarely, sometimes more often). The collaboration with NGOs is at a low level, for instance compared to the collaboration with the town hall or banks (between 22 of 36 and 103 of 195), with the county Chamber of Commerce and Industry (between 19 of 36 and 88 of 195) and with private companies (between 11 of 36 and 88 of 195). The NGOs are not mentioned by any representatives of the cooperative societies as having provided actual assistance to the cooperative activity.

The negative image regarding the employment of vulnerable people suggested by the quantitative research must be corrected with the information regarding the craftsmen cooperatives employing people with disabilities. The National League of the People with Disabilities from the Craftsmen Cooperatives (L.N.O.P.H.C.M.) joins associations of the people with disabilities consisting of former employees of the cooperatives for invalid people. The league is a non-governmental association whose members are the protected units especially established for the people with disabilities. The league currently consists of 19 units, 16 of which being craftsmen cooperatives. The president of the league revealed that they are the only organisation whose exclusive purpose is to facilitate the employment of the people with disabilities, which means the active protection of these persons. On the other hand, the 200+ NGOs for people with disabilities are involved in the passive protection of the people with disabilities. The existence of this league is a benefit to the social insertion of an important category of vulnerable persons. At the same time, we must not forget that the cooperative sector doesn't fulfil its mission of social solidarity – widely accepted at the European level – towards the other categories of vulnerable people.

The cooperative societies can also be seen as the “ultimate refuge” for some categories of employees who, because of their skills which are no longer demanded at present, are exposed to the risk of social exclusion outside the cooperative system. The president of a cooperative society from Giurgiu County said that their activity belongs to the social economy because their members have a job and don't end up in poverty or in the situation to “go into the street to rob or knock people on their head.”

Returning to the quantitative research, the intentions to employ people belonging to the vulnerable groups is just slightly better than the existing situation (Table 1). In other words, the cooperative societies display a very limited interest to employ vulnerable people. Irrespective whether this attitude is caused by the relative lack of interest for the welfare of the broader community, or whether it is due to the very limited resources available to the cooperative units to employ staff, the fulfilment of the social function suffers.

Table 1
Employment of vulnerable people: current situation and prospects

Categories of vulnerable people	Current employees (% of cooperative societies)		Intended employment (% of cooperative societies)	
	Bucharest-Ilfov cooperatives	South-east cooperatives	Bucharest-Ilfov cooperatives	South-east cooperatives
People with disabilities	3	14	4	16
Former beneficiaries of the minimal guaranteed income	0	2	4	16
People released from detention	0	0	0	12
Young people leaving the placement centres	0	4	6	18
Roma people	2	4	5	12
Total (absolute figure)	39	196	37	196

Source: Database of the research project Integrate – Resources for the socially excluded Roma women and Roma groups (2011)

The largest differences between the current situation and intentions of employment can be noticed for the former beneficiaries of the minimal guaranteed income, of the young people leaving the placement centres and for the Roma people. In the first case, the representatives of the cooperative societies expressed their intention to employ poor people maybe because they intend to provide a minimal standard of welfare for these people, as much as the economic survival allows in a cooperative. The increase is spectacular in relative terms (from 0 to 4 of 37 cooperative societies in Bucharest-Ilfov and from 2 to 16 cooperative societies in South-east region). On the other hand, in absolute terms, only one tenths of the cooperatives consider

increasing of the number of people with guaranteed minima income being employed. The increase of prospective employment also is substantial for the young people leaving the placement centres (from 0 to 6 of 37 cooperatives in Bucharest-Ilfov and from 4 to 18 cooperative organisations of 196 in South-east), but this idea is considered by only a very small proportion of the cooperative organisations (16%). The Roma people also are prospective candidates for employment by the cooperative societies, but the increase is lower in this case (from 2 to 5 of 37 cooperatives in Bucharest-Ilfov and from 4 to 12 cooperative organisations of 196 in South-east).

There is, however, a category of vulnerable persons, the former penitentiary inmates, who seem to be completely excluded from the employment intentions of the surveyed cooperatives. Although no cooperative currently employs people from this category, the cooperative societies from Bucharest-Ilfov region have no intention to employ such people in the future, while the South-east cooperatives consider this option in a very limited proportion (12 of 196).

The effect of the legislative framework on the employment of vulnerable people is very low, and this can be seen from the analysis of the quantitative data collected from the presidents or managers of the cooperatives included in the research. According to the representatives of the cooperative societies, both in Bucharest-Ilfov, and in South-east regions, the proportions are very similar for the different categories of vulnerable persons within each region. For instance, in Bucharest-Ilfov region of development, 28 and 31 of the 36 presidents of cooperative societies located there consider that the laws support only little or very little the employment of vulnerable people (including here the people with disabilities, the beneficiaries of minimal guaranteed income, the people released from detention, the young coming from the placement centres and the Roma people). The corresponding frequencies for South-east region of development are 137 and 143 of 195 cooperative societies, for the employment of the same five categories of vulnerable persons.

On the other hand, the interview survey show that there are situations in which the potential employees of the cooperatives, irrespectively whether they are vulnerable or not, are not interested in the jobs offered by the cooperatives. For instance, in Buzău County, the president of a cooperative with lucrative activity said that although he cooperates with the county Employment Agency, he cannot employ stable staff. In many cases, the unemployed people which the Employment Agency sends to his cooperative demand to be refused so that they can go on receiving the unemployment benefit.

With few exceptions, the cooperative societies seem to be the most reticent, compared to the NGOs and less with the CAR units, to employ vulnerable people, both in terms of offering social services, and in terms of offering jobs. A cause of this

state of facts comes, undoubtedly, from the rather narrow vision of the cooperative organisations on their broader social role. On the other hand, the lack of vision must also be interpreted within a broader economic context within which the cooperative societies were severed after 1989 from the main productive activities in the Romanian economy.

Economic integration of the cooperative sector and accomplishment of its social function after 1989

Before approaching the problem of the different economic context in which the cooperative societies are compelled to operate currently, and during the past two decades, we will present their economic situation through the quantitative data collected from them. The perception of cooperative representatives regarding the economic future of the cooperative societies is generally positive. Almost two thirds of the Bucharest-Ifov cooperatives (23 of 37) and more than two thirds from South-east region (138 of 196) consider, for instance, that the turnover will remain constant or will increase in 2011. The same favourable opinion is shared in similar proportions regarding the evolution of their surplus (profit). The cooperative organisations are not significantly different from the CAR units regarding the evolution of these two indicators: evolution of the turnover and of the surplus. This observation is supported by the square-chi test¹ which doesn't reject the null hypothesis of the two variables independence.

The number of staff which the cooperatives anticipate displays a different dynamics. A rather high proportion (22%) of the cooperative representatives in both regions of development expects a drop in the staff number, which makes the cooperatives significantly different from the other types of organisations (CAR and NGO). Only 11% of CAR and 6% of NGO representatives consider that the number of staff will decrease. The differences are statistically significant².

The pessimistic anticipations of the cooperative representatives regarding the staff number tend to be supported by the information collected during the interviews. For instance, in Vrancea County, there are 45 operational cooperative societies. The number of the other types of organisations is lower: just 12 non-profit organisations supplying social services and 36 houses of mutual aid. However, the cooperatives display the steepest decline, both in terms of number of registered organisations, and in terms of membership. The representative of an agricultural cooperative doing

¹ The chi-square tests have values of 1,385 and 1,545 for the evolution of the turnover and of the profit, which corresponds for one degree of liberty, to a significance of >0.1.

² The chi-square test has the value of 23,669, which corresponds for two degrees of liberty, to a significance of <0.001.

export was saying that “as long as they will not support us, they [the cooperatives] will slowly dissolve and will no longer have a future”.

The statistics on the turnover of the cooperative societies from Bucharest-Ilfov and South-east regions of development display different trends. Because many cooperatives didn't supply a full set of data for each year (2008, 2009 and 2010), the results had to be interpreted with caution. The turnover of the cooperative organisations from Bucharest-Ilfov increased slightly between 2008 and 2010, from an average 141,000 RON to 154,000 RON, while the turnover of the cooperative organisations from South-east region decreased strongly from 403,000 RON (2008) to 350,000 RON (2009) and to 289,000 RON (2010).

The surplus obtained by the cooperatives varies substantially between the two regions. While for 30 of 37 cooperative organisations from Bucharest-Ilfov, profit sharing is a priority, in South-east region only 71 of 196 cooperatives share the profit, while most of them (114 of 196) reinvest it. On the other hand, only 17 of 37 cooperative societies from Bucharest-Ilfov region reinvest the profit. The trend to share the profit among the cooperative members, very strong among the cooperatives from Bucharest-Ilfov region, suggest that they tend to function in an autarchic way, leaving little resources to develop their activity or for social protection activities targeting the vulnerable persons from the broader community.

The low number of members also shows that the participation of the cooperatives to the economic life of the communities is very low. In Bucharest and Ilfov, for instance, the average number of cooperative members is 4-5, while in South-east region it is 7-10 (with a decreasing trend between 2008 and 2010). On the other hand, the average number of cooperative members in EU member states (EU-25) was almost 600 in 2005 (Monzon and Chaves 2008).

The low social function of the cooperatives can be explained, beyond the limited and individualist vision displayed, at some length, by their representatives, by the peripheral role of the cooperative societies in the contemporary Romanian society. During the socialist period the cooperative sector accounted an important share of the Romanian economy, mostly in the rural areas (Arpinte et al., 2010). The agricultural production cooperatives owned in the early 1970s, 94% of the total arable area of Romania (Cernea, 1972). These benefits turned to some of the vulnerable members of the cooperatives, such as the people with disabilities. For instance, L.N.O.P.H.C.M. president said that before 1989:

At that moment, they [the cooperatives] were involved only and only in the organisation of production and had several facilities, such as no taxes on merchandise circulation, as the current VAT was called at that time; the people with disabilities received a dwelling from the state, mainly at the lower floors because they were employed by this unit and they also had a wage.

The president of an NGO dedicated to helping the people with disabilities fills in the image of strong integration of the cooperatives, implicitly of the vulnerable persons, within the general economic activity:

Before the 1989 revolution there were many craftsmen cooperatives which employed people with disabilities "by the hundreds of thousands" [most probably and overestimation of the actual number]. These cooperatives included: tailoring workshops, clock manufacturing, optics, shoemaking, spices production and packing, household appliances etc. Some cooperatives even had own shops. In many cases they relayed on monopoly, on the status of single supplier, bestowed on them by the state, such as the production of army clothes. The people with disabilities were employed in the cooperative, but didn't reach the managing levels.

In some counties, mostly in the southern area of Romania, the activity of the craftsmen cooperatives accounted for 50% of the total economic activity of the county before 1989 (Arpinte, Cace and Cojocaru, 2010). The large cooperative societies were functioning according to the pattern of the socialist enterprises and provided medical educational services (such as kindergartens) to their employees and their families. The period after 1989, particularly between 1990-2000, caused the activity to shrink both because some markets (formerly controlled by the state) disappeared and so did some partners of economic transactions (mainly the large enterprises). The reduction of activity was followed by the trend of many cooperatives to sell their goods for the short-term benefit of the cooperative members (Arpinte, Cace and Cojocaru, 2010).

The number of employees in the cooperative sector decreased constantly over the recent years. Arpinte, Cace and Cojocaru (2010) estimate that, given the decreasing trend displayed during the past four years, in no time we will be speaking of the cooperatives at the past tense unless appropriate measures for the active support of the cooperative sector are taken. After 1989, the Decree-Law 67/1990 regulated the organisation and functioning of the consumption and credit cooperatives, which was replaced by Law 109/1996 regarding the organisation and functioning of the consumption and credit cooperatives. The Ministry of Labour, Family and Social Protection reported (2010) a decrease of the number of cooperative societies, particularly the craftsmen cooperatives.

Conclusions

The cooperative societies appeared historically, in response to two necessities felt by the modern society: the need for economic survival and the need for collective identity and social solidarity among the disowned classes. Cooperative associations have developed economic activities focused mainly on helping the poor / economically excluded (Zamfir, E.; Fitzek, S., 2010, p. 9). The cooperatives fulfilled

their social function providing jobs to their members, under the circumstances in which the private sector was unable to offer jobs; additionally, the cooperatives supplied social services to their members and to the wider community, within the spirit of social solidarity. The argument of this paper is that the two functions are tightly interlocked. The analysis of the quantitative data regarding the offer of social economy in Bucharest-Ifov and south-east regions of development shows that both functions suffer presently and that this trend appeared after 1989 and continues to subsist. The cooperatives have a very limited– enclave-type – role of welfare suppliers providing exceptional benefits almost exclusively to their members. If we want to develop this very modest social role of the cooperatives, the cooperative sector must be developed and integrated within the broader Romanian economy. Without this process of integration – measured by turnover, number of contracts and number of the staff – the cooperatives will not be able to meet their social protection function which the cooperatives from the rest of European Union have.

From this latter point of view, future research on the cooperative sector should propose solutions for the economic survival of the cooperative societies, both on cooperative basis (like in other EU member states) and on historical bases (the socialist period). To avoid making them an ultimate economic and social refuge, the cooperative societies must be reinvented as vehicles of an economy based on relations of solidarity.

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