

# SOCIAL ECONOMY: FORMS AND TYPES OF ORGANIZATION

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**Abstract** This paper aims at presenting comparative central economic activities in the social economy of the regions Bucharest-Ilfov and South-East. The main directions of research are: Trends in NGO sector, human resources, professional training, economic activities, support of authorities in this respect and perspectives of development in the NGO sector. Development of economic activities in the NGO sector is necessary, because of their significant role in helping the disadvantaged. The study also based on data obtained from a qualitative and quantitative research, conducted in 2011 in the Bucharest-Ilfov and South-East but also in the South and South-West Oltenia Wallachia (the research was conducted in 2010)\*.

**Keywords:** social economy, NGOs, professional training, human resource in the nongovernmental sector.

## 1. Introduction

This article uses quantitative and qualitative data obtained during the field survey carried out in 2011 within the project called "INTEGRAT - Resources for the socially excluded Roma women and groups", which covered the regions of development Bucharest-Ilfov (B-IF) and South-East (SE). In some situations, we also used data from South Muntenia and South-West Oltenia regions of development, where a similar survey was conducted in 2010.

The analysis was conducted in a sample of 229 non-governmental organisations (NGO), whose distribution was in agreement with the presence of the non-governmental sector estimated for the counties composing the two regions of

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\* Abbreviations: FDSC – Fundația pentru Dezvoltarea Societății Civile; MMFPS – Ministry of Labor, Social Protection and Family; SE – Social Economy; B-IF – Bucharest-Ilfov; IQLR – Institute of Quality of Life Research; SE region – South-East region; CAR – Houses of Mutual Aid; EU – European Union; POSDRU – The Sectorial Operational Program for the Human Resources Development; SME – Small Medium Entreprises.

development (FDSC, MMFPS – database with the accredited suppliers of social services). For the analyses from this chapter we took into consideration the replies of 220 NGOs (118 from B-IF region and 102 from SE region). Most NGOs which responded to our questionnaire currently supply social services (76% in B-IF region and 83% in SE region), or used to supply social services in the past (1.7% in B-IF region and 6.9% in SE region).

As we mentioned in the chapter of methodology, the NGOs were identified in the database of MMPFS comprising the accredited suppliers of social services, completed with data from FDSC database. Because of the limitations due to the identification of the structures, we used the snowball method to expand the number of entities at the local level. Each representative of a local social economy organisation was asked to provide contact data of similar organisations active at the local level, so as to expand the initial database of such organisations.

The sample of managers consists of 216 respondents, 114 in B-IF and 102 in SE region of development. The total number of NGO staff involved in the survey was higher than the number of managers: 304 respondents, of which 188 in B-IF region and 116 in SE region.

**Table 1**  
*Main area of activity of the NGOs included in the sample*

	<b>B-IF</b>	<b>SE</b>
Social services (social work)	76%	83%
Education and research	36%	13%
Health care services	25%	25%
Charity	9%	2%
International cooperation (including brotherhoods between localities)	9%	7%
Religion	8%	4%
Culture and media	8%	5%
Resources centre	7%	2%
Sport and leisure	7%	7%
Civil and politic lobby	5%	2%
Environmental protection	4%	4%
Other field	7%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: INTEGRAT database (IQLR), 2011.

The large share of NGO active in social services is explained by the purpose of our survey, which is why for the initial selection of the NGOs we used databases with the accredited suppliers of social services. Some of them recommended for our survey

several other NGOs, their local partners. Therefore, the final sample consisted of organisations supplying social services and organisations which have activities relevant for the disadvantaged groups.

## 2. Trends of the non-governmental sector in Bucharest-Ilfov and South-East

The NGOs had a legal framework as early as in 1924, but they didn't have such a spectacular evolution as the other types of organisations. Their decline started in 1938 and continued during the period of the communist regime. For the nongovernmental sector, 1990 was the start of a rapid development. Beyond the actual number of NGOs that were established for tax evasion purposes, the number of active organisations increased significantly (Arpinte, D.; Cace, S.; Cojocaru, Ş., (2010, p. 71).

The structure of incomes of the NGOs from B-IF and SE differs from that of the NGOs from South-Muntenia and South-West Oltenia, where the most important sources of income are the funds obtained from the proposals of financing and the direct demand to a supplier of funds. The largest share of the budget of the NGOs from B-IF and SE comes from sponsorships (about 25% for the NGOs from both regions). The second important source of financing (16%) for the NGOs active in Bucharest-Ilfov region of development comes from the budget of the demand for financing, while for the SE region of development, the corresponding proportion is of just 5.7%. The significant difference is explained by the profile of the organisations from the two regions. In B-IF, the organisations having more favourable conditions for access to European funds dominate, while the NGOs from SE region usually access sources from the local authorities or from sponsorships and membership fees. Almost two-thirds of the organisations from B-IF region supply services at the national level, while most organisations from SE region supply services at the local and county level. Significant differences between B-IF and SE regions were also identified in terms of affiliation to a national union or federation. For both regions, the proportion of NGOs member on unions or federations is much lower than in the case of the CAR or cooperatives.

Table 2  
Affiliation of the social economy organisations to unions or federations

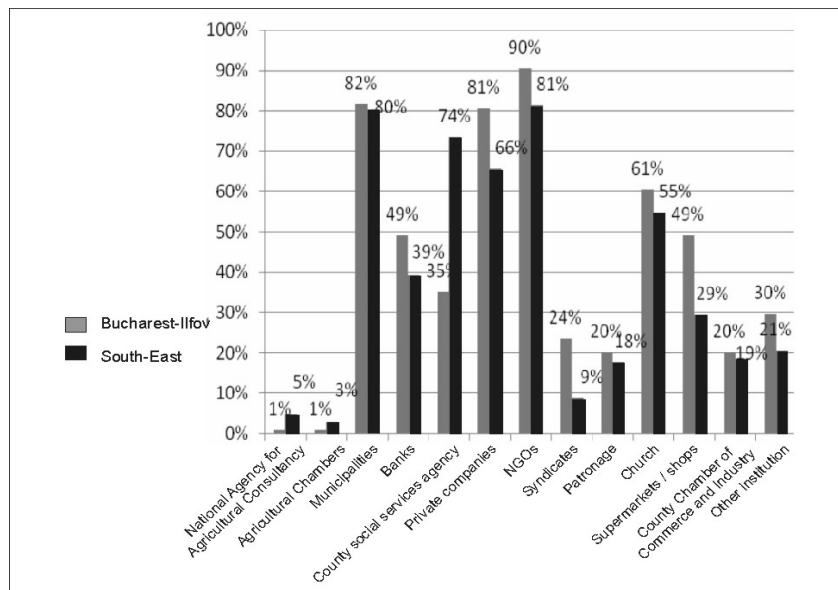
	NGO		CAR		COOP	
	B-IF	SE	B-IF	SE	B-IF	SE
Yes	54%	34%	82%	77%	76%	63%
No	44%	65%	18%	21%	22%	33%
NC/NR/NS	2%	1%	0%	3%	3%	4%
Total	100%	100%	100%	100%	100%	100%
<b>Total (N)</b>	<b>118</b>	<b>102</b>	<b>49</b>	<b>179</b>	<b>37</b>	<b>196</b>

Source: INTEGRAT database (IQLR), 2011

While in B-IF, more than 50% of the NGOs mentioned the status of union member, only a third of SE NGOs mentioned this situation. For the organisations member of a union or federation, the most important reasons for affiliation were the representation of NGO interests and the support of the useful legislation, for the NGOs active in B-IF region, while for the NGOs from SE region, the most important reasons are the facilitation of access to partnerships with other NGOs and facilitation of access to national and international sources of financing.

It is important that although the federations or unions are not perceived as being similarly important for the promotion of laws favourable to the non-governmental sector too, the NGOs have a sustained activity in law-making. Even the small organisations participate in an active manner to the promotion of legal provisions or amendments through individual initiatives next to other NGOs. Paradoxically, at the local level, the rate of participation is lower. Only few counties mentioned sporadic meetings of the organisations.

**Graphic 1**  
*Collaboration with other institutions*



Source: INTEGRAT database (IQLR), 2011

Note: the percentages represent the total of the respondents replying „sometimes”, „rarely” or „often”. N = 114 for B-IF, N=102 for SE regions.

The collaboration with other institutions, as shown in Chart 1, is rather with other similar organisations, NGOs, then with town halls, private companies and with the Church. Among the institutions supporting most the activities conducted by NGOs are the town halls (18% in B-IF, N=109, 26% in SE, N=99), other NGOs (11% in Bucharest-Ifov, 12% in SE), and the Church (8% in B-IF and 12% in SE). We may notice that the relations of collaboration of the NGOS outside the metropolitan area are focused more on the state institutions and on similar institutions. Most probably, the institutional relations of the NGOs are broader in B-IF.

When asked to assign the responsibility for NGOs support, the managers indicated primarily the MMPS (87% in B-IF and 90% in SE); the second option is the Ministry of Economy, Trade and the Business Environment (39% in B-IF and 40% in SE). The state institutions are also mentioned (25% in B-IF and 5% in SE). An interesting option, but diffuse in terms of placing the responsibility for support is the choice of the community as support for NGOs activity (76% in B-IF and 73% in SE). On the one hand, the community might consist of all the other actors mentioned previously next to the individual representatives (volunteers and other persons willing to support one way or another NGO activity). On the other hand, the fact that many answers were targeted the community level, an ambiguous construct, might show the incertitude of assigning a responsibility for support to a specific social actor.

The human resources of the NGOs from B-IF region are significantly higher than of the organisations from SE region (for instance, the average staff number is twice higher). Also, the profile of the NGOs involved in the survey is slightly different for the two regions (social work is better represented in SE region than in B-IF region). The specificity of social services supply leaves extremely few opportunities to create budget reserves to be used for own contribution of non-eligible costs for the projects with foreign funding. The data of IQLR (Institute of Quality of Life Research) research in 2008 on the capacity of the Romanian institutions active in the field of social inclusion to absorb and manage the structural funds support the problems raised by co-financing. 41% of the promoting organisations which implemented projects only in the field of social services have pointed the insufficient funds as weakness, compared to 29% of the NGOs which also implemented projects other than social services and 30% of the NGOs which implemented projects other than social services. The access to opportunities which can increase the odds of drawing resources from European funds is more easily for the NGOS from B-IF region than for those from SE region. The data of a study on the programs for the Roma communities (Cace et al., 2006), show that in Tulcea, Constanța and Galați, the NGOs are underrepresented in the distribution of the resources financing social services projects, while the NGOs from Bucharest draw significant resources. Otherwise, the evolution of the number of NGOs employees in the two regions supports the significant difference in NGO capacity. The average staff number of the NGOs from B-IF region increased by 4.6% in 2009 and by 31.4% in 2010 compared

to the previous year, while the average staff number of the NGOs from SE region decreased by 10% in 2009 and by 4% in 2010, compared to the previous year. Thus, while in 2008, the average staff number was two times higher in B-IF region than in SE region, in 2010 the difference was more than three times higher. The next section attempts to explain the causes of the high mobility of the staff from the non-governmental sector and the risks entailed by such mobility

*Human resources in the non-governmental sector*

In our survey, most of the managers from the analysed NGOs are young people below the age of 40 (58% in B-IF, N=114 and 30% in SE region, N=102). Also, the number of young employees, other than the managers, is high: 82% in B-IF and 63% in SE are aged below 40.

The high mobility noticed in the NGOs can be indicated by the rather recent experience of the responding managers, the average work history of them in the position of manager being 7 years in B-IF and 8 years in SE region.

The internal autonomy of the hierarchical organisation of the NGOs is suggested by the way in which the manager is appointed. Thus, 58% of the total 114 NGOs in B-IF appoint their manager by decision of the general meeting of the board of administration, 18% by decision of the president and 10% by competition for the job. The last option is the third of 6 possibilities, which may also show the opening towards membership renewal starting from the top.

The institutional capacity to ensure the staffing requirement is an indicator of the institutional performance. The evaluation of the managers regarding the adequacy or inadequacy of the staff number is relevant. Most managers, 78% in B-IF region and 80% in SE region, say that the number of the staff is adequate or satisfactory for the time being.

**Table 3**  
*Evaluation of staff number adequacy according to the range of NGO activity*

	NGO / B-IF	NGO / SE
	Range of activity	Range of activity
	National	Local
Adequate number of staff	40%	50%
Inadequate number of staff	60%	45%
Total	100%	100%
<b>Total (N)</b>	<b>67</b>	<b>64</b>
NR	0%	5%

Source: INTEGRAT database (IQLR), 2011

*Note: for the other three levels of NGO activity (local, county and national) there are fewer than 30 cases, so that the situation of intersection between the two variables cannot be expressed in percentages.*

We notice a difference in the evaluation of the staff number depending on the level of activity. Thus, the NGOs active at the national level (in B-IF) are more often judging that the number of staff is not adequate, while most of the NGOs working at the local level (in SE region) consider that the number of staff is adequate. The possible explanation may be the higher pressure for performance of the NGOs with national range of activity (larger number of projects, therefore higher need for human resources). The justification of the managers for the insufficient number of staff focuses on the lack of funds both in B-IF (20 of 24 cases say this) and in SE (9 of 17 cases).

**Table 4**  
*Evaluation of NGO staff number adequacy in 2010*

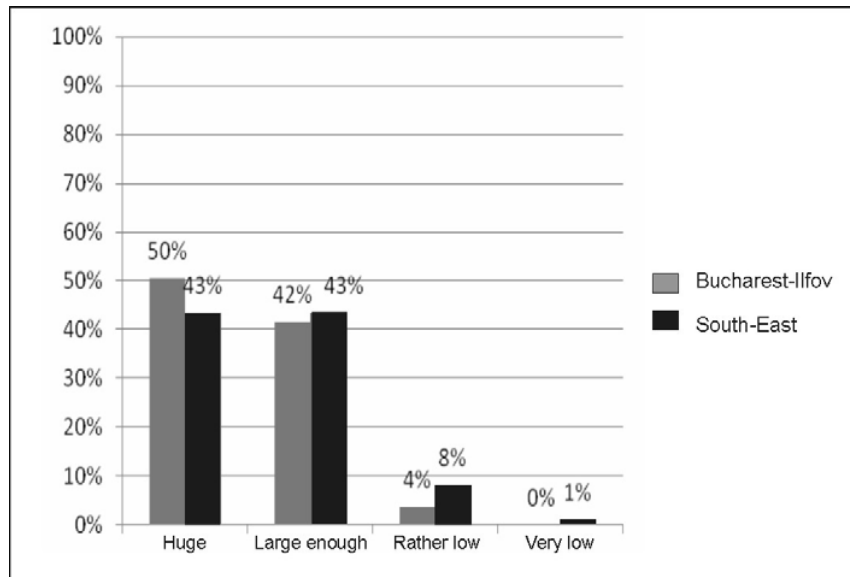
	NGO / B-IF		NGO / SE
	Less than 10 employees	10 or more employees	Less than 10 employees
Adequate number of staff	28%	47%	43%
Inadequate number of staff	69%	53%	52%
Total	100%	100%	100%
<b>Total (N)</b>	<b>39</b>	<b>53</b>	<b>56</b>
NR	3%	0%	5%

Source: INTEGRAT database (IQLR), 2011

The evaluation of the number of staff also differs with NGO size. One may notice that most of the total number of NGOs with a low number of employees (less than 10) stated that the number of staff is inadequate, the difference between them and the number of NGOs stating that the number of staff is adequate being very high (about 40), compared to the managers of the larger NGOs, where the difference between the evaluation of adequate or inadequate staffing is not that high (between 6% and 11%).

In terms of the employee motivation, most of the managers consider that the motivation and involvement of the employees are very high. Where the level of motivation is rated low, the most often indicated reasons pertain to the low financial satisfaction (10 of 13 cases) and to the lack of resources to perform their duties (5 of 13 cases).

Graphic 2  
Level of motivation and involvement of NGO employees



Note: N (B-IF)=113, N(S-E)=99.

Source: INTEGRAT database (IQLR), 2011

The organisations active at the local level in the SE region have a higher percentage of managers who consider that staff motivation and involvement are lower (18%), compared to B-IF region (6% of the managers in this region consider that staff motivation is low). Also, the small NGOs (less than 10 employees) from SE region seem to have a low level of motivation (17% of the NGOs managers in this region provided this input, N=53). No differences were noticed between the young managers and the older ones (below and over 45) in B-IF region, while such differences were observed in SE region. Thus, more managers aged 45+ consider that the level of motivation is low (17%, N=53), than the managers under 45 (9%, N=45). A possible explanation may be the different project experience of the managers from the SE region (lower possibilities of access to funding, lower wages than in the area neighbouring the capital). We may also notice that in both regions the managers of the NGOs which stated that they benefit or benefited of mechanisms of support or of sources of financing from the central authorities or from the international bodies consider in a less degree that the level of staff motivation is low (5% in B-IF, N=77 and 11% in SE, N=65), compared to the managers of the NGOs which didn't benefit if such



support (11% in B-IF, N=35 and 9 of 28 cases in SE consider that there is a low level of staff motivation).

In the surveyed NGO environment, most of the employees, other than the managers, are women. Thus, 77% of the respondents in B-IF (N=188) and 79% of the respondents in SE (N=115) are women. Analysing comparatively the distribution of women and men in the managerial and employee positions, we may notice a slight gender misbalance: although women are preponderant in the NGO environment, and therefore in the managerial position, there are more employee women than manager women, related to the overall figures.

In terms of age distribution, most employees are young people below the age of 40, 82% in B-IF (N=188) and 63% in SE (N=116). Compared to B-IF, we may notice a higher proportion of employees aged 40+ in SE region (22% in SE compared to 9% in B-IF).

The positions held by the employees show the orientation of the NGOs towards the implementation of projects and programs: most positions are held by staff specialised in implementation (48% in B-IF and 53% in SE), followed by project coordination (18% in B-IF and 6% in SE) and project implementation assistance (13% in B-IF and 10% in SE). More in B-IF than in SE there is a higher proportion of project coordinators, but there are fewer action staff, which may show, on the one hand, a smaller structure of the NGOs in the Se region and less projects implemented in this region, on the other hand.

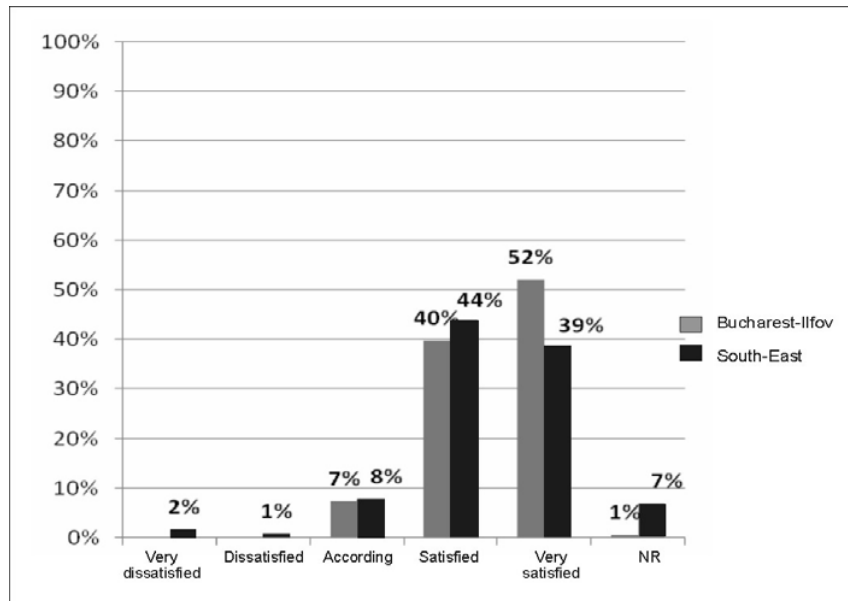
**Table 5**  
*Working time for NGOs employees*

	<b>B-IF</b>	<b>SE</b>
Full time	85%	73%
Part time	10%	10%
Limited time	5%	14%
NR	1%	3%
Total	100%	100%
<b>Total (N)</b>	<b>188</b>	<b>116</b>

Source: INTEGRAT database (IQLR), 2011

Most employees follow the general trend of the 8 working hours per day. There are few part time employees, most of them under 40. However, there are more part time employees in the NGOs than in the other social economy organisations, CAR and cooperatives, which may show a higher dynamics of the staff in these organisations.

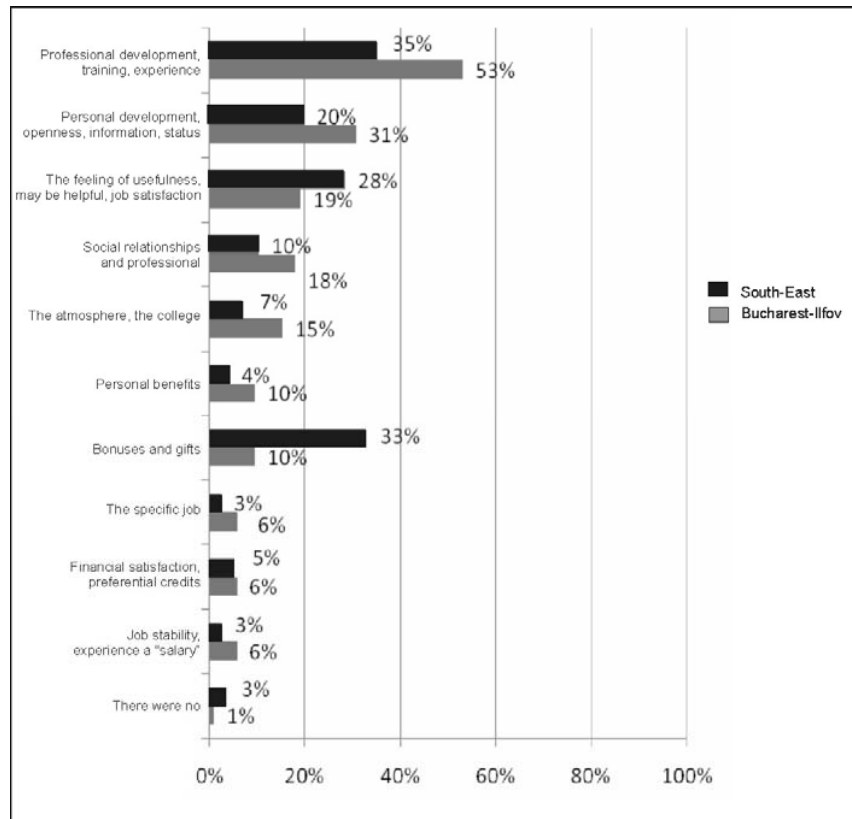
**Graphic 3**  
Satisfaction with the job of NGO employees



Source: INTEGRAT database (IQLR), 2011.

Most of NGOs employees are very satisfied with their jobs in both regions (Chart 3). When asked about specific aspects, there are nuances of this satisfaction. Thus, when evaluating the support from the colleagues and management, most (over 90%) are satisfied and very satisfied with this support, both in B-IF and in SE regions. A slight difference can be noted when the employees are asked to evaluate the support from the partners, in terms of satisfaction with this support. In this case, 16% of the employees from B-IF and 18% of the employees from SE are little or very little satisfied with this support. The explanation can be, on the one hand, the lack of a direct contact of the employees with these partners at the individual level, the contact taking place rather at the institutional level. Thus, the relations with the partners are rather formal, which may be completed in the case of the relations with the colleagues and with the management by informal relations of support, which turn these evaluations more positive. On the other hand, because the partners don't belong to the same organisational culture, the higher social distance may determine a lower support for the employees of the surveyed NGOs and, implicitly, a lower level of employee satisfaction.

**Graphic 4**  
*The most important benefits obtained as NGO employee*



N=188 (B-IF), N=116 (SE)

Source: INTEGRAT database (IQLR), 2011.

Among the most important benefits of NGO employees there seem to be the individual advantages, focusing either on the professional development, on the on-the-job experience and on formation by training, or on the personal development, on opening towards opportunities and on acquiring a social status. The bonuses and the presents are mentioned in a higher proportion in SE than in B-IF (33% compared to 10%). Job stability doesn't seem to be among the top options of NGO employees (Chart 4). The financial satisfaction also is low compared to the statements of the CAR and cooperative employees: 22% of CAR employees in B-IF and 35% of CAR employees in SE, 16% of cooperative employees in B-IF and 11% of cooperative

employees in SE selected the financial satisfaction and the preferential loans as benefits of their job.

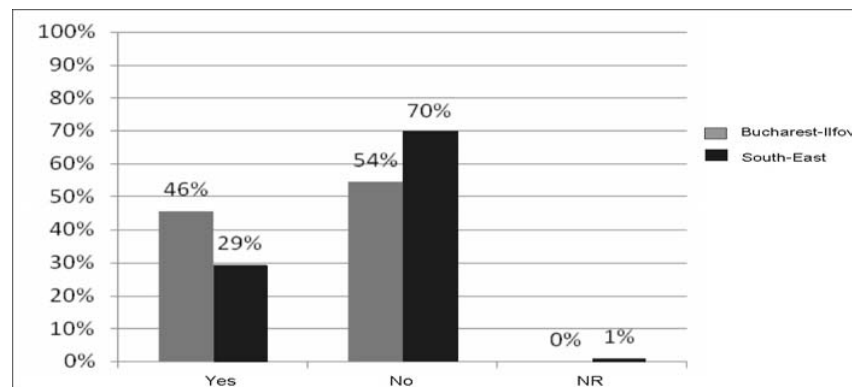
The sources of NGO employees' dissatisfaction vary quite a lot. Among the mentioned reasons are the failure in activity (10% in B-IF and 4% in SE), the stress, the large volume of work and the lack of time (11% in B-IF and 5% in SE), the lack of institutional support, the unlawful competition, the lack of solidarity (9% in B-IF and 5% in SE), the bureaucracy (9% in B-IF and 3% in SE), the wage and the material aspects (8% in B-IF and 5% in SE).

Regarding the plans for the future, most of NGO employees plan to preserve their job in 2011 (93% in B-IF and 91% in SE), and a low proportion plan to change their job, while remaining in this field (4% in B-IF and 3% in SE), or want to change both the job and the field of work (3% in B-IF and 3% in SE).

#### *Continuous professional formation*

The responding NGOs are less focused on the organisation of professional training courses, particularly in the SE region these concerns seem lower compared to B-IF region. The small NGOs (less than 10 employees) are less focused on the organisation of professional training courses than the larger NGOs (10 employees or more): in B-IF, 67% of the managers of small organisations reported that their organisation doesn't organise courses for professional formation, while 43% of the managers of larger organisations say the same thing.

**Graphic 5**  
*Organisation of courses for professional formation*

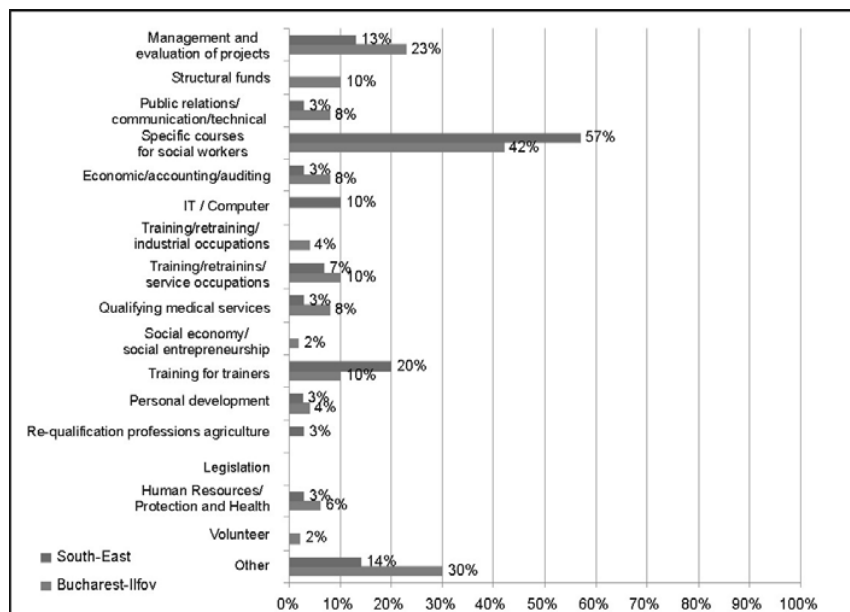


Source: INTEGRAT database (IQLR), 2011

The managers of the NGOs which benefited or benefit of support from the central authorities or from the international bodies stated more frequently that their NGO organised training courses (55% in B-IF, N=77 and 31% in SE, N=67), compared to the managers of NGOs which didn't benefit of such support (28% in B-IF, N=36 and 8 cases of 28 in SE region). The result is somehow intuitive, the formal support (financial or of a different kind) of these NGOs facilitate the diversification of their activities. It is also possible that the relation between these two variables is inverse, meaning that the organisation of training courses may determine a more frequent interaction with such institutions and, implicitly, a higher support from them.

Most of the training courses organised by NGOs are special courses for social workers, which shows the professional orientation of these organisations, of direct support for the disfavoured social categories. Thus, 42% of the NGOs from B-IF (N=52) and 57% of the NGOs from SE region (N=30) organised such training courses.

Graphic 6  
*Courses for professional formation organised by the NGOs*



Source: INTEGRAT database (IQLR), 2011

Following are the courses of management, project management, project evaluation and implementation (23% in B-IF, 13% in SE) and the training courses for teachers (10% in N-IF and 20% in SE). The courses teaching different areas of the social economy, social entrepreneurship and social economy activities organised by NGOs are very few in both regions (2% in B-IF and none in SE). Where such courses are taught by NGOs, this is done in the metropolitan area, and none elsewhere in the country. The average duration of such training courses organised by NGOs is of 6 days (in B-IF).

The satisfaction with the thematic and duration of the training courses is very high (80% to 94%), while the manner of certification (acknowledgement) is less appreciated. The difference from the other dimensions of satisfaction with these training courses may show, on the one hand, a lack of formal certification of such training courses and, on the other hand, a limited certification and acknowledgement for professional development. The possibility of using the information acquired during the training courses also has slightly lower values of the satisfaction with the thematic and duration of the training courses, particularly in the SE region.

The previous data show somehow that the provision of formation courses is not a priority in NGOs activity, much less so in the SE region.

**Table 6**  
*Satisfaction with the formation courses*

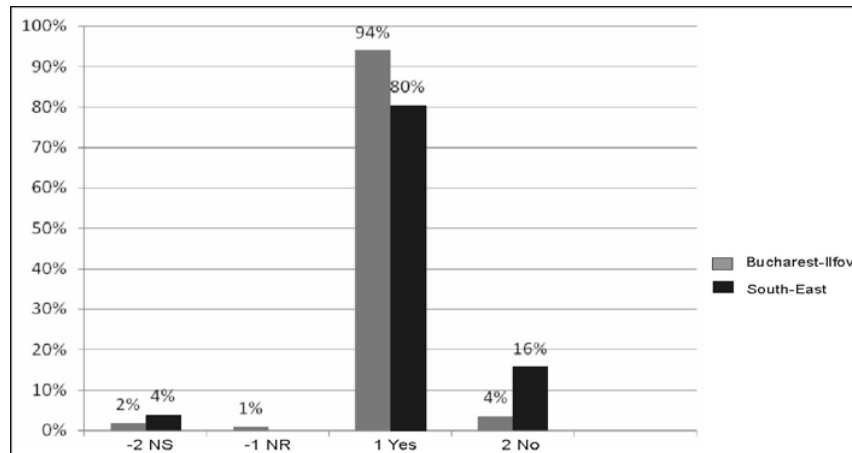
	<b>B-IF</b>	<b>SE</b>
Thematic of the formation courses	94%	80%
Duration of the formation	92%	80%
Certification (acknowledgement)	79%	73%
Possibility to use the acquired information	87%	73%
<b>Total (N)</b>	<b>52</b>	<b>30</b>

Source: INTEGRAT database (IQLR), 2011

*Note: the percentages in this table refer to the respondents who stated to be satisfied and very satisfied and are related to the total number of managers in each type of organisation and region which had organised training courses for professional formation*

As expected, most of NGOs managers are willing to attend free courses of professional formation; their proportion is higher in B-IF region than in SE region, as shown in Chart 7.

**Graphic 7**  
*Availability to participate in free course of professional formation*

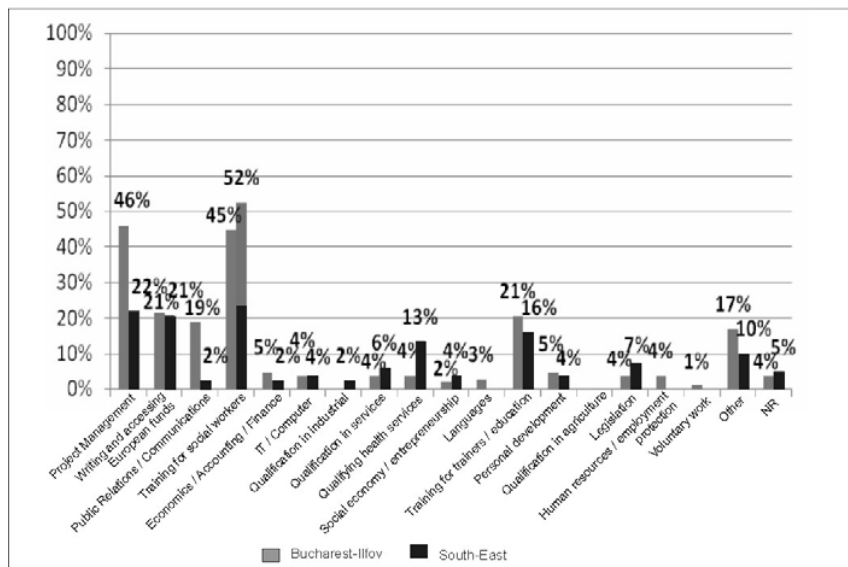


Source: INTEGRAT database (IQLR), 2011

The lower availability to participate in such training courses may be explained, on the one hand, by the necessity to travel to the location of such training courses in other area than the area where the particular NGO is located and, on the other hand, by the existence of an organisational culture less focused on the importance of such training courses. The younger managers (below 45) are more often willing to accept such training courses than the older managers (aged 45+), in both regions: 96% of the managers below 45 replied “yes” (N=76), compared to 89% of the managers aged 45+ (N=36) in B-IF region; in SE region, 85% of the managers below 45 replied “yes” (N=45), compared to 76% of the managers aged 45+ (N=55). The managers of the NGOS which benefited of support mechanisms from the central authorities or from the international mechanisms displayed a higher willingness to benefit of free training courses than the managers of the NGOs which didn’t benefit of such mechanisms of support.

In terms of the future need of such training courses, the most demanded subjects for these formation courses are the specific training for social workers (45% in B-IF and 52% in SE), the management, project management, project evaluation and implementation (46% of the managers in B-IF and 22% of the managers in SE). Following are the courses teaching project writing and EU funds accessing (21% of the managers in B-IF and a similar percentage of the managers in SE).

**Graphic 8**  
*Future requirement for formation courses*



Source: INTEGRAT database (IQLR), 2011

The courses for the formation of trainers also are among the top four options of the managers (21% in B-IF and 16% in SE region). In terms of the demand for training courses in social economy or social entrepreneurship matters, the demands are very low: only 2% of the NGO managers from B-IF considered that such training courses are necessary (N=107), while 4% of the managers from SE region (N=82) had the same opinion. The people demanding such courses are not much more numerous than the people who actually participated in social economy courses. On the one hand, the explanation for the lack of demand may be the lack of knowledge about the social economy sector. On the other hand, the people in SE region demanding such training courses are more numerous than the ones who actually organised such training courses; therefore we may consider that there is an incipient demand for such courses of formation, however quite low to enable us speak of a market of social economy training courses. If we expand the comparison to the other courses, we may notice that the NGO managers tend to consider as necessary the topics that have already been taught in previous trainings.

Most of the managers consider that the optimal duration of such courses is 3-4 days (49%, N=107) in B-IF, and one week or more (52%, N=82) in SE region.



The average budget for the period 2008-2009 increased in both regions, more in B-IF. Just a few NGOs from B-IF reported a reduction of the staff number and of the budget. The causes they indicated as reasons for such actions are the economic crisis and the lack of financing opportunities. The same factors were indicated in 2010 for South Muntenia and South-West Oltenia regions of development (lack of financing opportunities and the unfavourable economic environment).

The participation in courses of professional training seems to be important for the professional development of part of NGOs employees. The number of the staff who had already participated in training courses is about half of the total respondents (57% in B-IF and 53% in SE). Differences appear, however, in the participation according to the level of NGO activity. Thus, the employees of the NGOs active at the county level participate more in training courses than the staff of the NGOs active at the local level, the difference between the employees participating and the ones not participating being lower in the case of the local NGOs. Thus, 58% of the employees of the NGOs with local activity in B-IF attended training courses and 43% didn't participate, compared to 73% of the employees of the NGOs with county activity in B-IF who attended and 27% who didn't attend training courses. The employees of the larger NGOs (10 or more employees) declared more frequently their participation in training courses, compared to the employees of smaller NGOs (less than 10 employees).

Table 7  
*Participation of NGO employees in training courses function of manager age*

	NGO / B-IF		NGO / SE	
	Age (manager)		Age (manager)	
	Below 45	45+	Below 45	45+
Yes	62%	52%	59%	48%
No	38%	48%	41%	52%
Total	100%	100%	100%	100%
<b>Total (N)</b>	<b>112</b>	<b>52</b>	<b>49</b>	<b>64</b>

Source: INTEGRAT database (IQLR), 2011

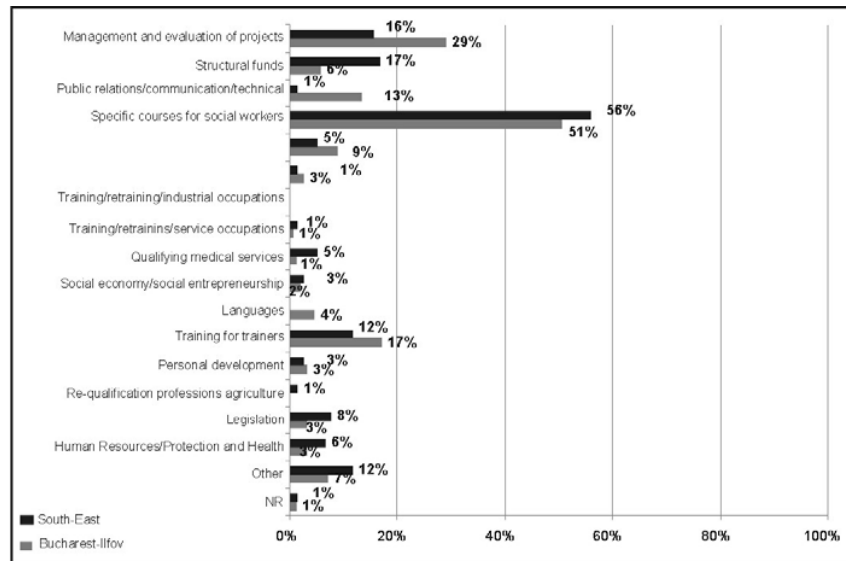
Table 7 shows the attendance of training courses of the employees from the NGOs where the managers have different ages. Thus, we may notice that the NGOs headed by young people aged below 45 declared more often their participation in training courses for professional formation.

The training courses most attended by the employees are: courses for the social workers (40% in B-IF, 35% in SE), management, project management, project implementation and evaluation (23% in B-IF, 23% in SE), training courses for trainers (18% in B-IF, 15% in SE), public relations, techniques of presentation or communication (11% in B-IF, 10% in SE), training to access structural funds (6% in B-IF, 8% in SE). The distribution of these training courses in the options of the employees is similar with the distribution of the courses organised by the NGOs, as it resulted from NGOs managers statements; this may also show that the source of employee formation is the employing NGO.

The duration of the formation courses within a year is similar with the duration of the training courses organised by the NGOs, according to the responses of the managers. Thus, the average duration of these training courses is of 6 days in a year in B-IF and 7 days in SE.

Most employees would like to attend in the future free training courses: 88% of the NGO employees in B-IF and 73% of the NGO employees in SE are willing to attend such courses.

**Graphic 9**  
*Required courses of professional formation*



Source: INTEGRAT database (IQLR), 2011

The training courses which the employees consider as necessary are the same one which they already participated: courses for the social workers, management, project management, project implementation and evaluation, training courses for trainers (Chart 9). The social economy field is peripheral: only 2% of the respondent employees in B-IF (N=265) and 3% (N=159) in SE consider that training in social economy is necessary.

### 3. Economic activities

The proportion of the organisations which obtained income from economic activities is much higher in B-IF region (31%) than in SE region (19%), which has a profile closer to South Muntenia region, where 6.7% of the NGOs mentioned that they obtained economic incomes in 2009.

Table 8  
Sources of NGOs income

Income source	B-IF	SE
Economic activities	31%	19%
Request for non-reimbursable financing	42%	18%
Direct request to a financer	36%	16%
Subsidies from public and local authorities	24%	30%
Sponsorships	60%	54%
Membership fees	23%	29%
2% campaign	54%	38%
Other source	4%	13%
Total (N)		

Source: INTEGRAT database (IQLR), 2011

While in the case of South Muntenia region, the economic activity was accomplished only within the organisation for all the NGOs included in the survey, in B-IF and SE regions there were some cases in which the economic incomes were generated by a commercial company. Most organisations which obtained incomes through a commercial company operate in the rural areas, the main income-generating activity being animal production. The proportion of the amounts obtained from economic activities averages 3.4% for the NGOs from B-IF and 1.1% for the NGOs from SE. Only 12.8% of NGOs representatives indicated that the current legislative framework encourages the NGOs to develop economic activities. The most frequently mentioned measure of support to develop economic activities refers to tax deductions for the organisations conducting economic activities (58%).

Table 9  
*Types of solutions to support the development of economic activities*

	%
Tax exemption / benefits / bonuses	58
Revision of the legislative framework	29
Non-reimbursable financing / financial support / subsidies	21
Stimulate the public-private partnerships	10
Alleviate bureaucracy	10
Access to information / information campaigns	7
Subsidised credits / facilitate crediting	6
Consultancy	2
Interests / loans	2
Rents	1
Establishment of social enterprises	1

Source: INTEGRAT database (IQLR), 2011

The revision of the current legislative framework is mentioned by 28.8% of the responding NGOs (as a matter of fact the framework law for social economy is under discussions). Only a low proportion of the NGOs consider that the current legislative framework encourages much (9% in B-IF and 12% in SE) or very much the development of the social economy sector (3% in B-IF and 2% in SE) (Table 10).

Table 10  
*How much does the current legislative framework encourage the economic activities of the NGOs*

	<b>B-IF</b>	<b>SE</b>
Very little	32%	24%
Little	35%	31%
Much	9%	12%
Very much	3%	2%
NS	21%	31%
Total	100%	100%
<b>Total (N)</b>	<b>118</b>	<b>102</b>

Source: INTEGRAT database (IQLR), 2011

On the other hand, the framework law on social economy cannot solve satisfactorily the identified problems regarding the development of the sector. Even if the law attempts to define the social economy sector and to promote support measures for

social economy structures, a wider set of normative must be adopted regarding the activity of the structures which have the potential to develop social economy activities. For instance, according to a union representative, in the current legislation there are several disagreements:

*Another problem we had refers to the denominated legal entity. I mean we didn't know what legal form we must give to these entrepreneurial projects, because the Cooperative Law is ok, it is an old law. Only that it quite doesn't fit with POSDRU legislation (union representative).*

The lack of regulation in this field also creates difficulties to the promoters who are running social economy projects. Contractually, the promoters assume results under conditions of incertitude because there are no legal provisions regarding the social economy structures. For instance the Syntegra "social economy enterprise" doesn't exist in the current legislation, but several promoters proposed, as result of implementing the projects financed with structural funds, to set up such enterprises. The identified solutions depend on the originality and resources of each individual promoter. Some established NGOs, others created commercial companies for the existing NGOs, which can conduct economic activities. In other situations, former promoters decided not to apply for new funds because of the incertitude of the results demanded by the financier. A conclusive experience in this direction is the following:

*It seemed interesting and in relation with the objectives assumed by us, so that we said it would be ok to make a project on theme 6.1, while wondering that they give money from POSDRU for a project on theme 6.1, for these priority axes, but there is no correspondent in the legislation regarding the social economy. [...] Considering this, we decided not to make a strategic project because we were afraid of the legislative vacuum (union representative).*

The incoherence of the fiscal support measures for the social economy has a negative impact on the developed initiatives. Although the NGOs ensure just a low proportion of their income from economic activities, they should be evaluated not just from the perspective of the generated incomes, but also in terms of the impact for the reintegration of the vulnerable groups. From this reason, the economic efficiency must not be the main criterion for the fiscal facilities or subsidies granted for social economy activities.

A social enterprise presumes significant costs for the maintenance of activity. Unlike a company where the purpose is to get maximal profit, in a social enterprise costs are necessary in order to train the employees, to establish special facilities for them or for complementary social services. It is difficult to estimate the costs required to support a social economy activity, because the targeted disadvantaged groups need

social services or other individualised forms of support. A standard cost is impossible to estimate under such situations.

*This is one of our problems: we have rather high production costs. Each side adds something, this social side, the environment ... they increase the cost price (GO representative, Bucharest).*

The case studies conducted at the NGOs from the counties in B-IF and SE regions show that the economic activities conducted nu the NGOs through commercial companies are treated by the Fiscal Code in the same way as a usual business, even if the revenue is used to finance social activities.

*We have a tractor, a garden of 3000 m<sup>2</sup>, greenhouse, animal houses and we raise chicks in the incubator, ducks, goats, pigs, we have 200 piglets. This micro-farm worked as a social enterprise, which must not be considered a SME, I mean making profit by all means, I need some profit to finance my activities and the remaining is covered by the social activity which I have. I employ young people, give them a professional direction, I help them the lead an independent life (NGO representative CT).*

The lack of consistent reforms of fiscal support may deter the social economy initiatives addressed to some disadvantaged groups with high risk of social exclusion. The young people leaving the placement centres or the people with serious disabilities are among the most vulnerable categories because the current labour market has very few opportunities for their integration. Despite some facilities it is difficult to develop social services ensuring the necessary support for the target groups. This type of support in indispensable for the professional reintegration and it presumes that the economic activity develops the social and professional competencies. Under these conditions, the economic activity tends to become little efficient in terms of the profit that can be generated and, therefore, it is vulnerable in the competition with the common commercial enterprises which produce similar goods.

*Staff employment is a problem an [...] the productivity of the person must be taken into consideration because it indeed is a lower activity, for instance the young people who are 18, until they are 20-24, they need at least one year of work when to learn how to colour, how to paint. Therefore, they need a longer period of training; they need a program adapted to their disability. They must not be overstressed and they have a lower productivity because of their disability and cannot produce more objects even if we had many orders. This is why each company has specific expenditures and these must be made lower and partnerships are needed to decrease the expenditure and to increase the income. I think that maybe in a few years we might be on zero (NGO representative, Bucharest).*

This is why the social economy structures need differentiated support, not just by fiscal facilities or reductions, but also by subsidies which allow the provider of social services

to maintain the income-generating activity as a means of support for the vulnerable groups. The excessive taxation of the work, with no clear differentiation for the beneficiaries of social services will deter the initiatives of professional reintegration and will maintain the vulnerable groups in the area of the beneficiaries of free social services.

*The legislative framework seems not to help, and not to hinder; the taxes for these young people are the same as for any person with no disability who is getting hired (NGO representative, Bucharest).*

The current legal provisions relevant for the social economy area are difficult to apply. Most provisions are confusing or have demands which are difficult to observe. Most problems concern the legislation for the people with disabilities, where several facilities which existed for the past few years cannot be accessed. The lack of knowledge of the provisions or advantages which those facilities presume for the disadvantaged groups are the most often invoked reasons.

*There is a facility, Law 448; regarding that article in which the employers with more than 50 employees must buy products...they have that alternative to employ people with disabilities. This is some kind of facility, we are trying to use it, but it is pretty hard. Very hard...with the market to sell our products (NGO representative, CT).*

Several previous evaluations (such as protection of the victims of the traffic of people, the system of protecting the unaccompanied minor persons) show that the adoption of a framework law which regulates a specific field is not enough to ensure the coherence of its operation. Practically, the two types of social work services proved completely dysfunctional under the conditions in which the related legislation was not modified as necessary or as stipulated in the framework law. In the case of the social economy too, the framework law will initiate a process of development of the sector which must, however, be supported by the revision of the fiscal code and of the other regulations addressing the disadvantaged groups or the activity of the social economy organisations. This process is expected to be long, with little chance of direct support to the running social economy projects.

A major risk for the process of reviewing the legislation is the low willingness of the political decision-makers to create additional facilities because of the cut in the public social spending. Fiscal instability is another reason for worrying. The fiscal facilities or favourable provisions for the development of economic activities in support of the disadvantaged groups, that can be used in the social economy sector change frequently, which may affect the sustainability of the social economy organisations. Given their specificity, they are expected to be more vulnerable to changes in the legislation or in their operational environment.

Another risk for the social economy legislation is the potential abuse of the facilities provided by the state. The NGOs stressed the need for strict control mechanisms because the possible abuses will affect the entire system. Some dysfunctional ties have been already detected in the existing organisations for the protection of the disabled people, situation which should be taken into consideration when elaborating the norms of application of the framework law for the social economy. The representative of an NGO explains:

*Last year, in March, there were a total of 400 protected units nation-wide. After processing the data from the questionnaire we used, we noticed that many protected units were established as companies [and] are [protected units] only by their name (NGO representative, CT).*

The main legislative modification proposed by NGOs representatives refer to the creation of fiscal facilities for the social economy sector. The proposal of framework law for the social economy has several provisions that may ensure facilities for the social economy sector, but their application depends on the way in which these modifications will be operated in the related normative acts. The most frequently mentioned is the fiscal code which doesn't stipulate enough support mechanisms for social economy activities:

*But for the strict field of social economy, for certainly, because it is a field, a new field, although there are initiatives, or forms of social economy functioning in Romania for several years...support some forms...at least in the fiscal code...some facilities which allow this type of economy to be as competitive as possible on a market that can be rather tough (NGO representative, VN).*

#### **4. Support of the authorities for the non-governmental sector**

In the previous section we have shown that the main functions of the state in relation with the non-governmental sector are the functions of regulation and support, which are fulfilled in a deficient way. The lack of reaction of the public authorities, while important resources are allocated from European funds, affects significantly the running projects or the initiatives previous to the opening of the financing lines for the social economy. The national legislation has several support provisions for the integration on the labour market of the people with disabilities or of the long-term unemployed, which might be used to generate income, but their application is difficult. The perception of social economy representatives also confirms the need of intervention from the public institutions (Table 11).



**Table 11**  
*Responsible, much and very much, for the support  
of social economy activities*

	NGO		CAR		COOP	
	B-IF	SE	B-IF	SE	B-IF	SE
Town hall	89%	90%	35%	21%	35%	38%
Government	88%	82%	31%	29%	41%	75%
County Council	82%	89%	27%	20%	16%	36%
National unions or federations	63%	52%	80%	79%	73%	69%
Other	31%	11%	2%	3%	0%	3%
<b>Total (N)</b>	<b>118</b>	<b>102</b>	<b>49</b>	<b>179</b>	<b>37</b>	<b>196</b>

Source: INTEGRAT database (IQLR), 2011

Between the three types of structures there is a significant difference in assigning the supporting role. The unions and federations have a lower role for the NGOs, while for the CAR and cooperatives they are more important. The NGOs developed a capacity to promote individually the interests of the sector or of the beneficiaries. We have also indicated situations in which even local organisations promoted or contributed to changes in the legislation, among which the protection of a specific target group. In the case of the people with disabilities the trend is stronger because of their (or their representatives – parents, tutors) higher level of participation in NGOs activity. The higher proportion of the NGOs indicating the government, the county council or the town hall as institutions which must support the social economy organisations is rather an effect of the lack of support.

### **5. Perspectives of the non-governmental sector development**

For the two regions of development, the structure of the budget shows a high dependency on the European financing. The proportion of other sources of financing, particularly of those with economic activity is low. A rather low number of NGOs have shown that they generated own incomes. Under these conditions, we may estimate that the non-governmental sector is vulnerable, particularly in B-IF region, where the significant increase of the recent years was supported by the European funds that have been drawn. The steep evolution of the past years may affect the sustainability of the non-governmental sector development if no other alternatives to get incomes exist. The strong increase of organisation size in B-IF region may affect their capacity to adapt to the process of organisational development.

**Table 12**  
*Estimation of budget evolution for 2011*

	<b>B-IF</b>	<b>SE</b>
NS	9%	21%
Will decrease	19%	12%
Will remain constant	38%	45%
Will increase	35%	23%
Total	100%	100%
<b>Total (N)</b>	<b>118</b>	<b>102</b>

Source: INTEGRAT database (IQLR), 2011

The structure of NGOs budgets show a rather unstable profile, since the budgets vary a lot from one year to the next one. The proportion of the stable financing sources is small, the project-based funding holding a significant share in the structure of incomes. The acting legislation provides no facilities for the employees of the social organisations, which is why the costs with human resources hold a significant proportion of the budget. Under the conditions in which an NGO finds resources from project funding, it is difficult to maintain the employees if the financing is not continuous. For instance, a representative of the non-governmental sector declared:

*There is no legislation of real help, you cannot keep the specialists...this is the core problem; you have them and you lose them, you get a subsidy, you get some sponsorships, you have them for one more year, maybe, then no one knows...they were a lot of time in "unpaid leave" last year, in unemployment couple of months, because if you don't have stable financial resources you can't pay them...this is her main inconvenient of the lack of a continuous financing (NGO representative Vrancea).*

The perception of NGO representatives from the four regions is in agreement with the previous evolution of the number of employees and of the budget. While the representatives of the NGOs from SE and South Muntenia regions of development contributed a rather prudent estimation of the employee number and budget evolution in the next year (2011 and 2010, respectively), the representatives of the NGOs from B-IF and South-West Oltenia contributed more optimistic estimations (Tables 12 and 13).

**Table 13**  
*Estimation of the employee number in 2011*

	<b>NGO</b>		<b>CAR</b>		<b>COOP</b>	
	<b>B-IF</b>	<b>SE</b>	<b>B-IF</b>	<b>SE</b>	<b>B-IF</b>	<b>SE</b>
Will decrease	8%	3%	12%	8%	19%	21%
Will remain constant	50%	59%	59%	66%	70%	61%

	NGO		CAR		COOP	
	B-IF	SE	B-IF	SE	B-IF	SE
Will increase	36%	19%	6%	8%	5%	12%
NS/NR	7%	20%	22%	16%	5%	6%
Total	100%	100%	100%	100%	100%	100%
<b>Total (N)</b>	<b>118</b>	<b>102</b>	<b>49</b>	<b>179</b>	<b>37</b>	<b>196</b>

Source: INTEGRAT database (IQLR), 2011

## 6. Conclusions

Harmonizing the principles relations of NGOs with the social economy sector is a long process, it highlights the different trends of recognition and assimilation by each society. In Romania, it is obvious the revival of the non-governmental sector or "third sector", tracking a history of association observed in Romanian culture (Chipea, F.; Ștefănescu, F.; Bogodai, S.; Oșvat C., 2010, p. 93)

Compared to the CAR and to the cooperative societies, NGOs representatives provided a clearly positive estimation of the increasing number of employees. Both for the CAR and for the cooperatives, the difference between regions is in favour of SE region this time.

**On the short term**, the regional disparity, very strong in case of Bucharest-Ilfov region compared to other neighbouring regions, will remain or will even increase over the next period. According to the evolution of the budget and number of employees, B-IF region has a profile closer to South-West Oltenia region, but with a stronger increase. SE region, although reported a decrease of the employee number in 2009-2010, has similar characteristics with South Muntenia region, at least in terms of the annual variations of the number of employees and the average budget size. From this perspective, **on the long-term**, the NGO sector from South Muntenia and SE regions, although less developed than the NGO sector from South-West Oltenia, is more stable and less vulnerable to the factors that may influence NGO activity.

Compared to the other two types of social economy organisations, the cooperatives and the CAR, the NGOs have the best potential to develop economic activities which to generate the resources required to support directly the establishment and support of social services for the disadvantaged groups. Such conclusion is supported both by the perspective of more active measures of support for the vulnerable categories, and by the perspective of the requirement for non-governmental sector activity.

The social work system developed several support measures over the recent years, but the means-testing social benefits are predominant. The public social work system is underdeveloped, while the non-governmental sector is characterised by significant

regional disparities. The poorest regions have a low presence of the non-governmental sector. Several plans were discussed recently to reduce the costs with the social work system (for instance, the 2010 Code of social work, the Strategy for social work development and the 2011 draft law for social work). The common element of the two plans is the reduction of the budget effort, while not providing relevant alternatives for the support of the vulnerable categories of population.

The non-governmental system runs significant risks generated by the significant changes of the sources of financing. Previous studies (Arpinte and Baboi, 2009; Cace et al. 2006; Cace et al. 2010) prove the accentuation of risk factors for the NGOs which don't have the capacity to draw European funds. The NGOs currently implementing projects financed from structural funds (Arpinte and Baboi, 2009) also indicated several difficulties which decrease significantly the potential of these funds to support a sustainable process of organisational development.

The stimulation of economic activity development of the NGO sector is imperative, given the significant role which the NGOs have in providing support to the disadvantaged groups. There already is a significant volume of initiatives for income-generating activities, but they are insufficiently exploited or have low chances to become sustainable. The case studies conducted in the two regions identified economic activities which have an important role for the reintegration of the vulnerable groups, particularly of the people with disabilities and of the young people leaving the placement centres. The difficulties mentioned by the NGOs regarding the management of these activities and the current regulations deter such initiatives and block the attempts to develop the social economy sector.

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