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SOCIAL ECONOMY AND SOCIAL ENTREPRENEURSHIP: AN EXERCISE OF SOCIAL RESPONSIBILITY

Amalia PETROVICI¹

Abstract: *One of the issues that have attracted substantial research interest is represented by the occurrence of the third sector, often called “social economy”, “non-profit sector”, “social sector”, “sector of the civil society”. Amid the challenges of the social responsibility which should be assumed both by the public, as well as private sector organizations, a new term is strongly promoted, reflecting not only social changes, but also the conceptions and attitudes of people and organizations regarding the undertaking of new responsibilities needed to solve social problems. In Romania, the term of social entrepreneurship is rather new and almost unknown to the wide public, and legislative projects do not sufficiently regulate or promote a reference frame which would enable the development of this activity sector. Moreover, lack of clarity in defining the concepts and its various interpretations contribute to broadening the scope of this activity domain and the “entrepreneurial spirit”, so that it includes various agents such as founders of non-profit organizations or persons who, by starting a business, also undertake social responsibility in how they approach the activity and operate inside the organization. The paper reviews the recent literature on the conceptualization and definition of social economy and social entrepreneurship, at the European and national level. This paper proposes an evaluation of social entrepreneurship in Romania, in terms of its potential for development on the medium-term. The analysis of documents, reports of public or private institutions and development policies, is used to develop a theoretical framework of the social economy and social entrepreneurship, as well as to describe the social entrepreneurship as a sector of activity in Romania, its development potential, as an exercise of social responsibility.*

Keywords: *social economy, social entrepreneurship, NGOs, social responsibility.*

1. Introduction

One of the issues that have attracted substantial research interest is represented by the occurrence of the third sector, also often called “social economy”, “non-profit sector”, “social sector”, “voluntary sector”, “charitable sector”, “sector of the civil society”. The

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result of a genuine “global associational revolution” (Salamon, Anheier, List et al., 1999: 4), the third sector is described as “a massive upsurge of organized private, voluntary activity in literally every corner of the world” (Salamon, 1994: 109-122). In *Social Europe guide* (2013:12) the term “social economy” is used to characterize a specific part of the economy, a set of organizations that pursue social aims, highlighted by participative governance systems. The social economy refers to a wide-range of organisations which inhabit the space between the State and the market and extends beyond the traditional idea of the “non-profit sector” to include a diverse range of organisational forms (Noya and Clarence, 2008: 3). This sector relies on private, voluntary and sympathetic initiative, with a high level of autonomy and responsibility, and defines the type of economy which combines efficiently individual and collective responsibility, with a view to producing goods or providing services, aiming at the economic and social development of a community, respectively social benefit (Stănescu et al., 2012: 13).

Amid the changes related to the expansion of the third sector or the sector of civil society, of the social responsibility which should be assumed by both private and public sector organizations, a new term is being strongly promoted, which reflects not only the social transformations, but also those related to the people’s and the organizations’ beliefs and attitudes regarding the assumption of new responsibilities in order to solve social problems. Social entrepreneurship appears like one of the new challenges faced by the third-sector organizations, seen as a global phenomenon centred on the idea of social innovation and deeper involvement in the identification of certain solutions to social problems (Vlăsceanu, 2010: 153).

Given these considerations, the present research aims at drawing a review of the literature in order to elaborate a theoretical frame regarding social economy and social entrepreneurship, on a national and European level. Methodologically, we have opted for the case study, which aims at an evaluation of social entrepreneurship in Romania, its development potential as an activity sector, based on an analysis of documents, reports of public or private institutions, studies and articles.

2. Literature review

In the literature, social economy is sometimes called “the third sector”, “the non-profit sector” or the “sector of civic society”, and defined as the economic interval which unites the private sector, which generates income, and the public sector, where economic activities with social purposes are conducted (Vlăsceanu, 2010: 9). According to the International Centre of Research and Information on the Public, Social and Cooperative Economy (ICRIPSCE, 2007: 9), social economy represents “the set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members’ needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote. The Social Economy also includes private, formally-organised organisations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create,

control or finance them”. In each European country we meet different practices of social economy which refer to a broad range of establishments with different forms of organisation (such as associations, cooperatives and foundations, mutual aid units) (Nicolăescu, 2012: 130).

The concept of social economy may be analysed by interpreting the documents and policies adopted in this respect (CSDF, 2008-2010; MWFSPAP, 2012; LSE, 2013) and by updating and respectively adapting the concept of social economy as a private, voluntary and sympathetic initiative, which implies a high level of autonomy and social responsibility, with an economic risk and a limited profit distribution (Stănescu et al., 2012: 13). It may be regarded as the economic space between the private sector and the public sector (Vlăsceanu, 2010: 9); as a serious partner of the civil society (Zamfir and Fitzek, 2010: 8); as the “development opportunities for isolated communities” through the establishment of small and medium-size enterprises which activate at the local level and at the level of the non-governmental organizations which have social objectives (Neamțu, 2009: 112-126); as a social need to promote “life-long learning”, facilitate continuous professional formation, optimize the management of active policies on the labour market, promote equal opportunities, develop the partnerships with social partners and with the civil society (Popescu, 2012: 49-76); as mechanisms which create a healthy and vibrant ecosystem through this form of economy which supports innovative social entrepreneurs (Neguț et al., 2011: 23). Amid the changes related to the expansion of the third sector or the sector of civil society, social entrepreneurship appears like one of the new challenges faced by the third-sector organizations, an initiative by which citizens build or transform institutions in order to identify solutions to social problems such as poverty, environmental destruction, human rights abuses and corruption, so as to eventually make life better for the many (Bornstein & Davis, 2010: 1).

The concept of social entrepreneur(ship) may be analyzed by interpreting the different theories found in the literature, elaborated by the researchers in the field and integrating the essential elements associated with the concept: Say (creating value), Schumpeter (innovation and change agents), Drucker (searching for opportunities), Stevenson (ingenuity). The analysis may also include the updating and adaptation of: the central paradigm of entrepreneur, as a person who transfers resources from one area with lower productivity to an area with higher productivity and, hence, higher profit (Say, 1803); as a person who gets engaged in a significant project/activity (Dees, 2001); as “the person responsible with achieving new combinations or enterprises, in the sense of an initiative or new action” (Schumpeter, 1934); as the person who runs his own, small-scale business (Drucker, 1993); the paradigm of entrepreneurship as “a multidimensional and dynamic construct”, which swings/balances between the public, private and non-profit sectors (Nicholls, 2006); as a structure which combines the characteristics, context and entrepreneurial result (Martin and Osberg, 2007); as “business principles with a passion for social impact” (Wolk, 2008); as “an ability to leverage resources that address social problems” (Dacin, Dacin and Matear, 2010). Mair and Marti (2006: 37) believe that social entrepreneurship „is primarily intended to explore and exploit opportunities to create social value by stimulating social change or meeting social needs”.

3. Social economy and social entrepreneurship, from theory to practice

Social economy and social entrepreneurship is, at the moment, a phenomenon less theorized/documentated and insufficiently exploited in terms of the sector's dimensions, structure and evolution, especially with regard to evaluating the practices which identify the specific contribution to the dynamics of society development. The incomplete statistical reports, the precarious information on profile organizations, fields of action, economic weight, financing sources etc. render the reaching of a general consensus on the legitimate evaluation criteria for specific activities difficult (Salomon et al., 2003: 3; Bouchard and Richez-Battesti, 2008: 6).

Social economy is considered a component of the process of social innovation. According to the European Commission (2005), at the local level, social innovation relies on two major aspects: institutional innovation, innovation in social relations, innovation in the governing manner etc. and innovation understood as social economy, meaning innovation which meets the various needs of the local communities. The concept of social economy includes as a key criterion "the aim of serving members of the community rather than generating profit" (Defourny, 2004: 8).

Monzón Campos (1997: 89-100) indicates three operational definitions of social economy:

- a) Social economy is the sector of activity operating with a social purpose and complying with the following criteria: self-financed, sustainable activities, conducted to the benefit of the people involved in running these activities; activities which address the needs of vulnerable people, support the ethics of the self-help, control dependence on other people and strengthen the links within the communities.
- b) Social economy seen as the domain of economic activity which serves social as well as economic purposes, but relies on the principles of solidarity and sustainability, not on the generation of profit.
- c) The social economy entities (cooperatives, mutual societies, non-profit organizations) comply with the principles of solidarity rather than of profit related ones, voluntary adhesion of the members, democratic management and transparent decision-making.

In Europe, social economy includes numerous actors and generates social utility, covering the needs for which neither the public sector nor the business environment can cater. Social economy addresses all types of social needs. The funds for social economy activities are ensured either through donations and grants, or through a more recent approach to this issue, namely by running economic activities whose profit is directed towards such goals. The social economy structures can empower citizens in economically, socially and culturally complex ways; this implies human and financial resources, and the implementation of public policies which require innovation (Cace et al., 2013: 12).

In Romania, social economy is the concept used to designate different types of organizations, such as (small plants, consumption, crediting) cooperatives, mutual

societies (Mutual Assistance Houses – MAHs), non-governmental organizations, rural communities/co-owned associations, established as a response to a series of problems arisen in society (Petrescu and Petrescu, 2012: 20). Social economy has the following objectives: producing goods and/or providing services which contribute to the welfare of the community or of its members; promoting, as a priority, activities which may generate or provide jobs for persons from vulnerable groups; developing efficient training programs, social assistance services for augmenting the insertion on the job market of persons from vulnerable groups; involving individuals in the sustainable development of the local communities; developing an inclusive society and social responsibility (LSE, 2013).

3.1. Social economy structures

According to some authors, the types of entities that might be included in the social economy sector in Romania are: specific types of NGOs (associations and foundations providing social services); mutual aid organizations for employees and pensioners, which also provide social services and cooperatives of any kind (agricultural, transportation, consumption etc.) (Arpinte, Cace, Cojocaru, 2010: 77-85).

In Romania, *the NGO sector* is a “relatively new reality; the lack of a non-profit sector culture has induced some confusion about the purpose, the sources of funding, the nature of and manner of action” (Chipea et al., 2010: 93). A study on the dimensions of the NGOs in Central and Eastern Europe shows that in Romania, “this sector remains an extremely fragile organism, struggling to meet the overwhelming humanitarian, cultural, environmental, and development needs of the Romanian society without yet having a firm domestic support structure” (Săulean et al., 1999: 352). Nevertheless, after the 1990, the NGO sector has witnessed impressive dynamics. The NGOs sector is the most developed domain of the third sector as to the number of entities and their employees (Lambriu, Petrescu, 2012: 167). At present, a number of 62,000 organizations are registered in Romania, with more than 21,000 active organizations under various forms, which shows that the non-governmental organizations remain “a rather little visible and know actor in the domestic public landscape” (CSDE, 2010: 6). The NGOs are active in a various range of fields – social, human rights, environment, education, sports and recreational activities, social services etc. From a statistic point of view, according to the number of registered legal persons, the most dynamic sectors are education, sports and recreational activities (Lambriu, Vameșu, 2010: 59). Beyond the specific delimitations between the public and private sectors, the structures characteristic to the *NGO organizations – associations and foundations* – have the opportunity to acquire an adequate position in relation to other present economic subsectors. When the basic activities target social objectives, the economic activities of the associations and foundations are most relevant for the social economy. The fundamental role consists in coordinating actions in a responsible way, so that people, communities and natural resources may not be negatively affected (Cace et al., 2011: 82). The NGO sector may be the main contributors to the development of the social economy sector in Romania (Stănescu et al., 2012: 252).

Mutual aid units are non-profit organizations operating according to the general legislation represented by Government Ordinance no. 26/2000 regarding associations and foundations, with the subsequent changes and annotations, and to special normative acts, depending on whether they are intended for employees (Law no. 122/1996), or for pensioners (Law no. 540/2002). There are two types of mutual credit organizations for employees and mutual credit organizations for pensioners, the latter also working as a social service provider for its members (Petrescu and Stănilă, 2012: 356). This structure comprises the employees' mutual-help associations (Mutual Assistance Houses for Employees – MAHE), and pensioners' mutual-help associations (Mutual Assistance Houses for Pensioners – MAHP). Unlike many organisations of this type from Western Europe which provide insurance/reinsurance services, these mutual assistance houses operate as credit unions, providing loans to its members, as well as some decease-related costs (especially the MAHP) (Lambriu, Petrescu, 2012: 168). These mutual organizations enjoy great notoriety among Romanian citizens. According to a recent national survey, 12% of the respondents are contributory members of MAHEs or MAHPs, exceeding the affiliation to union organizations (11%) or political parties (6%); the membership data recorded by the federative structures show that MAHEs and MAHPs cumulate more than 5 million members (Lambriu, Vameşu, 2010: 52-55).

In turn, the cooperatives develop the social capital and help communities to improve their life quality. The cooperative system in Romania encompasses consumption cooperatives, crafts, credit, agricultural and fishing cooperatives (Petrescu, Stănilă, 2012: 353). After the fall of the communist regime, there was a decline in the number of consumer cooperatives (from 3392 units in 1991 to 894 in 2009) and employees (from 208,826 in 1989 to 8,942 in 2009). The number of handicraft cooperative has increased after the communist period (from 562 in 1989 to 784 in 2009), whereas their number of employees has decreased drastically (Petrescu, Stănilă, 2012: 354).

Another feature of the current trends is the pronounced local character of the activity carried out by cooperatives and a reduction in the exportation activities. As the main supplier of services and producer of goods in certain fields, the cooperative had been an important actor in the local development process, especially in the rural areas. After the fall of the communist regime, the role of these entities in the local development process has decreased considerably, especially due to a decrease in their economic power. They are no longer important stakeholders in all the environments in which they activate, especially if their activity is related to the rental of trading spaces. Another important local development factor is the exploitation of local resources in the economic activity of the cooperative. We hereby refer to human, as well as raw material resources. Most of the beneficiaries are from the local level (Petrescu, Stănilă, 2012: 355). The features of these entities – the non-profit character, the social purpose of the activity, the participation of the members in the government – enable these organizations to activate local resources, stimulate the creation of social capital at the level of the community and ensure the welfare of the members of the community.

3.2. Social entrepreneurship

Social entrepreneurship has become an important business model. Social entrepreneurship may be regarded as comprising of three elements: identifying a “stable but inherently unjust equilibrium causing the exclusion, marginalization, or suffering of a segment of humanity” that does not have the financial means or political power to generate advantageous changes; identifying an opportunity, in this unjust equilibrium, “developing a social value proposition, and bringing inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony”; and creating a new, stable equilibrium which exploits the potential, or eases the suffering of the targeted group, as well as creating a stable ecosystem around the new equilibrium, ensuring a better future for the targeted group and even society at large (Roger Martin and Sally Osberg, 2007: 35). The two authors believe that a clear definition of social entrepreneurship will aid the development of the field, which states that a social entrepreneur should be understood “as someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity, who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude, and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large” (Martin and Osberg, 2007: 39).

Social entrepreneurship means acting within markets to support a societal cause, by creating additional value, aiming at sustainable solutions (Volkman, Tokarski, Ernst, 2012: 8). The essence of the idea, concept and practices of social entrepreneurship may be highlighted by means of some examples of success, presented by the literature. For example, the Grameen Bank, founded by Muhammad Yunus, developed an administration and collection process by *lending circles*, which designated a number of borrowers in each community. The mission of Grameen Bank is to promote, in the community from Bangladesh, personal entrepreneurship and autonomy, by providing bank services to the poor (Yunus, 2010: 10). The Timberland Company represents another example of success in the field of community services to the benefit of society, voluntary support in care centres for the old and in kindergartens, free lessons for pupils, assistance in the construction projects (Gordon, 2012: 172). In its turn, the *Feed Me Better* campaign has drawn the attention of the entire population to the risks of unhealthy diets. Jamie Oliver, the initiator of this programme, has triggered a real revolution in the area of the diet of students from Great Britain, involving authorities, communities, the media into active participation for improving the services provided (Kotler and Lee, 2008: 48-49).

Social entrepreneurs act like agents of change in the social sector, by: undertaking the mission to create and sustain social value (not just private value); recognizing and constantly pursuing new opportunities to pursue that mission; undertaking continuous innovation, adaptation, and learning, acting beyond the limitations of the resources currently at hand, accounting for the obtained outcomes (Dees, 2001: 4).

Unfortunately, in Romania, the term of social entrepreneurship is quite new and almost unknown to the wide public, the lack of clarity in defining the concept and the various interpretations applied to it contributing to broadening the scope of this activity field and of the “entrepreneurial spirit”, so that it includes various agents such as founders of

non-profit organizations or persons who, by starting a business, also undertake social responsibility in how they approach the activity and operate inside the organization (Vlăsceanu, 2010: 170). According to *Dicționarul Explicativ al Limbii Române*, the idea of entrepreneurship is limited to the notion of “enterprise”, respectively an enterprise which performs industrial, commercial, construction etc. works; “entrepreneurial” occurs as an explanation “related to the entrepreneur”, whereas for “entrepreneur”, the definition is “owner of an enterprise” (Ghenea, 2011: 39-40).

According to specialists, the significations of the concept of social entrepreneurship has become increasingly vague and inaccurate, distancing itself from its original meaning: on the one hand, *entrepreneurship* implies a sum of inborn individual qualities, such as the ability to identify and exploit business opportunities in the economic and social space in which one lives, the determination to put initiatives into practice; on the other hand, the label of *entrepreneur* implies the idea of economic success, once the test of profit and success has demonstrated his entrepreneurial skills (Diaconu, 2009a: 271).

In Romania, we cannot speak of an entrepreneurial culture because the lack of financial resources, a financing system, the fiscal uncertainty, respectively the legal frame have a major impact upon the process of planning business and represent real obstacles from this perspective (Diaconu, 2009b: 10). One global study on entrepreneurship, conducted in 26 countries, among which Romania, show that the fear of failure represents the major obstacle in developing a business: 70% of the respondents assumed this point of view (AMWAY, 2013: 8). 20 years after ‘89, the social and economic role played by the entrepreneurs remains too little understood, almost unknown by the public and not taken into consideration at all by the public policies: “the post-December governments have idolatized the so-called strategic investors, have given in to concessions, sometimes scandalous and contrary to the principles of the free-market and the interests of the consumers, to the benefit of corporations that have monopolized whole markets, ignoring, on the other hand, the small-scale enterprisers, those who have played the main part in the market economy transition and one of the most essential roles in the social change from the post-December period” (Diaconu, 2009b: 8-9).

These aspects are responsible for the very few entrepreneurial projects implemented in the Romanian business environment, the entrepreneurial culture being quite poor in this respect. The greatest difficulty is given by the prejudices and attitudes that obstruct the entrepreneurial environment, precisely at a moment at which this needs support more than ever. In any market economy, the entrepreneurs are those who generate economic progress and create jobs (Ghenea, 2011: 313). *Excellency in Entrepreneurship*, a research conducted by the Biz & Unlock Market Research magazine (2013) highlights several local successful businesses, among which *Class Living*, the multi-brand furniture company, *Valvis Holding*, mineral water brand or *Trotter Prim*, an impressive network of restaurants and cafés. Among the benefits brought to the community, there is the creation of jobs, developing the relation with the community, social responsibility. That is why, the implementation of entrepreneurial projects which may respond to the needs of communities demands a public recognition of the social benefits brought by the entrepreneurial initiatives, creating a favourable frame which may encourage entrepreneurship, as well as modern educational programmes for developing entrepreneurial skills.

4. Conclusions

The domain of social economy is relatively new in Romania, the lack of a unanimously accepted definition, as well as of the communication between the main actors of social economy renders a limited visibility of the concept. The concept of social economy is quite unknown to the entities which could implement projects, as well as to the beneficiaries, there being no concrete actions for promoting social entrepreneurship. At the same time, legislative projects do not regulate and promote sufficiently a reference frame which may enable the development of this sector of activity (Cace, Arpinte, Scoican, 2010: 233; Stănescu et al., 2012: 65).#This sector suffers from fragmentation and lack of cooperation between the public policies and the representatives of the various types of social economy organizations. The Romanian social field needs thorough changes in the political approach, as well as in the manner in which public authorities (whether central or local) sustain social entrepreneurship, understand the potential of social economy of the actors involved in local development, cohesion and social inclusion. Such an initiative would render more visibility and credibility to the social economy and social entrepreneurship actions and would raise the desire of local collectivities to engage in and support social economy activities. This transformation in the vision and attitude regarding the social economy sector should surpass the state-centred approaches and open the public markets to social enterprises and social innovation by means of institutionalized mechanisms of support (resource and information centres, entrepreneurial education programmes) and mechanisms for identifying good practice models.

The European Commission proposes a new definition of CSR as „the responsibility of enterprises for their impacts on society”; the concept of social responsibility tries to bring to terms, at the level of the social sector, the companies’ need to generate profit and the solving of the problem of social exclusion by promoting, within organizations, actions with social objectives (EC, 2011: 6). Therefore, entities such as ONGs, cooperatives, MAHs, associations, may be extremely favourable for developing socially responsible businesses, with visible benefits at the level of the civil society. This implies the obligation of the decisional factors to act for protecting and enhancing the welfare of the society as a whole, in agreement with its objectives and values (Davis, Blomstrom, 1975: 23). The concept and practice of social responsibility may be better understood from three perspectives which focus on the responsibilities regarding the accomplishing of the basic functions of an enterprise, respectively production, jobs, economic growth; the evolution of society and its expectations, taking into consideration the issues of environment protection, social relations or information about the consumers; social inclusion, by creating jobs for vulnerable persons (CED, 2011-2012). Therefore, such a view enables the adoption of a responsible behaviour within society, which implies improving living standards, creating jobs and welfare, and providing social services.

In our opinion, social economy may turn into an organic reality in Romania when congruence is achieved between social programmes, the attitude towards stakeholders, the attitude towards the environment, respectively the attitude towards business. In Romania, the concept of social economy needs to respond to a series of challenges so

that it may cover two issues: the elaboration of the legislative frame which establishes the functional lines of social economy; identifying the economic and social field in demand of the reactivation of the practices based on economic cooperation and solidarity. In this case, social economy and social entrepreneurship may represent a sustainable investment in the development of the community and the civic society, by increasing the living standard, creating jobs and an environment in which “the business must answer the call for a new era of responsibility” (CED, 2009).

In the current context, social entrepreneurship may become an attractive model for the Romanian society, a profitable business opportunity which may generate social responsibility, sustainability and a management oriented towards co-interested groups (Diaconu, 2009a: 267). Social entrepreneurship may be easily understood if we realized the fact that it crosses the boundaries of the traditional business model and may occur in any other type of business, for example in the private for-profit and/or not-for profit and the public sectors. The growing and pronounced presence of social entrepreneurship in the business sector has generated an increase in its impact and popularity, as well as its constant expansion as a feasible business model, at a time when the global society demands for socially conscious and responsible organizations.

Acronyms:

AMWAY – short for American Way

CED - Committee for Economic Development

CSDF – Civil Society Development Foundation

ICRIPSCE – International Centre of Research and Information on the Public, Social and Cooperative Economy

EC – European Commission

EU – European Union

ISE – Institute of Social Economy

LSE – The Law of Social Economy

MAH – Mutual Assistance Houses

MAHE - Mutual Assistance Houses for Employers

MAHP - Mutual Assistance Houses for Pensioners

MWFSPAP – Ministry of Work, Family, Social Protection and Aged Persons

NPO – Non-profit Organizations

SE - Social Economy

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ENTERPRISES RECOVERED BY THEIR WORKERS IN ARGENTINA: AN ASSESSMENT OF ARTICULATIONS OF RECIPROCITY WITH SOCIETY¹

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Abstract: *In Argentina, the recovery of enterprises is the conceptualization used to make reference to a heterogeneous set of processes in which workers of enterprises in crisis, organized in cooperatives, take control of production. Since 2001, recovered enterprises emerged as a response from workers to processes of wage infringement in a context of deep social, economic and political crisis. This became a paradigmatic case of the social economy. These enterprises' recovery processes introduced numerous innovations in the productive units. One of these innovations refers to the relationships not mediated by the market that recovered enterprises establish with society. The development of these non-mercantile articulations has been a highly valued feature of recovered enterprises, generally assumed to have a motivation related to solidarity and reciprocity. However, how do workers justify and value them? To what extent do they perceive these articulations as actions of solidarity? In the case that solidarity is an underlying motivation, is it the only one? On the basis of two surveys conducted in Buenos Aires City, this article analyses the assessments and perceptions of workers from recovered enterprises regarding non-mercantile articulations, so as to elucidate the underlying logics and motivations. Three rationales supporting the development of these articulations are identified: social alliance, utility and good relationships. The study shows there are links between the ideas about non-mercantile articulations, specific attributes of recovered enterprises and the criteria of efficiency prioritized by workers, which accounts for the building of other logics over strictly economic and mercantile rationality.*

Keywords: *recovered enterprises; Argentina; social economy; non-mercantile articulations; reciprocity.*

¹ This paper picks up advances made in the paper "De alianzas y solidaridades. Las articulaciones no mercantiles en las empresas recuperadas de la Ciudad de Buenos Aires.", published in *Revista del Observatorio Social sobre Empresas Recuperadas y Autogestionadas*, 8. ISSN 1852-2718. Available at: http://webiigg.sociales.uba.ar/empresasrecuperadas/PDF/PDF_08/De_alianzas_y_solidaridades.pdf

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1. Introduction

The implementation of a social economy in the contemporary world is a significant strategy for social inclusion and economic development based in the territories and local communities. In this sense, since late last century, there has been a remarkable expansion of socio-economic initiatives in Argentina, developed as a social response to the exclusion from the labor market suffered by a great portion of Latin American societies.

In this study we will focus on one of these socio-economic initiatives: recovered enterprises. In Argentina, the recovery of enterprises is the conceptualization used to make reference to a heterogeneous set of processes in which workers of enterprises that are in crisis organize in cooperatives and take control of production (Rebón, 2004, 2007). Since the end of the nineties, and particularly in the context of the profound economic, social and political crisis that took place in Argentina in 2001, thousands of salaried employees across the country advanced towards taking over the direction of production as a way of combating different processes of wage infringement (Fajn, 2003; Rebón, 2007; Salgado, 2009). According to the Program of Self-managed Labor, depending of the Labor Ministry of Argentina, there are currently 286 recovered enterprises at a national level, while in Buenos Aires City—the capital city of Argentina and area of reference of this article—there are 50 recovered enterprises¹ (*Revista del Observatorio Social sobre Empresas Recuperadas y Autogestionadas*, 2013).

In the context of a strong social crisis, the recovery of enterprises was seen by workers as the only remaining alternative to preserve their source of labor, which is the foundation of their social identity. In the action of recovery, while advancing towards the direction of production, these workers materialized processes of empowerment - new degrees of freedom facing pre-existing heteronomies-, equalization and institutional innovation (Rebón, 2004, 2007).

In this sense, these processes have introduced numerous innovations in the productive units managed by workers. One of these innovations regarding the capitalist conception of production (realization in competitive markets, aiming at the accumulation of capital) makes reference to the relationships that recovered enterprises establish with society, which are relationships that go beyond the sale of their products or services. We suggest the concept of non-mercantile articulations to account for the set of actions and activities of coordination and collaboration with society carried out by recovered enterprises, the main characteristic of which is that they are not mediated by the market.

Taking into account that these actions and activities are not based on an economic rationality tending to maximize profits, their development has been a highly valued feature of recovered enterprises, generally attributed to a motivation related to solidarity. However, how do workers justify and value them? To what extent do they perceive these articulations as actions of solidarity? In the case that solidarity is an

¹ From 1998 to 2013, 65 recoveries of enterprises emerged (*Revista del Observatorio Social sobre Empresas Recuperadas y Autogestionadas*, 2013).

underlying motivation, is it the only one? What other logics are present in the development of non-mercantile activities? In this article we analyze the assessments and conceptions of recovered enterprises' workers regarding non-mercantile articulations, so as to elucidate the underlying logics and motivations.

In order to achieve the mentioned objective we have worked on the basis of two surveys conducted in 2011. On the one hand, semi-structured interviews to key informants of 40 recovered enterprises of Buenos Aires City, in which we obtained information about the non-mercantile articulations performed. In addition, we conducted, a survey composed of closed and open questions that explore workers' assessments regarding the recovery of enterprises' processes. The sample of this survey is of 138 cases, based on a quota sample of 10 enterprises. The universe was restricted to long-standing recovered enterprises in Buenos Aires City (emerged until 2003). Both surveys were conducted in the framework of a Buenos Aires University research project, called *La cultura de la recuperación de empresas. Representaciones y valoraciones de los trabajadores sobre el proceso* (The culture of recovered enterprises. Workers' conceptions and assessments of the process).

2. Literature Review

2.1. A paradigmatic case of social economy: origins and development of recovered enterprises in Argentina

The social economy is conceived as an alternative economic project to the capitalist model, the purposes of which are the democratization of economy and the replacement of competition with cooperation values (Pastore 2010; Sousa Santos and Rodríguez, 2002). This notion is also used as an umbrella term for organizations that are typically understood as voluntary economic organizations both seeking an economic result in a wide sense (not just monetary) and a product in social relationships (Coraggio, 2002). Finally, other elements complete this definition: these organizations' democratic management styles, the distribution of benefits according to criteria that differ from those related to contributed capital, and the autonomous nature of the decision making (Pérez de Mendiguren Castresana, Etxezarreta Etxarri & Guridi Aldanondo, 2009: 11).

A paradigmatic case of the social economy is the recovery of enterprises by their workers. The main structuring element of this process is the crisis of the capitalist command on production at the productive unit level (Rebón, 2007). From the perspective of the labor force, corporate crisis is experienced as an infringement on their identity as stable workers, whereas the transformation of their labor conditions is the alternative to defend that identity. that is to say, stop being salaried employees becomes the way to continue working (Fernández Álvarez, 2004).

Though some isolated experiences took place throughout the 90's, it is only since 2001 that the process suddenly spread. In this period, marked by the decomposition of the financial accumulation model (Basualdo, 2001) and its expression through an unprecedented social crisis that significantly altered the social relationships in the economic, political and cultural fields, the enterprises' recovery process found the

conditions to disseminate (Salgado and Kasparian, 2010). In this sense, the crisis strengthened the process in various ways. In economic terms, the closure and bankruptcy of enterprises increased (Briner and Cusmano, 2003), which is the structural element of the process. Simultaneously, an exponential growth of unemployment and poverty, as well as a weakening of the Argentinian institutional mechanisms to compensate layoffs-unemployment insurance benefits-occurred. In summary, the crisis context increased the amount of productive units that were likely to face bankruptcy or closure processes -a potential arena for enterprise recovery, and altered in a regressive fashion the traditional alternatives of workers to face unemployment (Ibid.). Regarding the political-cultural dimension of the crisis, an unprecedented process of social mobilization and protest took place (Fajn, 2003), which at its highest point, triggered processes of autonomization. This crisis did not only impact workplaces, but extended to numerous spheres in the daily life of Argentinian society. This context of crisis provided workers who were defending their work with the necessary allies and support to carry out the recovery of enterprises. Thus, the collective action of advancing towards the direction of production expressed a social alliance structured along the way the crisis of social order altered the reproduction conditions of the different actors involved (Rebón, 2009). For example, when these experiences were just beginning, this social alliance allowed, in a certain way, to work through encampments in the enterprises and to resist evictions ordered by the judiciary.

Nonetheless, once the most critical period of the crisis was overcome, new recoveries took place and the process remained at relatively high levels as compared to the pre-crisis period. From our perspective, this happens because in addition to the central structuring element present here – the closure of the enterprise, another factor of importance intervenes: the cultural placement of the enterprise recovery modality. From being an alien element in workers' culture, enterprise recovery got to be part of the workers' "toolkit", that is, a well-known and highly valued alternative to the closure of companies (Salgado, 2009).

2.2. Non-mercantile articulations in recovered enterprises

The social economy seeks the development of a socio-economy, where individuals are not perceived as mere economic agents, but as subjects involved in the economy with a social identity and a cultural background of their own. Thus, the economy becomes the context where various social identities through various institutions "*act making transactions between material utility and values of solidarity and cooperation, restricting (but not necessarily overriding) competition*" (Coraggio, 2002: 1). It is within this dynamics that the social economy produces goods and services, aiming to meet the reproduction needs of the social identities involved, rather than the reproduction of capital (Caballero, 2004; Coraggio, 2002; Nosetto, 2005). This shift in production goals anchored in the conception of a subject with a socio-cultural identity involves the development of new relationships, alternatives to the hegemonic ones, which transcend the economic sphere-in the classical sense-in order to produce society.

In this regard, Polanyi's contributions in *The great transformation* (2007) are suggestive. This author contributes to the questioning of the exchange principle hegemony in

economic relations, identifying two other principles: reciprocity and redistribution. From this perspective, in a plural economy, the exchange principle rules over the private economy, redistribution rules over the public economy, and reciprocity rules over the social economy, where interpersonal relationships, social bonds and a sense of community become a priority against selfish motivations (Nosetto, 2005).

In this sense, non-mercantile articulations with society in recovered enterprises become a central object of study towards elucidating to what extent these alternative principles and logics take place in actual experiences. In the constitution of the social alliance that had a leading role in the recovery of enterprises, the relationships established between the workers of the new self-managed enterprises and their neighbors, social movements, political parties and society in general held a central place. Non-mercantile articulations played the central role of building reciprocity relationships between the numerous identities involved in enterprises' recovery processes. They were part of the political strategy that some recovered enterprises designed to build social legitimacy and community support (Programa Facultad Abierta, 2010). Moreover, some articulation activities had multiple functions. This is the case of certain cultural centers and popular high schools¹ which, added to the aforementioned role, were established as strategic inventions, being the need to keep factories occupied one of their foundational factors (Fernandez and Calloway, 2009), as well as the need to obtain the public utility necessary to achieve the expropriation of personal and real property². Besides, the importance of these articulations lies on the fact that they provided tools for the development of recovered enterprises, since they helped overcome disadvantages in size and isolation, whilst providing human and symbolic resources (Fajn, 2003).

Yet, once the possession of the productive unit is settled, the need to produce becomes a priority, gaining centrality to the detriment of the new self-managed enterprises' articulations with the wider movement that enabled the recoveries (Rebón and Salgado, 2008). Based on a universe of 15 recovered enterprises, Rebón and Salgado (2008) recorded the following articulation activities: cultural centers, popular high schools, educational institutions for adults, health centers, lending of installations and facilities to non-profit organizations, community radio stations and permanent donation of services and products to social organizations. They noticed that only a third of the companies that were part of this universe were engaged in non-mercantile articulations

¹ Popular high schools (*Bachilleratos populares* in Spanish) are non-traditional educational institutions emerged in the 90's in Argentina, which are based on the theoretical contributions of Popular Education. This is a branch of Pedagogy that considers the learning process should be based on practices, experiences, critical thinking and social context. These educational projects, which are currently gaining higher levels of institutionalization, have been developed by social movements and a great amount of them are located within recovered enterprises.

² In Argentina, as in many countries, the principle of inviolability of private property is established in the National Constitution, unless the expropriation law is invoked. All expropriations must be backed up by a declaration of public utility of the property in question and by a monetary compensation to the owner. The concept of public utility refers to everything that satisfies a generalized need tending to the welfare of society (Monayar). In Argentina, recovered enterprises have mostly invoked this legal mechanism in order to take possession of the enterprise, thus the importance of invoking public utility.

within their facilities, with an increasing tendency towards greater social isolation by 2006. Likewise, Fernández and Calloway (2009) argued that, as production gains centrality, some enterprises choose to close their cultural centers. The authors claimed that the factories that make this decision are the same that have moved backwards in their self-management processes, hypothesizing a loss in the potentiality of their inventions.

On the whole, while highlighting the importance of the development of non-mercantile articulations in the evolution of recovered enterprises, its decline is evidenced once the most critical moment of the recovery process has been overcome, when the need to focus on production becomes a priority. However, production poses new challenges and demands, primarily the access to credit and financing, the need for new regulatory frameworks involving, and among other things, new incorporation conditions and adequate social security benefits. In this context, given the roles played by non-mercantile articulations in recovered enterprises, one might assume that the strengthening of these articulations is extremely important, as they are the main strategy capable of consolidating the enterprises' recovery process as an alternative mode of associated and self-managed production. In this sense, after more than a decade since the beginning of the enterprises' recovery cycle in 2001, it is interesting to raise awareness on the types of relationships that these experiences create with their social environment, what activities these articulations are expressed in and what their magnitude is.

3. Findings

3.1. Non-mercantile articulations: magnitude and types

As mentioned above, we suggest the concept of non-mercantile articulations to account for the set of actions and activities of articulation and collaboration with society that recovered enterprises carry out, the main characteristic of which is that they are not mediated by the market. Our study shows that 68% of the recovered enterprises perform activities of articulation with the community. In absolute terms, this means that out of a total of 40 enterprises surveyed, 27 have acknowledged some articulation with the neighborhood, the neighbors, the community, etc.

In contrast to the idea that once the conflicts inherent in the early stages of recovery had been overcome, non-mercantile articulations would decrease, 73% of recovered enterprises with more than 5 years running the business carry out non-mercantile articulations, while this value drops to 58% for enterprises with less than 5 years in business.

Table 1: Presence of non-mercantile articulations by years in business of recovered enterprise

		Years in business of recovered enterprise		
		Up to 5 years in business	More than 5 years in business	Total
Presence of non-mercantile articulations	Yes	58%	73%	68%
	No	42%	27%	32%
	Total	100%	100%	100%

Source: Own research. Buenos Aires University research project No.: 20020090100035. Directed by: PhD Julian Rebón. N: 40

To make progress in the characterization of non-mercantile articulations, we have organized them into categories that reflect the activities comprised in each articulation. To this end, the categories created are: educational activities (institutionalized and non-structured), cultural activities (institutionalized and non-structured), economic articulations, work training activities, health-related activities and activities of neighborhood organization around specific issues.

Before characterizing the categories, it would be useful to account for their impact. Table 2 shows a clear dominance of economic articulations and cultural activities. Both are present in slightly over one third of the productive units, whereas in relation to the 27 companies involved in non-mercantile articulations with the community, the presence of these articulations increases to 50%. Present in almost one third of the enterprises that articulate with the community, educational activities come in second place. we find work training activities, health-related activities and activities of neighborhood organization around specific issues are marginally present activities in the recovered enterprises. It should be clarified that occurrences in Table 2 refer to the number of enterprises, ignoring the data concerning the number of activities at each enterprise within a particular category of articulations. For example, enterprise "A" makes donations and discounts. This means that it carries out two economic articulations; accounted for one in Table 2.

Table 2: Type and magnitude of non-mercantile articulation activities

Type of activity	Amount of recovered enterprises
Economic articulations	14
Cultural activities	14
Educational activities	8
Work training activities	3
Health-related activities	2
Activities of neighborhood organization around specific issues	2

Source: Own research. Buenos Aires University research project N°: 20020090100035. Directed by: PhD Julian Rebón.

The section below introduces a descriptive analysis of activities of non-mercantile articulations with society having the greatest impact: economic articulations, cultural activities and educational activities.

3.1.1. Economic articulations

Economic articulations are made up of donations, discounts and community trade fairs. Donations are made in 13 recovered enterprises. Donations of products or services produced by the enterprise itself are the most prevalent. For example, a recovered laundry provides weekly free laundry services to a public hospital nearby. The recipients are mostly hospitals, neighbors, schools, people with disabilities or health problems, civil associations and free diners¹.

Economic articulations also include different types of discounts. These are given at 4 recovered enterprises. The recipients follow the same characteristics mentioned above, largely because 3 out of the 4 enterprises that offer discounts also make donations. Discounts might pose a conflict with the suggested definition of non-mercantile articulations. Although being considered a marketing strategy, they could also account for the presence of an opposite logic to that of market exchange. The choice of specific spaces or social identities that can benefit from discounts (hospitals, neighbors, schools, people with disabilities or health problems, civil associations and free diners) could account for a non-mercantile motivation, such as a logic of friendship or alliance in which the principle of reciprocity prevails (Mauss, 2010; Polanyi, 2007). In the case of a hotel, discounts are made to foreign students of social sciences that come to Buenos Aires under a United States University program designed to learn in depth and from inside the story of the emblematic recovered hotel. In addition, there is a recovered hospital offering low cost plans for the retired.

This category also includes a case of participation in a fair where the self-managed enterprise sells its products. In that fair, recovered enterprises, artisans, neighbors and social community projects participate. Its funding is from cooperative sources; that is, it is achieved through the collaboration of the participants themselves. At first glance, the fair also challenges the definition of non-mercantile articulation. However, it constitutes a privileged moment and space to build alliances with other cooperatives, social organizations and neighbors.

3.1.2. Cultural activities

Institutionalized cultural activities, such as cultural centers, a senior center, a community library, a radio station, and the Documentation Center of Recovered Enterprises are developed at 8 enterprises. Various cultural activities are developed at the remaining 6 factories which are not as systematized or structured as the previous ones. In these cases, enterprise involvement is restricted to the provision of the space

¹ Free diners (*Comedores* in Spanish) are places where free meals (usually lunch and tea) are regularly served to families from vulnerable social sectors.

necessary to perform the activity. Some examples of these are: cultural exhibitions organized by the City Government, school ceremonies, and dancing classes. On the other hand, there are activities organized by enterprises that take place somewhere else, such as at festivals, lunches and meetings. Concurrently, one enterprise organizes educational tours for primary students to show them how an enterprises functions through games.

With regard to cultural institutionalized activities, cultural centers stand out from the rest, as they are marginal activities. These typically offer workshops (dancing, music, theatre, photography, etc.) that are often run by neighbors or social organizations. In some cases, workers lending the space serve as “inspectors”, ensuring the principle of gratuity is observed, while in other cases, they have a more direct participation, being part of the committees that organize the cultural center activities, or discussing issues referred to these activities in workers' assembly. However, the involvement of workers in taking these workshops or courses is almost nothing.

3.1.3. Educational activities

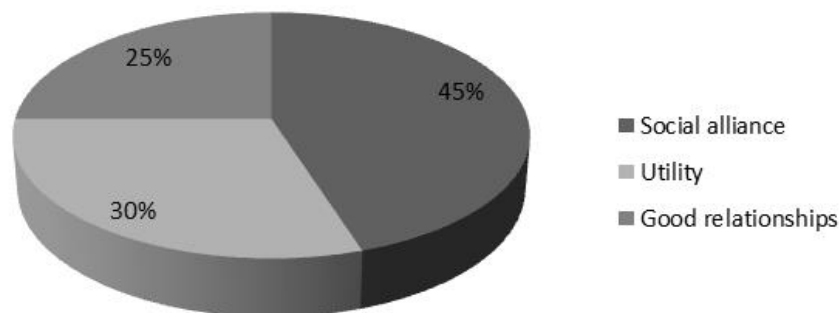
Educational articulations are developed in 8 recovered enterprises, predominating educational institutions. It has been observed in only one non-structured case: support classes for students in primary school. Within educational institutions, we find a number of popular high schools, a primary school, and the project of creating the Workers' University. The organization and educational work are not undertaken by the enterprises. In the case of popular high schools, these tasks are under the CEIP (Cooperative of Popular Educators and Researchers), whereas in the other experiences it is the Government of Buenos Aires City who manages and provides the funds. Notwithstanding this, workers often participate, dictating cooperativism courses and various workshops, making proposals to the CEIP and involving in events organized by students. It should be noticed that this participation is not widespread among all workers; on the contrary, the level of participation in activities planned by educational institutions is usually reduced to 3 or 4 workers per enterprise. At the beginning of these experiments, some workers were involved personally and completed their studies in these institutions. Also, in some cases, students go for internships in recovered enterprises.

3.2. The logics of articulations: from social alliance to utility

The vast majority of recovered enterprise workers (84%) agree that non-mercantile articulations with the community must be developed. Now, as mentioned above, in this paper we intend to figure out the underlying logics behind the development of non-mercantile articulations in recovered enterprises. Some of our questions are: What are the opinions of recovered enterprise workers regarding this kind of articulations? How do they justify their agreement? How do they legitimize the development of these activities in recovered enterprises? Which are the underlying logics behind the widespread agreement?

Three underlying logics justifying agreements have been identified: social alliance (45%), utility (30%), and good relationships (25%).

Figure 1: Logics underlying non-mercantile articulations



Source: Own research. Universidad de Buenos Aires research project N°: 20020090100035. Directed by: PhD Julian Rebón. N: 107.¹

The expansion of recovered enterprises is an inseparable process from the context of the generalized crisis in Argentina by the beginning of the century and, as we have already mentioned, it was strongly associated to the struggles carried out by the mentioned social alliance. In this regard, we found that the prevailing logic relates to the maintenance and consolidation of this *social alliance* (45%). Having counted at the inception of the recovery process -as well as during the maintenance of productive projects- on the help of various social fractions, non-mercantile articulations are considered by workers a form of gratification. We have grouped under *social alliance* those arguments on giving back to society the support that was received. We consider this idea of “giving back” a way of building and maintaining an alliance, based on the system of gift-exchange. This system refers to a form of sociability where a circuit of obligations is created: obligation to give--obligation to receive--obligation to give back (Mauss, 2010). *“The gift can be defined as the offer of a good or service to others without warranty or request of retribution, but in the hope that there will be correspondence, which can establish relationships of alliance and friendship.”* (Caillé, 2009: 115) This does not mean that social relationships built on the basis of this logic lack of any interest or that they are based solely on generosity and gratitude. On the contrary, this bond involves an expectation about reciprocity, and the obligation to give back. Furthermore, the study allowed us to identify the logic of *utility* (30%), since non-mercantile articulations can help the

¹ 6 cases corresponding to the category “Other” have been excluded.

premises be declared public utility¹. In this case, these articulations are legitimized from the perspective of a criterion that clearly exposes the seeking of a particular purpose. According to Law 21.499 of Argentina, public utility refers to everything that meets a generally collective need, which is prioritized over any individual benefit. This public utility lies on the essence of expropriation: it is its justification, stating that the property that is being transferred is necessary for the purposes of general utility, turning the restrictions over private rights into a legitimate act when required by the general welfare (Monayar). In this regard, carrying out non-mercantile articulations contributes to its declaration as public utility, and thus to the expropriation of the property.

The two logics described tend to oppose. The first one refers to a sociability logic in which non-mercantile articulations are perceived by workers as forms of solidarity that tend to strengthen and perpetuate a social alliance. In these cases, there is no expectation regarding compensation; "*is treasured, but to spend, to compel, to have faithful men*" (Mauss, 2010, p. 246). By contrast, in the second logic, those articulations are thought as the means to achieve a specific and previously defined purpose; a way to obtain something useful. However, it is interesting to note that both logics refer to elements that are closely related to the specificity of the enterprises' recovery process. The social alliance was vital for the expansion of recovered enterprises. On the other hand, the declaration of real property as public utility is crucial to declare expropriation and thus to advance towards workers' possession of the factories.

Finally, and in contrast to the preceding logics, we have identified a third category that differs from the other two in the sense that it does not anchor on the specificity of recovered enterprises. The *Good relationships* category refers to the willingness to maintain close bonds with the community and with the government. *Good relationships* are not directly aimed at building social alliances based on the gift-exchange system, or at having the real property declared public utility. This category loses the specificity of the linkage between the recovered enterprise and the community. Thus, it could be a category applicable to other productive projects, not necessarily self-managed ones.

3.3. Some hypotheses on the opinions of workers about non-mercantile articulations.

In this section we will formulate potential associations between the logics analyzed above and some attributes of the enterprises, as well as, workers' perceptions and opinions concerning efficiency criteria.

In the first place, we hypothesize there is a link between workers' justification of the development of non-mercantile articulations and the actual presence--or absence--of these articulations in their workplaces. Table 3 suggests that workers in enterprises carrying out non-mercantile articulations tend to emphasize the *social alliance* (49%) when justifying their agreement. By contrast, workers in enterprises not developing these articulations tend to mention their *utility* (41%) as a means towards the

¹ There is a suggestive explanation about the development of cultural activities in his factory provided by a worker: "*It is a factory space opened this last year in order to fulfil the social objective required by the [expropriation] law*".

expropriation goal pursued through their development. Thus, we can postulate that the articulations are mainly developed under the logics of construction and maintenance of the *social alliance*.

Table 3: Logics underlying non-mercantile articulations by occurrence of non-mercantile articulations in the enterprises

		Occurrence of non-mercantile articulations in the enterprises		Total
		Yes	No	
Logics underlying non-mercantile articulations	Social Alliance	49%	35%	45%
	Good Relationships	26%	24%	25%
	Utility	25%	41%	30%
Total		100%	100%	100%

Source: Own research. Universidad de Buenos Aires research project N°: 20020090100035. Directed by: PhD Julian Rebón. N: 107.¹

Secondly, those recovered enterprises with a high level of conflict initially², that is to say, companies that faced evictions, encampments, clashes with the security forces, and occupancy of factories, had the support of a broad spectrum of identities. In this sense, it could be hypothesized that these enterprises have deep social roots and that their workers tend to emphasize *social alliance*. As shown in Table 4, 49% of workers in high-conflict enterprises mention the *social alliance* logic, whereas those who are part of low-conflict enterprises tend to prioritize the *utility* of non-mercantile articulations.

Table 4: Logics underlying non-mercantile articulations by level of conflict

		Level of conflict		Total
		Low	High	
Logics underlying non-mercantile articulations	Social Alliance	31%	49%	45%
	Good Relationships	23%	26%	25%
	Utility	46%	25%	30%
Total		100%	100%	100%

Source: Own research. Universidad de Buenos Aires research project N°: 20020090100035. Directed by: PhD Julian Rebón. N: 107.³

¹ 6 cases corresponding to the category “Other” have been excluded.

² This variable is constructed by the type of action used to take over the real property. Transfers of the property agreed between the owner of the failed company and workers are included in the category of low conflict. Transfers that occur without prior agreement, through the direct action of workers, are included in the category of high conflict.

³ 6 cases corresponding to the category “Other” have been excluded.

Finally, having reviewed the links to certain attributes of the enterprises, we will approach workers' opinions about the criteria of efficiency regarding recovered enterprises. Given that non-mercantile articulations express relationships with society not mediated by the market, conflicts may arise with the efficiency criteria related to the maximization of profit, that is to say, to a strict mercantile-economic sustainability. In contrast, the social economy is characterized for its emphasis on social reproduction rather than capital reproduction, making us suppose that efficiency could be measured not only by the capacity of increasing productivity and profit, but by the ability to gain a socio-economic sustainability (Fernández Álvarez, 2012; Vázquez, 2010). In this sense, it can be supposed that the social economy enterprises should prioritize other types of efficiency, being these other criteria related to the logic of *social alliance*. Indeed, the *social alliance* prevails among those who measure the success of a recovered enterprise as the ability to defend sources of labor and the ability to ensure self-management. Differing from these, in Table 5 we observe that workers who believe that the efficiency of a recovered enterprise lies on its ability to grow in investment and increase productivity focus on maintaining *good relationships* with the community and the government (50%). We claim that prioritizing the ability to grow investment and increase productivity is an efficiency criterion that is not related to the logics of the social economy, and particularly to the specificity of recovered enterprises, in contrast to the other two criteria related to the maintenance of the sources of labor and the assurance of self-management, both legitimation notions (Thompson, 1979) of the enterprises recovery processes. Similarly, the logic of *good relationships* is less tied to the particularities of recovered enterprises. Maintaining *good relationships* with the community or the government is different from building alliances in the context of the gift-exchange system and from seeking deliberate purposes (*utility*).

Table 5: Logics underlying non-mercantile articulations by efficiency criterion

		Efficiency criterion			Total
		The ability to defend sources of labor	The ability to ensure self-management	The ability to grow in investment and productivity	
Logics underlying non-mercantile articulations	Social Alliance	57%	42%	27%	45%
	Good relationships	15%	21%	50%	25%
	Utility	28%	36%	23%	30%
Total		100%	100%	100%	100%

Source: Own research. Universidad de Buenos Aires research project N°: 20020090100035. Directed by: PhD Julian Rebón . N: 107.¹

¹ 6 cases corresponding to the category "Other" have been excluded.

4. Conclusions

Since the beginning of the 21st century in Argentina, the social economy has aroused and spread as a successful reproduction strategy to face social exclusion and vulnerability, as well as a political project of social organization. In this context, recovered enterprises emerged as a response from workers to processes of wage infringement in a context of deep social, economic and political crisis. The recovery of enterprises had great support from Argentinian society in general, which legitimated and took part in the experiences of recovery, in spite of their disruptive characteristics, particularly regarding private property. Since then, these processes of associated labor and self-management became a paradigmatic case of the social economy in Argentina.

This study aimed to analyze the logics underlying workers' opinions and representations about an exceptionally innovative element of social economy experiences: non-mercantile articulations. Throughout this work we have provided preliminary data about these articulations with the community. In a descriptive analysis, we found that over 60% of recovered enterprises in Buenos Aires City articulate with society in a non-mercantile way. Additionally, we identified six types of articulation activities: educational, cultural, economic, work training, health-related and neighborhood organization around specific issues. We focused on economic, cultural and educational activities, as they are the most representative. The analysis of economic articulations was especially suggestive, as they stand for an economic dimension not purely market-centered, and thus expand the way the economy shall be conceptualized--and practiced, taking into account the social character of economic facts (Bourdieu, 2010).

It was interesting to note that the overwhelming majority of workers agree with the fact that recovered enterprises should articulate in a non-mercantile way with the community. It is noteworthy that this agreement is present whether these articulations are developed--or not--in the enterprises where the interviewees work.

Then, we analyzed the arguments workers provided to justify their agreement with the development of these types of activities. We identified three underlying logics: *social alliance*, *utility*, and *good relationships*. *Social alliance* makes reference to a form of gratification developed by recovered enterprises in order to maintain and consolidate the alliance that promoted and strengthened the recovery of enterprises processes. It is important to emphasize that this logic, based on a gift-exchange system, engages an expectation about reciprocity. *Utility* stands for a logic that seeks a particular purpose: the statement of public utility. Both logics, in different ways, define the specific patterns in which recovered enterprises articulate with the community. Finally, the *good relationships* logic refers to the willingness to preserve close bonds with the community and with the government. This category lacks the specificity of the linkage between recovered enterprises and the community, and could be a logic underlying and justifying corporate social responsibility projects of capitalist enterprises, for example.

Given that the social economy is characterized as an economy that favors other logics over an economic and utilitarian rationality, the operating logics regarding non-mercantile articulations are a privileged element that enabled us to study and analyze to what extent the construction of alternative logics and social relationships correlate in the subjective processes of the workers involved in this kind of productive projects. In

order to trace these subjective processes, we identified links between logics underlying non-mercantile articulations and other elements related to attributes of recovered enterprises, and efficiency criteria considered by workers. As to the first, it is interesting to notice that workers from both enterprises that carry out non-mercantile articulations and from factories that underwent high levels of conflict, tend to make reference to giving back the support received, from a perspective that favors gratuitousness and solidarity as ways of strengthening the *social alliance* that enabled the recovery. In contrast, those who belong to enterprises that do not develop these activities and did not undergo high levels of conflict during recovery tend to make reference to *utility*. We shall postulate that the conflicts undergone when recovering the factories and the development of non-mercantile articulations strengthen solidarity bonds and, consequently, the logic of the *social alliance*.

With respect to the efficiency criteria pointed out by workers, interestingly there is continuity between the logics underlying non-mercantile articulations development and the efficiency criteria. Workers who consider that the efficiency of a recovered enterprise lies on its ability to grow investment and increase productivity, as in any ordinary company, favor the maintenance of *good relationships*--a logic we postulated is not associated to the specificity of recovered enterprise and the social economy experiences in general. The persistence of logics related to capitalist enterprises poses serious limits to the gaining of a socio-economic sustainability, jeopardizing the maintenance of these processes of social change.

In the exploratory approach to non-mercantile articulations and, specially, in the analysis of the logics that promote them, new questions that will guide future studies arise: What are the reasons for the absence of non-mercantile articulations in those enterprises where workers agree with their development? What links can be found between logics underlying non-mercantile articulations and degrees of progressiveness regarding innovations in decision-making and work processes? Moreover, what effects does their development have over the sustainability of initiatives and experiences of the social economy? These questions are the basis for future studies concerning non-mercantile articulations with the community, without overlooking their importance in the strengthening of the social economy and self-management as alternatives in production and to bring about social change.

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REFUGEE FARMERS AND THE SOCIAL ENTERPRISE MODEL IN THE AMERICAN SOUTHWEST

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Abstract: *In recent years refugee resettlement agencies in various parts of the United States have sought to foster sustainable farming projects aimed at empowering refugees. This paper presents the first known case study of a U.S. based marketing cooperative formed by refugees from different ethnic and cultural backgrounds. Founded in 2011 by the Phoenix International Refugee Committee (IRC), Gila Farm Cooperative (GFC) has 22 members from four different countries of origin who work to support the organizations' newly formed Community Supported Agriculture (CSA) in central Arizona. In the context of a university-community partnership established through Social Economy Arizona (SEAZ), a project affiliated with Arizona State University's School of Social Transformation, the research team worked closely with key cooperative stake-holders to undertake a three month study of GFC in spring 2012. Focusing on the intersection between urban agriculture, social enterprise development and refugee resettlement, our study investigates Gila Farm Cooperative as an experiment in building a new model collective entrepreneurship among refugee farmers from diverse cultural and ethnic backgrounds. We utilize a social enterprise framework to provide a descriptive analysis of GFC's structure and operational processes based on data collected primarily through participatory observation and in-depth interviews with IRC staff and board members representing different refugee communities. Linking this organizational analysis to board members' perspectives of the social and economic value generated by the cooperative, we explore the prospects for reinforcing the GFC's role in empowering refugees through the adaptation of a more deliberative, solidarity based model of collective entrepreneurship.*

Keywords: *U.S. social economy; social enterprise development; community supported agriculture; cooperatives, refugee farmers*

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1. Introduction

In 2011 the Phoenix International Refugee Committee (IRC) formed Gila Farm Cooperative (GFC), a cooperative marketing association comprised of refugee farmers from Somalia, Uzbekistan, Iraq and Togo. Within a year GFC was running its first Community Supported Agriculture (CSA).¹ In seeking to foster a cooperative business among a particularly vulnerable population in the American Southwest, GFC faces unique challenges to its long term stability. Positioning GFC within an emerging social enterprise framework, this article examines the social and economic benefits that GFC generate for its principle stakeholders: ethnically diverse refugee farmers who are both economically and culturally marginalized from mainstream American society. Focusing on the experience and perceptions of GFC's board members, we analyze both the challenges and opportunities facing GFC as an on-going experiment in building a new model of solidarity-based collective entrepreneurship.

Working closely with GFC board members, individual farmers, and IRC staff and consultants, we combined on-going participatory action research spanning 2011-2013, with in-depth interviews and primary documentary analysis to accomplish two key objectives. First, we employ Sutia Alter's model of mission and money relationships within social enterprises to analyze the structure and organizational processes that form the basis of the GFC model in its initial stage of development. This enables us to clarify the linkages between key organizational stakeholders, their relationship to one another and their relevance to the success of the cooperative. Second, we undertake a descriptive analysis of key stakeholder responsibilities, capacities and perspectives in order to identify key factors affecting GFC's capacity to generate social and economic benefits to its prime beneficiaries: cooperative members. While there are a wide variety of factors that are linked to its future success, we focus primarily on identifying the benefits and draw backs of the cooperative social enterprise model for refugee farmers. In so doing we hope to contribute to an emerging literature that seeks to evaluate how diverse organizational forms and cognitive and cultural processes impact 'everyday entrepreneurship' understood as important forums of social as well as economic participation (Steyaert and Katz, 2004; Bouchard , 2009, Perret, 2009).

2. Literature review and empirical background

Social enterprises and the social economy

Analytically, we seek to orient GFC within the social economy. The concept of the social economy originally emerged as a means of characterizing a particular blend of solidarity and entrepreneurialism found within the third sector (Borzaga and Defourney, 2001; Evers and Laville, 2004). More recently it has come to be viewed as

¹ Community Supported Agriculture (CSA) is a partnership between local farmers and community members who support them by paying in advance for farm fresh produce, which once harvested is then made available by farmers during a regularly scheduled weekly or monthly food pick-up or delivery. In the U.S. they are typically operated as single farmer proprietary businesses.

an emerging development paradigm combining market, state and civic resources (Galliano, 2003; Nyssens, M, 2006; Fonteneau, B.; Neamtan, N.; Wanyama, F.; Morais, L. P.; de Poorter, M., 2010). As such it captures a variety of relations at the interstices of the market, state, and civil society – spheres that have become increasingly interdependent thus blurring the boundaries of social and economic development on the one hand and public, private and non-profit sectors on the other. Arising in response both to the limits of traditional economic strategies and social policies to meet a number of pressing contemporary challenges as well as growing support for more sustainable and just process of wealth creation (Fontan and Shragge, 2000; Fonteneau et al, 2010), the social economy includes a wide variety of social innovations spearheaded by civil society’s attempts to respond to community needs (Gerometta, Haussermann and Longo, 2005; Harrison, Bourque and Szell, 2009) as well as emerging forms of governance characterized by greater integration of policy and practice, increasingly complex organizational interdependencies, and new axes of conflict and collaboration (Amin, Cameron and Hudson, 2002; Koiman, 2003; Turner and Martin, 2005).

Though the conceptual boundaries of the social economy continue to be the subject of considerable debate, from an organizational perspective much of the globe shares a common understanding of social economy organizations as, “enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity” (International Labour Office, 2009: 2). In this regard the United States is somewhat distinct in that much greater emphasis is placed on social entrepreneurship, which places greater emphasis on individual entrepreneurial activity, market mechanisms, and earned income strategies (Boschee, 2001; Drayton, 2006). While much of the recent literature on the social economy has focused on the ways in which the organizational forms, social objectives and areas of activity encompassed by the social economy vary cross-nationally – often as a result of historically conditioned structural and legal factors (Nicolăescu and Nicolăescu, 2012; Galera and Borzaga, 2009; Defourny and Nyssens, 2010) – macro-level comparative work often obscures important subnational variation. This is particularly salient for understanding the social economy in the United States, a large, heterogeneous country that contains considerable regional variation as well as an enduring legacy of cooperative development that is often ignored in the comparative literature on social enterprise development.¹

As a refugee farmers’ cooperative GFC is both analytically and empirically interesting from an international perspective in large part because it represents a reality that is often overlooked in discussions of the U.S. social economy. Despite a steady increase in research devoted to U.S. based social enterprises, there is a dearth of theoretically informed empirical studies investigating more collective forms of social

¹ Though more concentrated regions such as the Northeast, Pacific Northwest and rural parts of the Midwest, the U.S. is home to an estimated 30,000- 40,000 cooperatives nationwide which provide approximately 450,000 jobs across a wide variety of sectors, from farming to finance (Gonzales and Phillips, 2013).

entrepreneurship in the U.S., particularly among low-income ethnic minorities. Because social economy organizations are differentially embedded in both society and the economy, their relevance for poor ethnic minorities, particularly foreign born non U.S. citizens, is likely to be quite different than for white, native-born U.S. citizens who tend to be the primary subjects of much of the U.S. literature. In this regard the international development literature that focuses on particularly vulnerable populations is instructive. Here attention is less focused on what it takes to catalyze profitable, employment-generating businesses and/or entrepreneurial movements than on factors that facilitate and constrain economic self-sufficiency, empowerment, and cultural integration – themes of particular interest to members of marginalized as opposed to mainstream communities. At the macro level, the degree to which the former are able to participate in frameworks of development (Tembo, 2004) as well as the material and cultural resources available to them within particular geographic and political contexts (Friedmann, 2001) are key to understanding the prospective role that individual social enterprises like GFC play in fostering key social-economic developmental goals. Models of development at the micro-level are also important given that they shape the ways in which available resources are mobilized and managed.

Focusing on the micro-level, our study identifies the key factors that enable the GFC to combine significant ethnic and cultural diversity within a cooperative structure which has long served as an important source of sustainable development for struggling farmers across the globe. Utilizing Alter's social enterprise framework, we analyze the structure and organizational processes that form the basis of GFC's operations as well as the roles and perceptions of its diverse board members to begin to assess the extent to which GFC's development model benefits member farmers. In addition to contributing to our knowledge of social enterprises engaged in urban agriculture, our study is particularly useful for gaining a better understanding of the capacity of cooperative organizations to sustain themselves under challenging conditions—in this case an ethnically diverse group of stakeholders who do not share a common culture nor a deep connection to the land they cultivate and who operate in a socio-political environment in central Arizona that lacks strong sectoral, territorial, and/or socio-economic integration policies which support the growth of the social economy.

Urban agriculture, refugee farmers, and cooperative enterprises in the U.S.

According to a recent survey there are well over 200 refugee-based agricultural projects in the U.S. (Hightower et al., 2012). In many ways they represent a continuation of an American ethos of helping beginning farmers get a foothold on the American dream. Historically, American agriculture has been forged by newcomers, traditionally immigrants from northern Europe, who helped settle the Great Plains (Brown, 2011). Yet with nearly 40 million foreign-born residents, the most of any country in the world, many small farmers in the U.S. today are likely to be subsistence farmers from Asia, Africa and Latin America. Although less than one percent of the U.S. population now identify themselves as farmers (EPA, 2011), new food movements of the last decade, with their growing demand for local, small-scale, sustainable production (Steinhoff, 2005), have helped spawn renewed interest in small farmers and their role in the food

system. In low income communities the economic crisis and social dislocation generated by the Great Recession has further intensified the turn to small farmers as potential engines of rural development and/or urban revitalization.

These trends have spawned a growing interest in farming within the context of economic development programs linked to refugee resettlement (Brown 2011; Hightower, Brennan and Niewolny, 2012). As populations continue to be displaced worldwide due to globalization, war, and human rights violations, refugees and asylees make up a significant and growing share of new immigrants to the United States. U.S. refugee policy aims to provide resettlement consideration to at least half of all refugees referred to it by the United Nations High Commissioner for Refugees (UNHCR), with the number of people ranging over the last decade from a low of 27,000 in 2002 to 73,000 in 2010. Distinct from refugees – generally large groups of individuals who have been simultaneously displaced – asylees in the U.S. ask for protection on a case by case basis after they have arrived in the country (Boyle and Ali, 2009). While the U.S. accepts an average of about 48,000 new asylum claims per year, it is the largest single recipient of new claims for asylum seekers in the world with over 83,000 individuals submitted applications for asylum in 2012 (UNHCR, 2012).

Though the U.S. federal government is ultimately responsible for refugee resettlement, a broad set of national voluntary agencies play a decisive role in protecting and providing resettlement assistance to refugees in the United States. Operating through cooperation agreements, organizations such as IRC, the largest of the secular refugee resettlement agencies, together with a variety of ethnic and religious based charity organizations, determine where refugees will initially settle, sponsor refugees' arrival, and working through their local offices, provide a variety of post-arrival support and services (Mott, 2010). Though they are only required to deliver basic needs support for thirty days, resettlement agencies make community referrals and often offer an extended range of social and employment services critical to refugees who are often dealing with a much broader range of challenges than other immigrants.

In addition to dealing with the trauma of relocating from their home countries, refugees struggle to cope with limited knowledge of English as well as various forms of marginalization and discrimination as they navigate the culture and geography of their new homes. In this context, agricultural projects offer an opportunity to generate economic opportunities for refugees who have few other options, particularly as many refugees are not eligible for benefits otherwise provided to low income citizens in most states. In their quest to help refugee communities gain greater economic self-sufficiency, many federal and voluntary agencies have promoted farms and gardens as potential “model micro-enterprises” (Brown, 2011) generating nutritional, culturally relevant foods in neighborhoods often characterized as food deserts. In addition to enabling producers and their neighbors to generate supplemental income and spend less of their overall income on groceries, refugee farms and garden projects are also seen as providing a variety of social and psychological benefits to refugee communities, for example opportunities for integration and socialization for people otherwise isolated from one another as well as a greater sense of self efficacy and belonging by increasing their visibility and contact with local residents (Hightower et al., 2012).

Against this broader backdrop, what sets GFC apart is its establishment as a cooperative enterprise. Cooperatives have long been seen by small farmers as a solution to the difficulties of competing with bigger producers (Fairbairn, 2003) – a view reflected in the sizable number of farming cooperatives found in the U.S.¹ By sharing costs and spreading out risk cooperatives allow small farmers to compete in the capitalist marketplace while maintaining control over their own business (Briscoe & Ward, 2005; Fairbairn, 2003; Ward, 2005). Farming cooperatives, especially when linked to alternative agriculture, contribute to local community development by halting rural decline and preventing urban sprawl (Sumner & Llewelyn, 2010; Williamson et al., 2003), shortening the distance between consumers and producers (Moroney, Briscoe, McCarthy, O’Shaughnessy, & Ward, 2009), and generating a variety of socio-economic benefits linked to poverty reduction. Internally, cooperatives foster social solidarity, guided by a clear set of values such as democratic control and concern for community, which are enshrined in cooperative principles established by the International Cooperative Association (ICA).² Thus, both ideationally and pragmatically, cooperatives offer a promising structure for refugee resettlement.

Gila Farm Cooperative

Founded in 2011, GFC was originally conceived as an extension of IRC Phoenix’ New Roots farmer food security program, a federally funded program providing training and resources to help new refugees take up farming. With the help of funding acquired through the USDA Farmers’ Market Promotion Program, within a year it had hired a staff member to initiate and manage the early development of the cooperative, enlisted the services of a pro-bono lawyer to help draft its articles of incorporation and by-laws, and officially launched its CSA. Comprised of 22 refugee farmer-members who come from four different countries of origin (Somalia, Uzbekistan, Toto and Iraq) representing four distinctive cultural traditions, ethnic backgrounds, and native languages, GFC operates as a multi-ethnic, multi-cultural social enterprise. Farmers share in the cultivation of a 27-acre plot of land (Gila Farm) located in Central Arizona, just south of the state’s capital city of Phoenix. In addition they help cultivate (both themselves and in affiliation with refugee gardeners) five small IRC affiliated garden plots spread throughout the Phoenix metropolitan area.

While demand for fresh, local produce is expanding in Arizona, learning how to thrive as both farmers and social entrepreneurs in the American Southwest is no easy task, particularly for refugee farmers whom struggle both economically and socially as cultural outsiders in American society. As the only known US-based marketing cooperative comprised nearly exclusively of refugee-farmer members, GFC constitutions a particularly important case to examine as it seeks to transition from a viable start-up to a sustainable cooperative enterprise.

¹ There were 2,310 agricultural cooperatives in the U.S. in 2010 (nine in Arizona) of which 138 were fruit and vegetable marketing coops (USDA, 2011).

² For a full description of the seven cooperative principles established by the ICA see, <http://www.ica.coop/coop/principles.html>.

3. Research design: objectives and methods

While refugee-based agricultural projects are on the rise, to our knowledge there are no studies that focus on the experiences and perceptions of refugee farmers themselves in the process of building a social enterprise. Because GFC was formed as a cooperative it offers a critical opportunity to look at the factors that enable refugee farmers to play a greater role in the operation, management and governance of the cooperative not just as IRC ‘clients’ but as producer-members of a developing social enterprise. Using Sutia Alter’s social enterprise model as a foundation, our study focuses on GFC’s capacity to create social and economic value for its key beneficiaries – ethnically and culturally diverse refugee farmers living and working in central Arizona. In an effort to illuminate the mechanisms by which social enterprises create value as well as the factors that influence the role of refugee farmers in assuming administrative, management and governing roles within the cooperative, we address a number of key questions. What institutional and financial arrangements enable GFC to operate as a cooperative social enterprise? What are the key processes that define its day-to-day operations both as a social enterprise and a CSA more specifically? How do the skills, expectations and knowledge of cooperative members and IRC support staff map onto refugee farmers’ operational roles and responsibilities?

In answering these questions, we draw on a variety of qualitative methodologies, most notably participatory observation, semi-structured interviews, and analysis of primary source documents generated by the IRC. The bulk of data collection and analysis was undertaken from January-May 2012, but because this study evolved from a broader ongoing partnership between the IRC and SEAZ, a project affiliated with Arizona State University’s School of Social Transformation, we also draw on data collected during the previous year. During the four month period in which our primary field research took place, we participated in multiple GFC board meetings, farmers markets, and CSA pick-up events, and collected and analyzed primary and secondary data (i.e. articles of incorporation, grants, aggregate data on farmers) relating to the GFC. Attempting to gain as many perspectives as possible in the time allotted, we conducted interviews with GFC’s five farmer-board members, who together represent the four different ethno-cultural groups comprising the cooperative’s formal membership. We also interviewed and job shadowed the cooperative coordinator as well as two other IRC staff, a pro-bono lawyer hired to consult with the cooperative on a variety of legal issues, and an advisor to ‘incubator farms’ involved in the New Roots project.

4. Utilizing a social enterprise framework to assess value

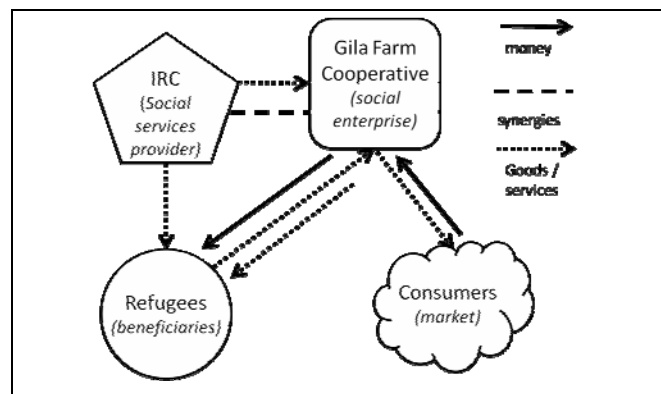
As underscored by Sutia Kim Alter (2006), the context in which social enterprises emerge is often more complex than in either traditional non-profit or for-profit enterprises.¹ By definition, social enterprises combine economic and social purposes but because mission and money are often hard to disentangle, she contends that modeling a social enterprise should begin by identifying "the relationship between business activities and social programs, [and] its purpose" (Alter, 2006: 214). More

¹ Alter is a practitioner and consultant who first developed her model while a visiting fellow to the Skoll Centre for Social Entrepreneurship at the University of Oxford.

specifically, she argues that a social enterprise's social and economic value can be analyzed by mapping the flow of goods and services, money, and synergies between itself and three key organizational components: its beneficiaries, for whom the social enterprise is designed to create social and economic value; sponsoring and supporting organizations; and the target market in which the organization operates.

Applying this model (Figure 1) to GFC, it is clear that the refugee farmers that are its members are also its key beneficiaries. Yet, because its farmer-members work in conjunction with IRC staff, GFC operates as a hybrid organization whose business operations rely heavily on technical support and human capital from the IRC. GFC benefits IRC in return by providing the New Roots program with market outlets critical to its success. Additionally, its social aims are highly connected to those of the IRC, which self-identifies as a refugee resettlement agency.

Figure 1: Social enterprise model of Gila Farm Cooperative



Source: Adapted from Alter, 2006.

GFC's target market is the steadily rising consumer base for locally grown fruits and vegetables in the Phoenix metropolitan area. GFC gains market differentiation from other organizations in central Arizona's growing urban agriculture movement by planting and selling more exotic leafy greens and grains such as chin baung, and creating recipes and newsletters explaining the origin and uses of the produce thus also helping to promote biological and cultural diversity. Though its' key goal is to stimulate consumer demand for its' produce, GFC joins with others in adding value to the broader community through urban landscape beautification, raising awareness and interest in small scale, less intensive farming, and increasing the visibility of refugees among middle class native Arizonans who may not typically interact with this population.

In its money relationships, GFC is not yet financially self-sufficient-- as is common for social enterprise start-ups. It relies significantly on federal funding of IRC programs and staff for operational support. Yet, by connecting agricultural producers to consumers it delivers economic value to individual farmers. As both producers and beneficiaries,

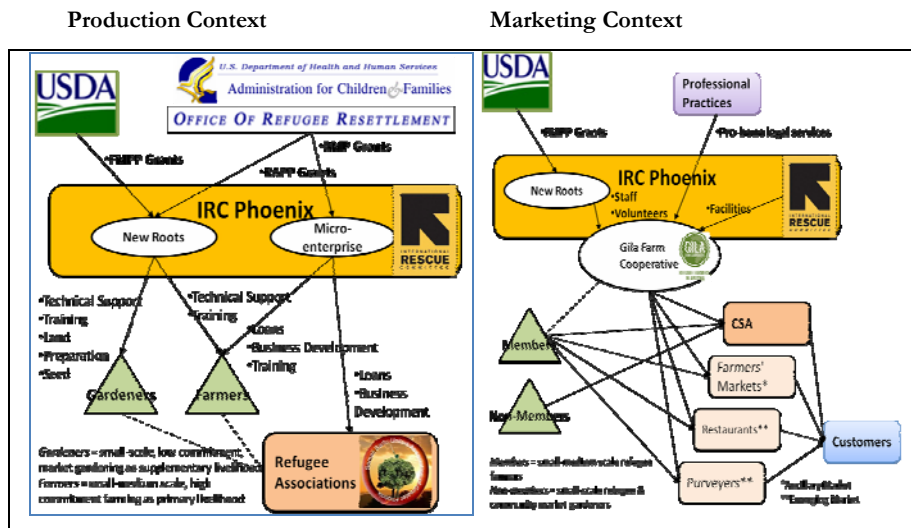
farmer members are paid the consumer price for their produce less a commission retained by the cooperative to pay for operating costs. Additional economic value is delivered to members through shared costs such as farmer insurance which is much lower when obtained through the cooperative than individually.

The synergy between IRC and GFC in its business operations is mirrored in its social mission. GFC provides social value to farmer-members through mutual learning and the opportunities it generates for social and economic solidarity and democratic participation. The IRC delivers social value through a variety of services, such as helping refugees procure Refugee Cash and Medical Assistance in their initial three months in the U.S. and providing specialized support and consultation to help them acclimate to life in Arizona for up to two additional years. Within this context, GFC enhances the social value provided by IRC in ways that support farmer livelihoods while providing an additional pathway towards social solidarity and economic self-sufficiency for recently resettled refugees.

Organizational infrastructure

Focusing on Gila Farm Cooperative's organizational infrastructure helps to gain a better understanding of both its production and marketing functions (Figure 2). Though the two domains are interdependent, they are operationally distinct in terms of funding, services and synergies.

Figure 2: Production and Marketing Support for Refugee Farmers



On the production side, IRC's New Roots and Micro-Enterprise programs assist refugees with farming and business development support to become effective

agricultural producers. New refugees start out as gardeners enabling them to gain access to garden plots and receive assistance with land preparation, water, seed, and technical support for two seasons. At that point they become "market gardeners" and are expected to establish greater financial independence. If they want to pursue more intensive farming, New Roots will help them to lease land and will continue to provide training, support, and business development help. These programs are funded through federal grants (i.e. the Farmers Market Promotion Program (FMPP), the Refugee Microenterprise Program (RMP), and the Refugee Agricultural Partnership Program (RAPP)) from the Department of Agriculture and the Department of Health and Human Services Office of Refugee Resettlement (ORR). Additionally, refugee communities often draw additional support from cultural associations like the Somali Bantu Association of Greater Phoenix, which organize social events and provide valuable services such as language classes and child care.

As a marketing cooperative GFC strives to develop markets for farmer-members' produce from which New Roots gardeners also benefit. The IRC supports this endeavor by contributing a wide range of resources, including staff and internship support, office facilities and supplies, and access to third party support such as translation services, much of which is funded through the FMPP grant. The cooperative's principal non-grant income source and market outlet is its CSA, although the cooperative also has a presence within several local farmers' markets and is exploring direct sales possibilities with local downtown Phoenix eateries. As grant funding is intended as seed-money to establish the cooperative in its first years of development, cultivating additional markets is critical to the long-term viability of the social enterprise. Thus, over time, GFC is expected to become less interconnected with the IRC as it relies more on its internal business operations to connect a growing pool of producers to an expanded customer base through a variety of market outlets throughout central Arizona.

Roles and processes related to administration, management, and governance

Having placed GFC and CSA within a broad organizational context we turn to operational and administrative processes, identifying key stakeholder responsibilities, the general competencies required to perform them, and the ease by which cooperative members currently perform these tasks.

Our evaluative criteria, summarized in Table 1, focuses on three distinctive domains: 1) the CSA Operational Cycle, a weekly process that provides each customer with a \$20 "box" of assorted, fresh produce; 2) CSA Management, a collection of less frequent or ad-hoc operational and administrative tasks related to business development; and 3) GFC Governance, which involves cooperative membership, institutional maintenance and strategic development. Within each domain roles and responsibilities are ranked according to how demanding they are to execute.

- *Basic tasks* require only a limited understanding of the social enterprise, basic competency in English language and/or numeracy skills, and limited access to resources, such as reliable transportation.

- *Intermediate tasks* involve greater knowledge of specific aspects of the enterprise, some proficiency in the English language and interpersonal skills and basic business competency as well as access to specific resources such as an internet connection.
- *Advanced tasks* necessitate familiarity with a broad range of roles and responsibilities, advanced general competencies (e.g. specialized computer literacy or proficiency in reading and writing in English), and/or specialized business skills such as marketing and strategic planning, and/or the ability to take on significant responsibilities and authority, such as managing subscriptions and financial accounts.

Table 1: Roles and Responsibilities Relating to GFC Administrative, Managerial and Governance Tasks

Roles	Functions	Skills / Resources	Level	Primary Responsibility
<i>Weekly CSA Operational Cycle</i>				
Placing orders	"Build" produce boxes by placing orders across multiple producers	<ul style="list-style-type: none"> • CSA computer systems • Organization & Logistics • Communications / English • Familiarity with the CSA 	Advanced	Coordinator
Collecting and preparing the harvest	Collect and dress produce at farms / gardens	<ul style="list-style-type: none"> • Interpersonal • Production skills • Organization & Logistics • Mobility 	Intermediary	Coordinator and Farmer-Members
Composing written materials	Research, write & publish newsletter (articles on farmers, produce, recipes, news)	<ul style="list-style-type: none"> • Computer literacy • Advanced English competency 	Intermediate	Coordinator and IRC Volunteers
Customer Pick-up	Setup / take-down pick-up; meet & greet customers	<ul style="list-style-type: none"> • Basic English 	Basic	Farmer-Members
Reconciling Orders	Update order records with actual quantity supplied	<ul style="list-style-type: none"> • CSA computer systems • Organization & Logistics • Communications / English • Familiarity with the CSA 	Advanced	Coordinator
<i>CSA Management</i>				
Production Management	Train & advise farmers onsite on producing for the cooperative	<ul style="list-style-type: none"> • Interpersonal • Farming / Marketing • Familiarity with the CSA • Mobility 	Intermediate	Coordinator and New Roots Staff

Roles	Functions	Skills / Resources	Level	Primary Responsibility
Customer Relations	Respond to customer inquiries; Pick-up reminders;	<ul style="list-style-type: none"> • Familiarity with the CSA • CSA computer systems • Communications / English 	Intermediate	Coordinator and farmer members
Marketing & Customer Sign-up	Recruit & retain customers; collect customer subscriptions	<ul style="list-style-type: none"> • Familiarity with the CSA • CSA computer systems • Communications / English • Customer payments 	Advanced	Coordinator
Special Orders	check for special orders, place orders with producers, coordinate delivery	<ul style="list-style-type: none"> • CSA computer systems • Communications / English • Familiarity with the CSA • Customer payments 	Advanced	Coordinator
Pay Producers	Write monthly checks to producers	<ul style="list-style-type: none"> • CSA computer systems • Authorized Payments 	Advanced	Coordinator
<i>Cooperative Governance</i>				
General Assembly	Open exchange and deliberation of ideas; major decision making; election of board members;	<ul style="list-style-type: none"> • Mobility • Basic Communication skills 	Basic	All members
Fostering Membership	Recruit new members; maintain & deepen relationships among existing members; communicate between board & members; Collect membership fees	<ul style="list-style-type: none"> • Interpersonal and communication skills • Familiarity with the CSA 	Intermediate	Coordinator and Board members
Board Management	Manage board meetings; make strategic & operational decisions	<ul style="list-style-type: none"> • Deep knowledge of GFC • Leadership • Management • Communication / English 	Advanced	President (farmer); Coordinator; Lawyer
Maintaining Accountability	Perform legal and financial obligations cooperative marketing association status compliance	<ul style="list-style-type: none"> • Legal requirements • Financial management 	Advanced	Coordinator; Lawyer;

In analyzing stakeholder roles and responsibilities across of each of these domains, two points stand out: 1) high reliance on the coordinator, an IRC staff member, to perform key operational as well as administrative and governance tasks and 2), the relatively high level of competence required to perform most tasks needed to operate, manage, and govern GFC as a cooperative enterprise.

Within the CSA Operational Cycle, customer pick-up is the only task requiring minimal technical competencies, skills or resources. Because farmers come from different language and cultural backgrounds it is often difficult to communicate subtleties in meaning, particularly regarding delicate and/or sensitive information such as harvest quality and payment details. English language skills are thus important for effective communication among cooperative members and growers, especially among individuals who do not know one another on a personal level. They are also important for expanding the CSA's consumer market. A second important skill set is computer literacy. Because none of GFC's farmer-members are trained in utilizing CSA management software, and many lack basic competency in using computers and associated hardware and software, the responsibility for generating marketing materials, processing customer's payments and maintaining the cooperative's database of farmer and gardener information lies primarily with the GFC coordinator. Finally, considerable organizational and logistic skills are needed to effectively coordinate and supervise others within tight timescales particularly when placing and reconciling orders.

While CSA management functions overlap with its weekly operation, they are more directly related to business development with the majority of responsibilities requiring advanced competencies. Due to their complexity and the high level of know-how needed to perform marketing and customer sign up, processing special orders and paying producers, these roles are performed exclusively by the Coordinator. In each of these areas familiarity with multiple aspects of the enterprise (e.g. the produce, the producers, and the customers) is critical. Whereas generalized administrative responsibility can be broken down into teachable steps in a series of specialized trainings, the integrative business knowledge needed for many management responsibilities require a combination of experience and specialized technical skills related to small-scale farm production, marketing and basic business operations. Moreover, activities such as tracking CSA customer payments and cutting checks to producers necessitate a fairly advanced understanding of American business banking as well as specific authorization for access to financial systems.

With regard to cooperative governance, unlike roles related to CSA management, farmer members assume a variety of responsibilities, the most important of which include electing board members, voting on key initiatives, fostering membership, managing board meetings, and maintaining accountability. The institutional body responsible for electing board members and voting on key changes, such as amendments to the bylaws, is the general assembly. General assembly meetings, held at least once annually, are open to all members for the purpose of discussing cooperative business. Designed as a forum for the open exchange of ideas and deliberation between members, the general assembly as well as new member recruitment and relationship building among existing members are all domains that require little formal education and few specialized skills. As such, they offer members the possibility of utilizing their

own skills and expertise through on-the-job experience. While farmer members may take on more responsibilities as board members, given the exacting nature of the work, their contribution is somewhat circumscribed due to the legal obligation to ensure appropriate oversight not to mention the considerable financial consequences of any misstep. Thus more specialized skills of a professional nature are required to prepare and manage meetings and oversee related governance tasks such as bookkeeping and financial transactions.

5. GFC board members: assets and aspirations

In utilizing a social enterprise framework to assess the value of GFC for its primary stakeholders, it is critical that we look not only at the formal organizational structure and internal roles set up within the cooperative, but also the ways in which refugee farmers themselves perceive these roles and the social and economic value generated from them. In the discussion that follows we focus on the assets and aspirations of GFC's board members, examining the way they match up with the institutional infrastructure and operational, administrative and governance tasks identified in our organizational analysis. In so doing we are able to highlight points of tension as well as congruence in transitioning GFC towards a more sustainable cooperative model of development.

Formal education and work experience

GFC board members have varying degrees of knowledge and experience with social enterprise development and community supported agriculture more specifically. Though all expressed a willingness to take on increased responsibilities within the cooperative, many board members conveyed a need to learn more about the nature of the tasks required to run a CSA as well as a desire for further education to gain the skills needed to do so. As expressed by one board member, "Education is important. Everybody knows and understands that education is important and that they want to take part in education. And nobody wants to go backwards. Everybody wants to go further and do things. We are interested in everything that gives us knowledge..." (In person interview, 3/27/12).

Work experience and education, whether formal or informal, establish the foundation of cooperative members' capacity to perform all advanced and most intermediate tasks involved in cooperative governance and CSA administration. In this regard it is important to consider the diversity of board members' backgrounds. Though one board member has the U.S. equivalent of a master's degree and another has post-secondary training in mechanics, the majority, like most GFC members, have little formal education beyond grade school. Likewise, not all board members have had experience farming in their home countries. Having operated a farm for ten years or less, they are considered "beginning" farmers according to the USDA definition (Ahearn and Newton, 2009, p. 3). Thus, it is not surprising that the employment experience of the board is considerably varied, ranging from house cleaning, janitorial work, and baking to vocational high school teaching and social work, with only two board members reporting previous involvement in business and/or management.

Farming and the challenges of social enterprise development

Board members' attitudes about farming as a vocation as well as their priorities for skill building in the future are informed not only by their current experiences in the U.S. but those of their country of origin as well. A number of cooperative members described farming as an occupational calling deeply connected to their cultural heritage. As one board member put it, "I am a farmer by heritage, I got it from my dad and grandfather. For 30 years I was operating the machine that used to do farm work" (In person interview, 4/16/2012). However for others with fairly limited farming experience and paid employment in other sectors, farming is seen as more of a supplementary activity.

Citing time constraints and pressures of running a CSA, not all board members viewed cooperative management as a priority on par with simply learning how to become better farmers. Conveying his optimism for the future, one board member exclaimed "Farming is interesting! There is always something to do. You are never annoyed when you are focused on something interesting – really passionate" (In person interview, 4/10/2012). For others, however, farming continues to be a struggle thus raising a variety of questions and concerns about how to deal with on-going economic risk. Recounting an incident in which chemicals used by a neighboring farmer contaminated part of the cooperatives' land, one board member expressed considerable frustration: "...we still struggle with the problems that face us now, among the problem is the chemical on our farm and we spend up to \$35,000 on the farm at that time" (interview, 4/6/2012). Revealing a persistent preoccupation about the ongoing dependence of cooperative members on the IRC, this same board member suggested that cooperative members are unsure as to where else they can go or how else to get land. As a result they feel compelled to accept the terms given to them: "Now [cooperative members] just plant because of the [multi-year] lease signed [with the landowner]" (interview, 3/27/2012). Thus, for some board members fostering social enterprise development is less on the forefront of their mind than determining the viability of urban agriculture for enabling them to succeed in making a viable living in Arizona.

While board members generally understand the importance of stimulating the growth of the cooperative by creating additional markets, they frequently underscored difficulties in the process of producing and selling their crops, for example their ability to reliably provide the CSA with high quality produce though GFC has fewer than thirty customers on their CSA subscription list. They also recognized a tension between ensuring equitable opportunity of members to produce for the CSA and the potential this has for limiting the returns available to each individual farmer. For the most part, board members find 'doing business' in Arizona far more complex than in their native countries. As one board member commented, "Back home ... you just take [things from the farm] straight to the market. Here, some group is bringing stuff from the farm and some other group over here takes the stuff to the market and every place and goes around the city" (In person interview, 4/6/2012). Another board member expressed dissatisfaction with price points becoming a fixed value thus eliminating the process of negotiating price with customers. For him "the difference between here and Africa is that in Africa when somebody buys something and he is missing a shilling he is let go but here nobody lets you go even for one cent...we will have to understand that difference in culture" (In person interview, 4/6/2012). In addition to underscoring the

way in which cultural norms are integral to ‘doing business’, this statement highlights how learned cultural competencies can become just as vital to creating a successful social enterprise as skill building around technical competencies.

Cultural norms and expectations are also integral to board members perceptions of their role in governance. GFC’s incorporation of four distinctive ethno-linguistic communities, each with strong cultural identities rooted in different countries of origin, demonstrates a deep commitment to diversity and inclusion. Yet, it also presents distinctive challenges for fostering and reinforcing solidarity and cohesion. The decision to structure the board according to cultural-linguistic “districts”, with each ethnically defined refugee community guaranteed representation on the board is illustrative. On the one hand it recognizes the need for a balanced board in order to effectively communicate cooperative business and facilitate the flow of information to and from member farmers to the cooperative’s governing body. Yet, disparities in the number of cooperative members that belong to different ethnic groups combined with the cultural and linguistic diversity of the membership generates unequal representation on the board (i.e. the Somali Bantu farmers constitute a clear majority of farmer members and are able to elect more board members than the other ‘districts’) as well as challenges in reaching consensus among board members. The multiple perspectives, ideas and interests complicate more mundane operational and developmental challenges associated with growing a social enterprise. As expressed by one board member, the diversity in board composition presents difficulties in “finding a common decision, one conclusion – to agree,” (interview, 3/27/2012). Concerned for the democratic process, another board member suggested that the current imbalance of membership across cultural groups presents the possibility of domination of the organization along cultural lines, thus threatening the cooperative principle of democratic member control.

Generating social and economic value

While the perspectives expressed by board members reveal the particular difficulties that they and other cooperative members face as refugee farmers, as the principle stakeholders and primary beneficiaries of the social enterprise, they are also quite clear about GFC’s current and prospective social and economic value.

For most board members the CSA’s ability to generate reliable consumer demand for their produce represents an important economic value of the cooperative. They mentioned the financial stability derived from pre-paid orders, the convenience of having a definitive location and time for exchange, and the potential to reach out to a wider consumer base as key economic advantages. Also highlighted by the cooperative’s lawyer were particular economic benefits derived from the cooperative form such as the distribution of income in proportion to member contribution and the ability to enable beginning farmers to overcome high upfront costs such as product liability insurance by pooling resources. Despite board members’ continued reliance on the cooperative coordinator for a wide variety of administrative and governance roles, at least one board member expressed confidence that they are slowly adjusting to how “American” business is done in Arizona and that in the future many of these

responsibilities could be assumed by someone "...found among us...when somebody teaches us what to do what we can do ourselves," (In person interview, 4/6/2012).

With regard to social value, board members identified a variety of benefits of belonging to the cooperative. While many of them could be classified as pragmatic benefits associated with gaining new knowledge and skills as social entrepreneurs, others emphasized solidarity, mutual support, and sharing ideas to work toward a common purpose, values that strongly resonate with the social economy. Although lacking specific knowledge of cooperative principles, one board member expressed his fervent desire to pass on the benefits and support he had received to help new refugee farmers. As he put it, "IRC supported me a lot. Now I want to support the [other] refugees because I learned how to do it, to be a good and successful farmer in AZ." (In person interview, 3/27/2012). The process of building commitment and assuming new responsibilities (as well as risks) was mentioned by the cooperative lawyer as a driving force sustaining the development of GFC, a sentiment echoed by an IRC staff member who, in articulating the cooperative's formula for success stated, "There is a difference when we are working together... I am going to invest more time [than on my own] if we are working together"(Interview, 4/10/2012).

6. Conclusions

Focusing on Gila Farm Cooperative as a novel development within the social economy landscape of the American southwest, our study has utilized Sutia Alter's social enterprise framework to examine how and to what extent GFC promotes the social and economic interests of its primary stakeholders, low income refugees recently resettled to central Arizona. Our investigation of its organizational structure and key operational, administrative and managerial roles juxtaposed against board members' actual skills, experiences and perspectives reveal a number of significant findings, many of which belie the challenges of developing models of collective entrepreneurship among particularly vulnerable groups such as a considerable concentration of authority and responsibility and a substantial mismatch between organizational responsibilities and skill level.

While it is important to recognize that social enterprises' ability to foster broader development goals linked to social, economic and cultural inclusion are highly conditioned by the external environments in which they are embedded, at the micro level, models of organizational development are important in understanding social enterprises' ability to generate social and economic value in the everyday lives of their stakeholders. Given that social economy organizations derive much of their analytic value added from the contention that they are uniquely capable of balancing social and economic purposes, it is essential that researchers subject these organizations to rigorous empirical analysis across a wide range of contexts. Having undertaken this task on our case study of GFC, we devote the remainder of our discussion to analyzing the opportunities and constraints GFC's particular model of development presents for newly resettled refugees, a small but salient group of potential stakeholders in emerging social economy organizations throughout the Southwest. In so doing we provide a

number of recommendations for enhancing GFC's long term viability as a sustainable cooperative enterprise.

Due to the particular composition of GFC's primary stakeholders, low-income refugees from diverse cultural and ethnic backgrounds with limited business experience, we find that issues related to *education and training*, *organizational culture*, and *resource dependency* are particularly critical in enabling it to sustain itself as a solidaristic form of social enterprise. Recognizing the considerable constraints that refugee farmers face, not least of which include the formidable pressures of having to make a living in an environment that is not only foreign, but often hostile to their efforts to thrive, accentuates the importance of developing long term strategies to facilitate greater economic and social solidarity.

To be able to ensure its long term viability as a cooperative enterprise, GFC member farmers need to assume a broader array of roles and responsibilities within the CSA and cooperative more generally. Yet, as our study reveals, many tasks are not readily amenable to be taken up by farmer-members without additional preparation and training. As it stands, GFC's administrative, strategic and operational leadership is concentrated in the position of the IRC coordinator whose position is in many respects akin to that of a cooperative chief executive officer (CEO) and/or executive director. While the direction and oversight she provides is critical at this stage in the development of the cooperative, many board members acknowledge their extreme reliance on the IRC coordinator as an unsustainable long term arrangement. Though the separation of responsibilities provided by an independent CEO can be beneficial for the development of the social enterprise, it is usually an arrangement that requires a strong board to provide leadership and accountability (Cropp and Zeuli, 2004). In the case of GFC, this type of board-driven leadership has yet to emerge. While there are signs that board members are starting to assume more responsibilities, they remain ill prepared to take on the more advanced tasks required to provide broader strategic planning and management of key aspects of the cooperatives' administration, such as accounting and marketing. Because most of GFC's members are recent refugees, they have only resided in the United States for a short period of time (often less than two years) and thus struggle to acquire basic skills such as proficiency in speaking, reading and writing in English. Additionally, they have limited experience with American business practices. While this can be a benefit for fostering social value within the organization by allowing members to introduce new ideas based on their previous experience, as exemplified by Uzbeki members who are able to draw on their experience in running a successful cooperative enterprise prior to resettling in the United States, for others with little to no business background, lack of understanding of American business practices can cause confusion and lead to tensions as stakeholders attempt to negotiate substantially different understandings of what constitutes best practices both with regard to production and administrative decisions as well as dealings with the cooperatives' primary consumers, native-born Arizonans.

GFC members face a relatively steep learning curve for acquiring advanced competencies in the technical aspects of business development. While cooperative members' educational and support needs are considerable, "on-the-job" training and strategic development of specialized skills offer the prospect of significantly improving

board members capacity to develop intermediary tasks as well as more advanced tasks essential to CSA and GFC management and governance. Yet cooperative members face many competing demands. In most instances they support themselves on the basis of other wage-related work and have extended family and/or community obligations. While IRC supports the development of the GFC as a member-run business, some members view the experience as an opportunity to become better farmers so that they can own and operate a farm on their own or in conjunction with friends and family members. If the goal of forming a social enterprise is to “create farm owners not farm workers” (Joseph, 2012), moving forward it will be critical to facilitate more democratic forms of deliberation about the extent to which recent refugees are content with pursuing a future in farming and/or supplementing their primary livelihood by selling produce.

As part of a broader effort to foster the social economy in Arizona, a state which has tended to support a more individualistic, market-oriented model of entrepreneurialism, GFC’s experience draws attention to key issues pertaining to cultural competency and social enterprise development. Within the context of developing more collective forms of social entrepreneurship among ethnically and culturally diverse stakeholders, governance responsibilities can take on a variety of connotations. For people who have spent an extended period of time in an environment characterized by severe repression, conflict and/or violence, qualities that often inform the refugee experience, strong leadership may be perceived as undesirable, particularly if it is associated with coercion (Fonteneau et al, 2010). As underscored by Fonteneau et al. in these contexts social enterprises may not be as readily associated with the concept of voluntary collective action due to experiences with government manipulation or colonial authorities compelling certain forms of social or economic action. As a consequence, governance problems can emerge which may have less to do with lack of specific competencies or role confusion than with perceptions formed on the basis of past persecution, often maintained through continued cultural and economic marginalization. Although these dynamics were not directly expressed in interviews, they operate as part of the broader organizational culture thus highlighting the relevance of multiple layers of cultural norms and expectations informing relations within GFC as a multi-ethnic, multi-cultural social enterprise. At the same time that cooperative members are engaged in constructing a *cooperative* culture which prioritizes the social solidarity and the common good they are also attempting navigating *individual* and *business* cultures – the former influenced by personal values and beliefs and the latter by norms related to transactions and exchange. Additionally, they are negotiating a variety of *ethnic and national* cultures which vary according to cooperative members country-origin but also particular customs and traditions. Within this cultural mélange of different, and often conflicting, norms, codes, , and unspoken rules, it is not hard to see how GFC’s initial phase of development presents considerably more challenges than is commonly found in most fledgling social enterprises.

Consequently, it is worth underscoring the significant social value derived from the centripetal force that GFC has been able to generate by forging a shared vision and common forum for experiencing new challenges. Applying the organizational logic of Albert Hirschman (1970), it is plausible that in the face of new challenges, cooperative

members who choose not to leave (exit) are more likely to develop deeper commitments (loyalty) and/or express themselves by raising grievances and proposing action for change (voice) over time. Indeed the ability to engage in constructive discussion and decision-making related to governance is already on display in deliberative processes undertaken during board meetings, often involving difficult questions involving issues related equity and fairness. Under the logic of organizational development, there may be a further deepening of stakeholders' sense of mutual obligation as well as greater entrenchment in the governance of the cooperative as GFC matures.

Though board members do not appear to be particularly comfortable currently with the role of *leading* in the context of social enterprise development, they are open and interested in *learning*, a key pre-requisite for developing the intermediary and advanced tasks identified in our organizational analysis as critical for GFC's long term success. As a sponsoring organization specializing in refugee resettlement, IRC has generated a variety of learning opportunities. Yet the vast majority of its formal training focuses on farming in the context of its New Roots program (i.e. how to harvest; getting seeds, risk management in agribusiness, etc.). Support for business training has come mainly from funding derived by the Office of Refugee Resettlement Microenterprise Development (ORR MED) and Program Grants focused on and post and pre loan technical assistance, which are largely short-term and targeted toward the most advanced farmers. Moving forward integrating these ad hoc trainings into a more comprehensive program as well as connecting to additional support services within the broader community, such as skill building around computer literacy, is likely to be important in empowering cooperative members to take on more advanced administrative tasks, despite their lack of formal education. Given the importance of cooperative values for long term sustainability, there is also a need to establish concrete mechanisms for continually reinforcing cooperative principles and linking them to an active adherence to cooperative values throughout the organization. Putting democratic member control and concern for community into practice is likely to further reinforce stakeholder commitment thus deepening democratic processes, which in turn help solidify a distinctive cooperative identity.

While it is important to recognize that GFCs considerable reliance on the IRC as a sponsoring organization is among its key development challenges, it should not be misperceived as a liability. GFC's reliance on the IRC for grant-funded staff is problematic only to the extent that it cannot be sustained indefinitely: however, in the short to medium term it provides space for cooperative members to gain first-hand knowledge of business operations and acquire the kind of institution-building skills needed to assume greater administrative and management of the social enterprise as it matures. While over-reliance on unpaid assistance, such as pro-bono professional services, student internships and volunteer staff, can present their own problems (Thompson, 2008), this type of support can offer the potential to develop innovative solutions to a variety of the organizational and logistical issues highlighted in our analysis. Thus, while strategic planning to gain increasing independence from the IRC will be critical moving forward, more important is the need to broaden external support to build capacity (i.e. raise awareness, enhance credibility, increase access to additional

financing) over the long term. To the extent that GFC is able to extend its support structure beyond IRC and its affiliated community of agricultural experts and ethnic-based community groups, it puts itself in a better position to further develop its human and social capital, not to mention its consumer base. Linking to social economy networks in particular is a promising avenue for building stronger forms of governance capable of deepening member solidarity as well as greater collaboration with supportive community coalitions both locally and regionally. Coupled with greater focus on strategies to reinforce cooperative values, facilitate opportunities for leadership, and expand economic participation, GFC has the opportunity to move forward in strengthening and solidifying its solidaristic model of social enterprise.

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List of Acronyms

CEO= Chief Executive Officer

CSA = Community Supported Agriculture

FMPP= Farmers Market Promotion Program (FMPP),

GFC = Gila Farm Cooperative

ICA= International Cooperative Association

IRC = International Rescue Committee

ORR= Office of Refugee Resettlement

ORR MED= Office of Refugee Resettlement Microenterprise Development

RAPP= Refugee Agricultural Partnership Program

RMP= Refugee Microenterprise Program

SEAZ= Social Enterprise Arizona

UN = United Nations

UNHCR= United Nations High Commissioner for Refugees

U.S. = United States

USDA= United States Department of Agriculture

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COMMUNITY ENGAGEMENT AS A FORM OF SOCIAL ENTREPRENEURSHIP IN HIGHER EDUCATION CURRICULUM

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Craig Darrel ROWE²

Abstract: *At an institutional level the “responsiveness to the needs of individuals and of society has become a key theme in university mission statements” (Breier, 2001, p 6). A resulting question more than a decade later is how many of these statements have been translated into sustainable actions? The link with the context of service-learning as a form of community engagement and the development of student employability through developing social entrepreneurial skills are made and related concepts that influence curriculum design are proposed in a conceptual framework. To understand all the influencing factors on the ‘serving’ university is necessary to consider the impact on curriculum development as this will inevitably effect acceptance and sustaining of changes. Embracing the framework of Appreciative Inquiry the authors then look at how service learning and field placements could be sustained in higher education institutions in South Africa, ending in concluded statements and questions for future research.*

Keywords: *social entrepreneurship; service learning; appreciative inquiry; community engagement; curriculum design*

Introduction

Jones, Warner and Kiser (2010: 44) point out that with an ailing economy and “strong public sentiment that change is needed on many fronts within our society and across the world, the phenomenon of social entrepreneurship has found new life and is flourishing within society as a whole and within higher education in particular”. Debate exists whether social entrepreneurship is a useful concept for application across disciplines within the academy; where such programs should be situated: alongside a business school, or if there is a better fit with the social sciences (Jones, Warner and Kiser, 2010). The aim of this paper is to provide a vehicle through which the multi-disciplinary aims of social responsibility within higher education (HE) can be integrated.

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A framework of concepts is derived at that will show the complex multi-dimensionality of this integration within the concept of community engagement (CE).

To approach a concept that at its very nature encompasses the needs of communities instead of the usual frameworks describing curriculum and disciplines brings together various important and seemingly disconnected concepts. This paper will address this complexity in the following ways. Firstly a framework will be proposed to highlight the various connected concepts around aspects of social responsibility and CE for integration into the higher education curriculum. Secondly an appreciative inquiry by the Manager of the CE office at MSA and an evaluation of an international field placement by a Senior Lecturer in the School of Social Science will shine light on some practical aspects to consider. Thirdly the paper will draw from lessons learned to postulate questions for further research.

A framework of integrated concepts

The aim of the framework offered here is to offer an explanation of the background and context from which the outcomes of two enquiries to follow were done. It will therefore only receive some attention to show what should be the considerations for the HE curriculum, should a CE approach be integrated. It will also show where the authors see social entrepreneurship to fit.

A broad definition characterizes *social entrepreneurship* as “innovative social ventures, which may occur across non-profit, business, or government sectors... [and] social entrepreneurs as agents of change within non-profit organizations who create entrepreneurial solutions in the pursuit of organizational sustainability” (Calvert, 2011: 118).

Community engagement is “the process of working collaboratively with groups of people affiliated by geographic proximity, special interests, or similar situations with respect to issues affecting their well-being” (Russell, Igras, Johri, Kuoh, Pavin, and Wickstrom, 2008: 1).

Service learning is defined as “course-based, credit-bearing educational experience in which students (a) participate in an organized service activity that meets identified community needs and (b) reflect on the service activity in such a way as to gain further understanding of the course content, a broader appreciation of the discipline, and an enhanced sense of civic responsibility” (Bringle, Phillips and Hudson, 2004: 5).

Social development is a “pro-poor approach that promotes people-centred development, human capabilities, social capital, participation, and active citizenship and civic engagement in achieving human development” (Patel, 2007: 13).

Civic service is “an organised period of substantial engagement and contribution to local, national or world community, recognised and valued by society, with minimal monetary cost to the participant (Patel, 2007: 8).

Appreciative inquiry is defined by Whitney and Trosten-Bloom (2010: 1) as the “study of what gives life to human systems when they function at their best”. It is built on the

assumption that “questions and dialogue about strengths, successes, values, hopes and dreams are themselves transformational” (Whitney and Trosten-Bloom, 2010: 1).

Field placement is any work experience, work placement, or practicum that requires students to undertake activities in a work setting and forms part of the formal requirements of an academic program (UniSA, 2010: n. pag). *Internship* is defined as “a supervised discipline-related work experience. The work experience may be part-time or full-time and can be paid or unpaid” (UNH, n.d., n. pag). Related to this concept is *work-based learning* that refers to learning acquired through the worksite from whatever tasks people undertake (Evans, 2000: 16).

In the end the framework aims to show that the consideration of the communities’ needs and the adjustment of teaching in HE is needed. This however is not a simple adaptation as the short descriptions around the involved concepts will show. For the university to embrace a more engaged method for teaching these are the various contextual concepts involved that informs the need for such an adjustment. If at least for South Africa (SA), SL may be integrated into HE curriculum with the least disruption to academic rigour, while ensuring that the needs of communities are still served. When civic service within the SA context is discussed the SL model of Furco will be explained to illustrate this.

Figure 1 illustrates eight concepts loosely related to contain SL in HE. The four contextual concepts number 1-4 in the Figure will be discussed first after which the next four numbers 5-8 will be discussed. The latter 4 concepts suggest practical implications imposed on the HE curriculum if a more engaged form of teaching should be introduced. *From the work of the authors the most suited model found to incorporate more engaged, entrepreneurial and experiential learning with the HE curriculum is the service-learning (SL) model.*

1. Related concepts in the broader context

1.1. Globalisation and international placements

The relevance of globalisation becomes even more significant when international placements are considered as part of the HE curriculum. Martin Carnoy (2005: 3) stated that “[g]lobalization ... is changing the very fundamentals of human relations and social life. Two of the main bases of globalization are information and innovation ... If knowledge is fundamental to globalization, globalization should also have a profound impact on the transmission of knowledge. ... [and therefore] globalization increases the demand for education, especially university education ...”. Killick (2012) argues that curriculum internationalization involves the enabling of students to develop attributes of cross-cultural capability and global perspectives to underpin their personal and professional lives in a globally connected world, but more specifically how the student identify themselves among the ‘global Other’. *If the concept of a global citizen is seen as someone who identifies him or herself as dwelling among global others and within a culture, it can be concluded that HE should play a role in enabling students within an interconnected culturally global world.*

Figure 1: An illustration of various concepts bringing together a focus on meeting community needs and HE teaching



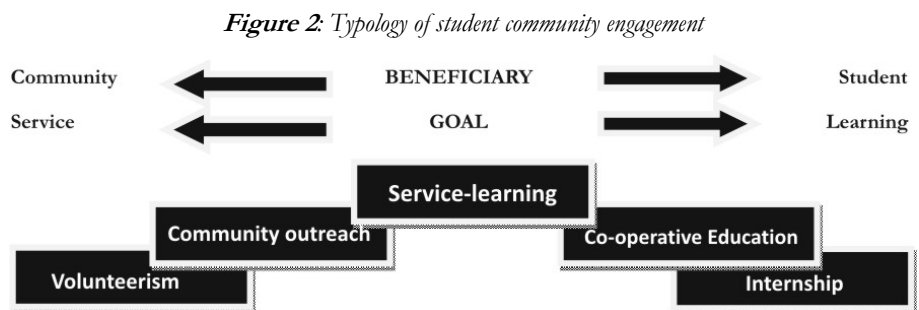
1.2. Civic service and service learning

Patel states that in the “context of globalisation, civic service and volunteering is emerging as a growing social phenomenon and field of enquiry. Service and volunteering have deep historical and cultural roots in the African context” (2007: 8). Perold, Patel, Carapinha and Mohamed (2007) state that the social development policy model adopted by SA policy-makers since 1994 significantly influenced policy on civic services and that among the goals of the social development approach are the participation of socially excluded groups in development efforts towards improvement in their quality of life. “In the South African policy context civic service tends to be described as community service or youth service... Community service is intended to promote and develop social responsibility among students of the role of higher education in social and economic development through community service programmes... Youth service is described as the involvement of young people in activities which provide benefits to the community while developing the abilities of young people through service and learning.” (Perold, et al, 2007: 56).

Deduced from the above, the call on the nation to address societal ills through involvement on all levels are clear and even more specifically shown through the undertakings of the Higher Education Quality Committee (HEQC) in South Africa (SA). The HEQC sees CE as a core function of HE for its potential social development and social transformation agendas (HEQC, 2006: v). Bender, Daniels, Lazarus, Naude and Sattar, (2006: 11) say CE can take many forms in HE, namely distance education, community-based outreach, participatory-action research, professional community service and service learning. SL is a vehicle for CE and it must be planned, resourced

and managed in a developmental manner that takes cognisance of the needs of staff, students and the community without compromising the quality of the academic provision (Bender, et al, 2006).

According to Furco (1996 in HEQC, 2006: 13) the numerous terms and definitions used to describe various forms of student community service (or engagement) in HE can be placed on a continuum between two important distinctions. These two positions are the primary beneficiaries of the service (i.e. community or student) and the primary goal of the service (i.e. community service or student learning). This continuum prescribing the typology for student CE is illustrated below:



(Furco, 1996 in HEQC, 2006: 14)

Although all the forms of engagement in Figure 2 embrace a measure of experiential learning, it is only seen as service-learning when the benefit of the partnership or placement is both the community and the student and if there is an equal focus on both learning and service.

SL could be used to best serve society by preparing students to be active, principled citizens and by linking knowledge to public good through engaged scholarship (Zimpher in Carriere, 2006). Hlengwa (2010) views SL as having the potential to enable students to move between the everyday discourses of the community into the elevated discourses of the university.

Cherwitz (2012) refers to ‘Intellectual Entrepreneurship’ as an innovative vision and model of education at the University of Texas that challenges students to be ‘citizen-scholars’. Students are engaged in community projects where they can put their knowledge to work while identifying and adapting to those for whom their research matters (Cherwitz, 2012). With a credit-bearing course where the needs of the community forms the aim of the project involvement, the initiative described above for the development of entrepreneurship, is similar to SL. In this paper some overlap between the terms entrepreneurship and SL is purposeful. *The experiential nature of learning need for both implies similar aims for the community or organisation and preparation of the student, therefore leading to similar challenges for its adoption in HE curriculum.*

1.3. Community engagement requirements

Odora-Hoppers (2011:8) states that CE should begin to open channels through which people can discover themselves and from which they could put new content, meaning and strategy to whatever developmental visions they may have. Principles that will ensure a healthy integration of CE or SL into the HE curriculum are: needing to be clear on what the purposes of the engagement is before starting with frequent communication; valuing authentic collaborations and partnerships on all levels (from government to NGOs) and their unique contributions; agreeing on transparent methods of documentation, evaluation and indicators of expected outcomes; allowing for the time-consuming process of participation and understanding the need for flexibility to collaborate and share power and decision-making at all levels; willingness to determine the level of engagement including capacity-building interventions; creatively addressing challenges or barriers as a group; and matching the needs of activities with the time frame and budget. (Russel et al, 2008 and Barnes, Altimare, Farrell, Brown, Burnett, Gamble and Davis, 2009). *Considering CE principles within HE curriculum design can ensure that the SL programme truly pursues a solution to the community's problems.*

1.4. Appreciative Inquiry as evaluation framework

Appreciative Inquiry (AI) provides a good fit for the need to explore what works and not to only study a problem. Cooperrider and Whitney (n.d.: 2-3) give different perspectives on AI and explain it as a "methodology that takes the idea of the social construction of reality to its positive extreme", and as a "model of a much needed participatory science. The explanatory words are similar to those found earlier with the principles of CE. *AI offers a framework for inquiry or research that will assist with integrating the community voice into the HE curriculum design process.*

At the core of the AI cycle, is *Affirmative Topic Choice* as the most important part of any AI. The four key stages are: *Discovery*: mobilizing a whole system inquiry into the positive change core – a cooperative search of the 'best of what is and has been'; *Dream*: creating a clear results-oriented vision in relation to discovered potential and in relation to questions of higher purpose, i.e., "What is the world calling us to become?" – a collective exploration of hopes for the organization and relationships; *Design*: creating possibility propositions of the ideal organization, an organization design which people feel is capable of magnifying the positive core to realize the articulated new dream – describing statements of 'what should be'; and *Destiny*: strengthening the affirmative capability of the whole system enabling it to build hope and momentum around a deep purpose and creating processes for learning, adjustment, and improvisation – focusing on commitments. (Cooperrider and Whitney, n.d., p 5 and Whitney and Trosten-Bloom, 2010: 7-9).

The nature of the enquiries to follow in the second part of the paper (section 3) builds on AI principles and stages and the results of the first inquiry will be given within this structure. It is provided as part of the conceptual framework since it offers a guideline for inquiry that facilitates the use of Action Research (AR) conducive to studies in SL.

AR links practice and ideas through cycles of action and reflection to address the gap between knowing and doing (Reason and Bradbury, 2011).

2. Service-learning concepts related to teaching practices

2.1. Multi-disciplinary teamwork

Number five in Figure 1 shows the inclusion of the concept of an inter-disciplinary approach. Wilson and Pirrie (2000: 7) highlight the importance of opportunities for members of different professions to learn together during their initial training, during a time when their professional identities and stereotypical views of other groups are being formed. They acknowledge this would require bridging not only the further and higher education divide but also the very powerful disciplinary barriers. The term ‘multi’ describes activities which bring more than two groups together, focus on complementary procedures and perspectives, provide opportunities to learn about each other, *are motivated by a desire to focus on clients’ needs*, develop participants’ understanding of their separate but inter-related roles as members of a team. In contrast, ‘inter’ is more appropriately used when the activity enables members of the team to develop a new inter-professional perspective which is more than the sum of the individual parts, integrate procedures and perspectives on behalf of clients, learn from and about each other, reflect critically on their own knowledge base, engage in shared reflection on their joint practice, surrender some aspects of their own professional role, share knowledge, develop a common understanding. (Wilson and Pirrie, 2000). *The complexity of the social problems in society needing to be addressed through CE requires a wide array of skills. Inter-disciplinary work strengthens the aim and cognisance needs to be taken of what this means when the HE curriculum is considered.*

2.2. A participatory approach

With the sixth concept illustrated in Figure 1, Carriere (2006:16) defines the partnership between the university, community and service providers as a “collaboration of equals”. The continuation and development of these partnerships is also a key factor in ensuring the sustainability of CE and SL. Breier (2001) comments that mission statements of responsiveness to the needs of society alone are not enough; there needs to be accompanying economic and academic support for the implementation of SL and CE.

What may be significant to assess before engaging with communities and organisations for the purposes of student placements are the continuum of levels of engagement which move from consultative to cooperative to collaborative and with community members moving from being targets of change to being agents of change as partnership levels increase. The more informed and involved the community is in all aspects of the development and implementation of a program, the more likely it is that an environment will develop that facilitates a sustained use of services, eventually moving to all stakeholders being mutually accountable. Participation in this context is seen as the process that increases a community’s capacity to identify and solve problems, while empowerment is seen as a social action process by which individuals, communities, and

organizations gain mastery over their lives in the context of changing their social and political environment to improve equity and quality of life. (Russel, et al, 2008: 6-7).

More practically it is also necessary to describe what is required from placements as the need for participation to make it succeed will shape the curriculum design. Hobert and Frankel (2002) provide such requirements and for them field placements imply the following expectations: the student is expected to show initiative and to be assessed on a range of skills, knowledge and professional attitude; regular attendance by the student and working with a wide range of groups and settings; and a professionally qualified supervisor. In planning for and selecting placements Hobert and Frankel (2002: 3-5) suggest attention to the following criteria: ensuring legal requirements and insurance cover are in place; ensure organisation policies and procedures are in place and available to the student; have a curriculum with planned activities that is in line with curriculum guidelines and which meets the expectations of the placement, while also fitting into its routines; and have agreements in place between the organisation and university that encapsulate the requirements for supervision, time for completion of expected activities, induction into policies and scheduling of visits and meetings.

For international students the preparation provided through the criteria is even more critical as they find themselves in an unknown country. The requirements of facilitating a field placement points to the reality of the participation needed from the host organisation or community. The second inquiry discussed in the second part of this paper will show some insight into an international field placement experience.

2.3. Experiential and integrative learning

Dewey (1933 in Bleicher and Correia, 2011: 31) defined reflection as “active, persistent, and careful consideration of any belief or supposed form of knowledge in light of the grounds that support it and the further conclusions to which it tends”. It is a “mental activity that builds a bridge between the human inner world of ideas, and the outside world of experience” (Bleicher and Correia, 2011: 31). Reflection forms the foundation of experiential learning. From various theoretical frameworks by authors between the 70s and 80s the HEQC (2006) document deduces that the experiential learning process results in: a reconstruction of experience where ideas and perceptions are questioned and habits are revisited with a non-competitive balancing of CE and academic excellence demands (HEQC, 2006:17).

With the seventh concept (see Figure 1) experiential learning accommodates a SL approach to the HE curriculum and an adjustment from traditional teaching methods is needed. The requirements for entrepreneurial teaching suggest the same. From a detailed explanation by Higgins and Elliott (2011) the argument for the adjustment of the curriculum for teaching entrepreneurs was build. Some of the main themes highlighted by them were the need for various technical skills to be taught (i.e. oral and written communication, strategic awareness); considering that knowledge is created through considering environmental domains and the awareness of the entrepreneur of their influence in issues arising from the environment; that passive learning methods of memorisation should be extended to consider required entrepreneurial traits and constructionist cognitive processes by a more active participant; incorporation of an

understanding of the sharing of routine and structures in a community or cultural system (day-to-day changes knowledge and can therefore not be static); learning should embrace introspection of self, critical reflection of activities and the creation of learning practices that enable and facilitate the exploration of alternative spaces of possible actions; and for the educator to develop close contact with practitioners to provide guidance through experience and the creation of open, warm and trusting learning environments (Higgins and Elliott, 2011).

2.4. Virtual learning environments (VLE)

For Katernyak, Ekman and Ekman, Sheremet and Loboda (2009) university systems face similar challenges such as working in a culturally diverse academic community, while also needing to provide excellence and mobility in education through technology-enhanced learning – the creation of social presence and interaction in a virtual space within a cooperative environment (Katernyak, et al, 2009). “As the world becomes increasingly interconnected, universities are responding with an increased interest in global learning that will develop global competencies in students and create global citizens. Universities are particularly interested in developing these global initiatives in response to calls to increase the marketability of students and for societal improvement” (Patterson, Carrillo and Salinas, 2012: 182).

From the above authors the link between using (VLEs) and the employability of students in a global world is made, but with reference to the need for such environments to not be only static online resources. While academia may find themselves in need to adjust to more experiential learning methods, this is not occurring outside the push for learning to become more mobile and in line with the technological developments of this century. *This eight concept (Figure 1) of online learning needs is to be balanced with the likelihood of limited resources in the community or organisation.*

3. Appreciative enquiries into the feasibility and sustainability of SL at an International HE institution

The second part of this paper, flowing from the discussion of the proposed conceptual framework, provides feedback on separate evaluations done by two staff members of Monash South Africa. The Head of the Community Engagement Office conducted an exploration of the meaning that people bring to the current field of CE and SL in HE in SA which will be discussed first. The Course Coordinator and senior lecturer of Child and Youth Development in the School of Social Science evaluated an international field placement to discover whether the student is adequately prepared with regard to the context of the placement as well as sufficient skill to meet the needs of the community or organisation to be discussed second.

3.1. Exploring the meaning pioneers bring to CE and SL

For the first inquiry a small-scale survey was undertaken among ten of the champions that have either pioneered or are currently involved in SL and CE in SA. The participants were selected from the practitioners in several HEIs and non-governmental

organisations and included academics, managers, administrators, directors and partners. The in-depth interviews were conducted in four phases with between 8 and 10 open ended questions per phase and from 2008 to 2012. The ten participants from various HE institutions in SA were separated into three distinct categories - namely academic, administrator and community partner. The appreciative inquiry phases of Discover, Dream, Design and Destiny as guiding framework for the study are used to report on some of the findings of this study.

As explained through some of the concepts discussed so far, the community, in partnership with higher education, challenges traditional learning models. A shared understanding of the definition of SL and CE has developed in South Africa mainly through the contribution of the Community Higher Education Service Partnership (CHESP) programme (Lazarus, Erasmus, Hendricks, Nduna & Slamat, 2008). According to Pandor (2008) CHESP has been seminal in making CE an integral part of teaching and research.

Table 1: Findings from the AI into the meaning that people bring to the current field of CE and SL in HE in SA

Discover	Dream	Design	Destiny
<ul style="list-style-type: none"> Participants in CE build on social activism experience and by the philosophy of SL, there was also a focus on the development of volunteer programmes Community members from the NGO sector partnered with HEIs by engaging in volunteer programmes & being part of initial SL programmes Community needs should determine what is to be done, but they grappled with questions of how to approach community needs & student learning All considered their 	<ul style="list-style-type: none"> Participants agreed an organization such as CHESP is essential for the continued growth & sustainability of SL & CE. Two years after the termination of CHESP the South African Higher Education Community Engagement Forum (SAHECEF) was established. The most ideal environment in which SL could flourish is seen as one in which there is support from senior management through to grassroots involvement. The implementation of programmes would be informed by research & resourced by internal and external 	<ul style="list-style-type: none"> NGOs, community based organisations (CBOs) & faith based organisations are the main partners of all the HEIs in the field of CE. The organisations often feel that the partnership is not consistently reciprocal, although the opportunity exist at most institutions. NGOs were of the opinion that their national representative organizations have not engaged with the HEIs Two HEIs have invited community 	<ul style="list-style-type: none"> The participants were not aware of any developments other than that of SAHECEF. Hope was expressed that this organization would be able to address the lack of cohesion of SL & CE in South African HEIs. SAHECEF positioned itself to work alongside the CHE through invited CHE to the inaugural conference, where there support to

Discover	Dream	Design	Destiny
<p>journey in service learning to be one of choice and passion and as an adventure</p> <ul style="list-style-type: none"> • More conferences and capacity building programmes were advocated for • The CHESP initiative and funding made available was seen as playing an important role in the establishment of SL & CE programmes. It also led to discussions on concepts from which an indigenous body of knowledge began to emerge. • It was agreed that the development of a uniquely SA SL model had evolved through collaborative research & partnerships among the HEIs involved with SAHECEF. • Response was needed to several uniquely SA logistical issues such as transport, risk management and planning issues • It is wished that SL & CE be seen as nothing less than a mainstream activity in HE. • All departments that manage CE have 	<p>funding.</p> <ul style="list-style-type: none"> • SL partnerships can enable the integration of communities and HEIs to learn from one another. • Resources, other than funding indicated for the sustainability of CE & SL are: people in the form of leaders, management staff, academic staff and committed students; institutional incentives; community mapping; time allocation & planning; academics in the form of capacity building; community profiling; understanding of SL & CE concepts • Partnerships in the form of a long-term study into the impact of SL and CE; participatory-action research & mapping of SA community practices. • Ethical considerations should be in operation to protect all stakeholders. • The community should not be perceived to be a test or research sight & partners should be engaged as co-facilitators of programmes • Once students become engaged and involved in the process and barriers and fears have been overcome, they 	<p>partner organizations to be part of a Senate Committee on CE. They have been given a voice & have a vote, participate in the design & implementation of programmes.</p> <ul style="list-style-type: none"> • At one HEI, the number of partners has been limited to achieve greater effectiveness and depth in the partnerships. • Partners have been given access to resources including office space; facilities; bursary and scholarship opportunities; and the availability of lecture theatres and library resources. • One way to ensure sustainable partnership is to involve stakeholders in planning, implementation & evaluation. • Collaboration among HEIs is not sufficient. Some examples exist such as several HEIs submitting joint applications for 	<p>SAHECEF was confirmed in their keynote address.</p> <ul style="list-style-type: none"> • One of the HEIs uses a balanced scorecard approach and is adapting other corporate measurement tools to assess the effectiveness of its programmes. • A new move to develop legal risk frameworks has been noted. This risk is a common problem for all the HEIs in SA and, in comparison with international standards where insurances and support structures are mandatory, a large gap exists in the South African context. • Another area verified to be in need of improvement is the inclusion of partner

Discover	Dream	Design	Destiny
<p>similar aims in being responsible for volunteers, SL programmes, partnerships & community-based research & even internships.</p> <ul style="list-style-type: none"> • Large groups of students who volunteered create a platform for community transformation. • Databases of community partners & programmes have been established in 8 of the 10 HE institutions (HEIs) represented 	<p>usually provide very positive learning feedback & continue to stay involved with the community long after the formal education programme had terminated.</p> <ul style="list-style-type: none"> • The dream was expressed of an integrated community engagement centre & directorate. 	<p>CE research funding.</p> <ul style="list-style-type: none"> • As an organization, SAHECEF is committed to advocating, promoting, supporting, monitoring, and strengthening CE. Participants were positive about SAHECEF. 	<p>organizations in the development of quality assurance processes.</p> <ul style="list-style-type: none"> • Participants are involved in collaboration relationally and regionally • Promote SL as a worldview to infiltrate all aspects of the university; giving voice to all role players, allocation of time to staff; ensure concrete development plans; creating inter-disciplinary teams to involve expertise.

The results of the exploration of the meaning that people bring to the current field of CE and SL in HE in SA, discussed in Table 1, highlights issues to consider for the HE curriculum. Recognition of CE as the third silo in HE is not necessarily a given and the benchmarking of the impact of programmes still needs to be standardised and implemented more widely. Using a SL approach in teaching is one way in which the academic can meet the call to develop students as active and entrepreneurial citizens. The second inquiry provides some insight into an evaluation of one such attempt.

3.2. Evaluating an international field placement experience

Good partnerships with organisations are needed for universities to meet the need for service and experiential learning through field placement objectives. No partnership will succeed if it is only beneficial for one party and therefore the evaluation done by the Course coordinator of an international field placement completed at the end of 2011, was to explore what will make field placements beneficial for the organisations and communities engaged with. One way in which the placement can be mutually beneficial,

is when research is employed to meet the needs of both the university (student learning) and the organisation. As a broad methodology the author approached the inquiry with the use of the case study method to allow for a focus on each and every case (student experience) and for the comparability among cases (Gerring, 2007).

The first 3 stages of AI were used in the design of the questionnaire where she used the AI elements of 'discovery' and 'dream' by using positively stated, explorative questions in relational style and by asking what more the students would have wished for. Five areas were explored: (1) the most positive aspect of the placement (discover); (2) what more they wanted from the placement experience (dream); (3) what skills or knowledge they felt they had coming into the placement, how important they think the knowledge is and how the placement increased this knowledge (design); (4) their experience of multi-disciplinary team members; and (5) their supervision experience.

The following information was obtained from the evaluation done by four students from two Australian Monash campuses at a residential centre in SA in the five areas mentioned above: when asked about (1) their most positive aspects the four international students being evaluated found the variety in exposure the most positive aspect of the placement, while they responded to the question of (2) what more they wanted from the placement that they needed clearer guidance on what to expect and what is expected of them, although they did indicate that the freedom to structure their work was positive. The supervisors at one of the organisations also completed an evaluation and found the placement positive as well. (3) The skills or knowledge the students indicated they did not know enough about was: legislation and policies relevant to the country; compiling a community profile; addressing major social issues such as HIV, teen pregnancy and poverty; doing a need analysis and research methodology. The supervisors indicated that the placement did improve students' skill in all areas (4) Naming of the multi-disciplinary team members did correspond with the setting and it was positive to see students acknowledge the role of paraprofessionals as well. (5) All students felt positive about their supervision and found it supportive and some would have appreciated more. The supervisors indicated an orientation session on expectations of the students before the arrival of the student will be useful. With international placements much of the coordination happens electronically and such sessions may come down on the coordinator in the same country which may not be possible in terms of time and resources. Interestingly enough no mention of cultural differences or challenges was made.

It is necessary to build in more specific criteria for inquiring about the CE benefits offered through SL into the AI interview and to abide by the suggested principles among which taking time for clarifying expectations is one. This can also contribute to the need for standardising the benchmarking or measuring of the impact of programmes discussed with the first inquiry discussed in this paper. The timing for placements is indicated more by the universities schedule than the organisation's and this deserves exploring as part of building partnerships.

The framework of concepts at the start of this paper proposed guidelines for the design of a SL curriculum in HE, while the outcome of two enquiries provided feedback from some of the initiatives and role players involved. Through this process the concept of a

multi-disciplinary and participatory approach with a focus on experiential learning was integrated with the concept of social responsibility and employability. It will however take much more interrogation of this complex multi-dimensionality integration within the concept of CE and social entrepreneurship.

4. Questions for further inquiry and implementation

The third and last part of this paper will provide recommendations through statements derived from the discussions in this paper, with questions to consider for application in the HE curriculum. To apply this to the HE curriculum the eight concepts and insights from the discussion of two inquiries were used to recommend further exploration of the statements in Table 2.

Table 2: Research questions for further inquiry

Concluding statement	Research question
Teaching methodology needs to prepare independent learners who take initiative in practice.	What is needed for a full-fledge shift to experiential and entrepreneurial teaching in academia?
Inter-disciplinary collaboration is key to meeting complex societal needs and to ensure integrated learning be an independent learner.	How can obstacles to collaboration within academia be overcome to increase cross-discipline collaboration?
The student and the community should both be served as prescribed by the service-learning model to ensure experiential learning that proves sustainability for all involved partners.	What initiatives can be introduced to overcome obstacles to authentic and sustainable university-community partnerships?
Twenty-first century teaching needs to embrace its technological advances and include online forms of learning	Are the online resources available to the student in the university and community settings?

The statements and questions are by no means exhaustive but it does imply much thinking and exploring around structural obstacles that needs to be addressed to reach the end result of an engaged and independent student with a focus on changing the human condition. Attending to both the contextual and teaching elements, there is an increase chance to develop an authentic, collaborative and mutually beneficial partnership between the university, the student and the community.

List of abbreviations:

CHE - Council for Higher Education

CE - Community Engagement

HE - Higher Education

HEIs - Higher Education Institutions

CBOs - Community-based organisations

NGOs - Non-governmental organisations

SL - Service-learning

SA - South Africa

HEQC - Higher Education Quality Committee

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UNDERSTANDING THE IMPACT OF A SUMMER SERVICE-LEARNING PROGRAM ON THE SOCIAL DOMINANCE ORIENTATION OF GIFTED ADOLESCENTS

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Abstract: *Using bootstrap methodology, this article presents findings from a pre-/post-comparative study that investigated the levels of social dominance in academically-talented adolescents enrolled in a summer academic camp. Students completed community service activities as part of their social science-based community service-learning course. These students were then compared to students in humanities and science courses who did not complete the civic education component. Findings suggested that a statistically significant difference existed in the social dominance orientation (SDO) between the students who participated in service-learning and the students who did not.*

Keywords: *Gifted; academically-talented adolescents; service-learning; social dominance*

I. Introduction

Schools have faced substantial hurdles in identifying and educating gifted students who are academically talented and who exhibit high levels of academic achievement (Gallagher, 2003). As schools have been subjected to sanctions based on students' performance on high-stakes standardized tests, the unique needs of gifted students who showcase high levels of self-motivation, above average scores on norm-referenced assessments, and who generally make good grades have been increasingly ignored (Colangelo & Davis, 2003). Consequently, gifted and talented students, who exhibit the traits of an ideal student, may become disenchanted with learning as a result of their unique social and emotional development being neglected (Silverman, 1993; Torrance & Safter, 1999).

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High levels of cognitive development may impact the social and affective development of gifted students from all cultural backgrounds. Educational milieus appear to reflect a larger anti-intellectual social culture (Colangelo & Davis, 2003) that tends to frame giftedness as an abnormality; this perceived abnormality might lead sensitive youth to be ashamed of their talent. These youth may experience difficulties in finding compatible friends, which can result in pressure to underachieve academically in order to seem “normal” (Renzulli, 2003; Rimm, 2002, 2003; Schultz & Delisle, 2003). A fear of social alienation within schools parallels the societal exclusion of youth from participating in adult-centered civic activities. Students who are denied the opportunities to receive positive reinforcement associated with these types of activities may become insensitive to the immediate problems affecting American society (Barber, 1992).

A healthy identity is developed by opportunities to engage in experiences that increase self-confidence, self-reliance, and self-understanding. Students must explore and demonstrate their abilities, receive supportive feedback, and earn reinforcement for their actions (DiCaprio, 1983; Gross, 1991; Harrington & Schine, 1989; Mitchell, 1986). Gifted and talented students need conceptual frameworks to organize and develop their skills in order to have a positive effect on society. Moreover, youth need the opportunity to participate in idealistic and energetic processes essential to strengthening participatory democracy. As a result, gifted and talented youth endure additional and distinct barriers to achieving these developmental milestones; they require developmentally-appropriate educational programming.

The aim of this study was to use bootstrap statistical analyses to present findings from a pre-/post-comparative study of the levels of social dominance orientation in academically-talented adolescents enrolled in a summer enrichment program. Students were required to complete community service activities as part of their social science-based community service-learning class; these students were then compared to students in humanities and the science courses who did not complete a civic education component. Findings are discussed in light of previous literature, including additional research opportunities and limitations present in the current study.

II. Literature Review

Sociological Construct of Social Dominance

Social dominance has been defined as a hierarchical social structure between groups of people. The “top” group, designated because of its ownership and control of the capital most valued by the host culture, assumes a dominant status to subordinate, lower groups. The basic premise of social dominance rests on three tenets: (a) group hierarchies are established to minimize group conflict; (b) ideologies within groups reinforce inequalities; and, (c) ideologies are accepted if they are seemingly true and believable (Sidanius & Pratto, 1999). Once these ideologies become self-truths in a society, it becomes easier for people to reinforce stereotypes and behaviors in regard to the group differences present in everyday life (Lakoff, 2002). As a result of socialized behaviors and attitudes, individuals from one group exert power, privilege, and discrimination against those who they perceive as being of a lower status than themselves.

The individual members of groups that are higher in the social hierarchy (e.g., men vs. women) tend to have a higher Social Dominance Orientation (SDO; Sidanius & Pratto, 1999). Early research has linked SDO to a desire for interpersonal dominance (Pratto, Sidanius, Stallworth, & Malle, 1994); these findings have suggested that the two constructs are independent (Pratto et al., 1994) – thus, indicating that “SDO specifically concerns group-based dominance rather than general or individual equality” (Pratto, 1999, p. 209). However, recent findings have suggested that SDO is related to “interpersonal dominance,” “empathy,” and “immorality” (Altemeyer, 1998).

Altemeyer (1998) suggested that the desire and use of power was moderately related to SDO. Individuals with higher levels of SDO have a tendency to feel superior and appear more dominant than individuals with lower levels of SDO (Lippa & Arad, 1999). Further, people with higher levels of SDO are more likely to desire social status and greater economic wealth (Pratto, Stallworth, Sidanius, & Siers, 1997; Sidanius & Pratto, 1999). In addition, people with higher levels of SDO are considered to be tough-minded, less concerned with others, show less warmth toward others, and feel less sympathetic than people with lower levels of SDO (Duckitt, 2001; Heaven & Bucci, 2001; Lippa & Arad, 1999; Pratto et al., 1994). Also, it has been demonstrated that the higher people score on SDO, the higher they score on Machiavellianism ($r = .54$) and psychoticism, and the lower that they tend to score on morality (Altemeyer, 1998; Heaven & Bucci, 2001).

Individuals with high levels of SDO can be observed “expressing the opposing motivational goals of superiority, dominance, or power over others versus egalitarian and altruistic social concern for others” (Duckitt, 2001, p. 50). In support of this claim, researchers have found that SDO is positively related to Schwartz’s (1992) self-enhancement value types (i.e., hierarchy of power) and negatively related to self-transcendence value types (i.e., egalitarianism, or social concern; Duriez & van Hiel, 2002). Also, SDO correlates with a set of sociopolitical attitudes that involves favoring what is immediately beneficial to the self, regardless of fairness, or morality (Saucier, 2000). Finally, people with high levels of SDO tend to hold a world-view that is more competitive and marked by a struggle for power, whereas people with low levels of SDO tend to hold a world-view that involves valuing others and cooperation (Duckitt, 2001).

Social Dominance and Gifted Education

A few studies have begun to explore the correlation between behavior, attitude, and academic performance related to social dominance and gifted education (Cross, 2003; Cross & Cross, 2005). Cross and Cross (2005) contend that the social milieus of United States (U.S.) educational system have created a formula for hierarchical groups among young students. The social milieus of the U.S. education system has placed an increased emphasis on the overuse of IQ scores and standardized assessments. These IQ scores and standardized assessments, which are suppose to represent unbiased measurements, often have reflected the underrepresentation of minority youth in gifted education.

The creation of subordinate and dominant groups creates a palette of educational biases among youth and their peers. The classification of students, who are labeled as high achievers, self-disciplined, and competitively motivated, unlike their peers, has created a

system of students who believe they are better than others. By creating this separate system of achievers, the disadvantaged are kept in their place and presumed to be educationally inept.

Empirical work with academically talented youth has revealed that they share a number of common characteristics, such as high motivation and self-esteem, high levels of creativity, and high levels of task commitment (Renzulli, 1978). Among youth and adolescents, social dominance has been associated with indices consistent with social competence (Bost et al., 1998).

Among adolescents, researchers have found that high SDO is related to the maintenance of high self-esteem and the intolerance for others. Studies also have indicated that these youth display group intergroup dominance among themselves and their peers (Ogbu, 1987, 1988; Phinney, Chavira & Williamson, 1992). The central ideologies and beliefs of SDO are commonalities found among most gifted children. Pro-social behaviors and coercive strategies are personality traits that closely relate to dominance and leadership – including, confidence, initiative, and extraversion. The more conservative mindset found among high SDO students has suggested that their willingness to help others is not necessarily an intrinsic value, but rather a characteristic associated with power and control (Pratto et. al., 1999).

Service-Learning and Us-Them Dichotomies

When combined with an educational component and organized to provide concrete opportunities for youth to acquire knowledge and skills and to make a positive contribution, community-based service becomes a method of learning, or service-learning (Alliance for Service-Learning in Education Reform, 1995). In its most basic conceptualization, service-learning blends academic content with meaningful service in a community, and is expected to change the behaviors and attitudes of the learner and the recipient (Bhaerman, 2003). Service-learning tasks are complemented with structured opportunities for the learner to engage in self-reflection, self-discovery, and the acquisition and comprehension of values, skills, and knowledge content (Bhaerman, 2003).

Service-learning activities typically manifest within communities, whether formal or non-formal settings. An unfortunate reality is that the distinction between those in need of assistance and those who provide the assistance are drawn along socioeconomic, age, ethnic, and gender lines (Dunlap, 1998, 2000). After all, the individuals that possess the cultural, linguistic, human, and social capital are often, but not always, in the positions to address a need most quickly. For this reason, social dominance is particularly relevant when discussing service-learning, because of the structure, setting, and context of many service-learning activities. Students are regularly placed in situations that highlight disparities among race, class, gender, and social status. As noted by Fitch (1991) and Dunlap (2000), service-learning activities have been known to reinforce stereotypes among participants. They noted that after service-learning projects, students reported negative feelings and attitudes about the communities and the people with whom they were working. At their worst, such experiences reinforce *us-them* social hierarchies by cementing service providers as “haves” and recipients as “have-nots.”

This dichotomy patronizingly ignores the agency of the service recipient and encourages condescending feelings of pity by volunteers – a relationship that maintains dependency via self-aggrandizing power relationships (Strain, 2006). Despite this potentially negative outcome, practitioners and researchers alike have noted that with a balanced agenda of student and community voice, agency and student reciprocity, and reflection, these issues can be critically addressed to help students move beyond the have and have-not mentality (Vang, 2003; Weah, Simmons, & McClellan, 2000).

Many benefits to service-learning, beyond the us-them dichotomies, exist in regard to the reduction of stereotypes and the facilitation of cultural and racial understanding. Service-learning is purported to have a transforming effect on student's perspectives by providing students with the opportunity to interact with people and to enter into situations that allow students to test their predisposition towards others (Eyler & Giles, 1999). Students who engage in service-learning show improvements in racial tolerance and understanding (Barber, et al., 1997; Myers-Lipton, 1996; Rhodes, 1997; Vogelgesang & Astin, 2000), have deficit notions and stereotypical views of others challenged (Boyle-Baise & Kilbane, 2000; Greene & Diehm, 1995; Rauner, 1995; Rhodes, 1997), and increase their knowledge of, sensitivity to, and respect for diversity (Delve, Mintz, & Stewart, 1987; Driscoll, Holland, Gelman & Kerrigan, 1996; Grady, 1998; Greene, 1996; Hones, 1997; Jordan, 1994). Further, studies have shown that students often increase their awareness of inequitable physical environments and resources available to different socioeconomic status (SES) groups (Rauner, 1995), increase their concern regarding multicultural and race-related issues (Dunlap, 1998), and increase their empathy and open-mindedness for others (Eyler, Giles, & Braxton, 1997; Potthoff, Dinsmore, Eifler, Stirtz, Walsh, & Ziebarth, 2000).

Others, however, have found that engagement in service-learning might subvert attempts to reduce stereotypes and facilitate cultural and racial understanding through concretization of previously held negative stereotypes, specifically regarding SES and ethnicity (Grady, 1998) as a reaction to internal struggles with guilt over the realizations of privilege (Dunlap, 1998). For example, Fitch (1991) and Dunlap (2000) found that service-learning experiences reinforced students' negative beliefs about blacks and poverty, race, and class. These findings are unsurprising given that service-learning often takes place in communities of color, while the majority of service providers are white (Dunlap, 1998; Engberg, 2004; Harkavy & Donovan, 2000; Phillipsen, 2003; Rosner-Salazar, 2003).

Social Dominance & Service-Learning with Academically-Talented Populations

Research has suggested that gifted adolescents tend to show higher rates of performance, creativity, artistic abilities, and/or leadership than peers of the same age or environment (Cross, Coleman & Terhaar-Yonkers, 1991; Horowitz, 1987; Webb, Meckstroth & Tolan, 1982). These youth typically display higher rates of self-esteem, self-worth, and self-determination (Buescher, 1985; Coleman & Cross, 2001; Janos, Fung & Robonson, 1985; Torres, 2003). Furthermore, gifted adolescents are known to

have more positive feelings about themselves and display higher degrees of personal freedom (Albard, 1997, 2002; Lehmen & Erwins, 1981; Maddux, Schieber & Bass, 1982; Parker & Stumpf, 1995).

There are, however, negative outcomes associated with the elevated confidence levels of students. Most notable are gifted students' tendency toward egocentrism and unhealthy attitudes toward competition (Parker & Stumpf, 1995, 1998); although, this outcome is not surprising since academically-talented youth tend to constantly receive overt messages of superiority from others. For example, students enrolled in honors and/or gifted and talented programs often are referred to as the schools' "best and brightest," "jewels," and "cream of the crop." High-achieving students often receive instruction in separate classrooms, have an abundant of supplies and materials, and receive instruction from more highly trained and experienced teachers. Low student enrollment in these gifted and talented programs provides further evidence of students' *uniqueness* related to their giftedness.

Students who exhibit giftedness often become impatient with their less-academic peers and tend to gravitate toward other academically-talented youth or adults. They can become isolated within the small groups that accept them, and in which they can maintain top status and avoid identity crises. Privileged individuals are often sheltered within their relative cultural comfort zones and have little access and opportunity to interact with individuals who are different from them. For academically-talented students, their social and affect development does not often parallel their high levels of cognition, which can result in isolation and a "social tunnel vision."

There is limited research that has examined the effects of service-learning on gifted and talented students. Service-learning has been associated with students taking college preparatory classes in high schools (RMC Research, 2003), cognitive gains (Billig & Klute, 2003; Klute & Billig, 2002), and an experiential approach to learning (Pleasants, Stephens, Selph & Pfeiffer, 2004). Lewis (1996) contended that service-learning is particularly beneficial to gifted students, because it allows these students to use their talents to contribute to the needs of society by addressing real-world problems. Terry (2000) found service-learning to be a useful methodology to develop leadership skills in gifted children, while Delisle and Galbraith (2002) and Sayler (1997) found that service-learning helped to stimulate the emotional and social needs of gifted children. There have been several position papers in support of service opportunities for gifted and talented youth (e.g., Bernal, 2003; Higgins & Boone, 2003; Karnes & Chauvin, 1986; Lewis, 1996), however, there is limited empirical research on the topic. Available studies (e.g., Keen & Howard, 2002; Matthews & Menna, 2003; Terry, 2000, 2003) are limited by small samples, less rigorous statistical analyses, and case study methodologies.

III. Context of the Study: Talent Search & Summer Enrichment Programs

Public schools have been notably unresponsive to the cognitive, affective, and social developmental needs of students with advanced capabilities (Cline & Schwartz, 1998). As a result, enrichment programs targeting the gifted and talented students have been

increasingly offered by nonprofit organizations and foundations during the spring and summer breaks. Eligible students are often identified through a national Talent Search program. The most notable programs are the Center for Talent Development (CTD) at Northwestern University, the Center for Talented Youth (CTY) at Johns Hopkins University, and the Talent Identification Program (TIP) at Duke University. Eligible students are invited to attend summer camps where they attend classes for approximately seven hours a day and have structured residential extracurricular activities during the afternoons and weekends. At each site, there can be upwards of 20 different courses offered simultaneously. Some courses are fast-paced high school equivalents in which students can earn credit (e.g., biology, chemistry, individually paced math sequence), while most other courses are for enrichment purposes (e.g., art history, ethics, Shakespeare, logic). This study included three different summer enrichment classes (*Etymology*, *Cognitive Psychology*, and *Service-Learning*).

Etymology

In the etymology humanity course, students were presented with how the Latin and ancient Greek cultures maintained a vibrant and dynamic presence in the ongoing development of the English language. Equipped with a basic knowledge of Latin and Greek prefixes, bases, and suffixes, students explored the evolution of language, including changes to word meanings, the relation of language to society, and the revival of ancient words in medical and other technical lexicons. Students also used literature to chart the development of modern English from its Indo-European beginnings with particular attention to excerpts from, for example, *Beowulf*, Chaucer, Shakespeare, and Lewis Carroll. Through lectures, group and independent study, readings, and exercises, students increased their vocabularies and reading comprehension, and they gained a more nuanced understanding of language. Students developed the skills necessary to memorize large amounts of material quickly and built a foundation for learning classical and Romance languages.

Cognitive Psychology

In the cognitive psychology science course, students explored how humans organize and process information received from their environment via mental processes. Students examined cognitive processes such as perception, attention, learning and memory, language, and intelligence and creativity. They gained a greater understanding of cognitive psychology by exploring the progression of ideas that led to the Cognitive Revolution during the 1950s, core research methodologies within the discipline, and fundamental neurological structures involved in cognitive processes. Through observational studies, group discussions, and contemporary readings and laboratory findings, students began to perceive human beings as information processors.

Service-Learning

The service-learning social science course provided students with the opportunity to integrate academic study with meaningful community service. Students examined the structure of communities and the different factors (e.g., social, political, economic) that

affect them. Students studied service-learning as a pedagogical reaction to the essentialist accountability movement. Then they examined the primary elements of community by mapping diverse communities in their host city, debated the idea of a good/bad citizen given different community expectations/definitions, learned about adolescent psychosocial development and its connection to civic apathy, and reflected on their own metacognition and critical consciousness. Academic rigor was carried from what the students learned inside the classroom to issues outside of the classroom that directly confronted the community. Service activities included feeding the hungry at a food kitchen, volunteering at a homeless shelter, and sorting donations at a food bank. Students engaged in academic research, small group work, and facilitated reflection to help them gain a deeper understanding and make a difference in addressing the complex social issues faced by members of the community.

IV. Purpose of the Current Study

The link between high achieving adolescents and social dominant behaviors has provided evidence for the need to examine the role that service-learning might play in affecting the social dominance orientation of high-achieving adolescents. The purpose of the present study was to use bootstrap statistical analyses and pre-/post-comparative study of the levels of social dominance orientation in academically-talented adolescents enrolled in a summer service-learning program. To investigate the relationship among high achieving adolescents, social dominant behaviors, and service-learning, two research questions were posed:

1. Are there significant changes between pretest and posttest social dominance mean scores within each of the social science, humanities, and science classes?
2. Are there significant differences in the social dominance pretest scores, posttest scores, or mean score changes between the social science, humanities, and science classes?

V. Method

Participants

The participants consisted of adolescents ($N = 59$) enrolled in a 3-week academic course at a residential summer program for academically-talented youth. Participants from three different classes took part in the study: service-learning ($n = 30$; 50.8%), cognitive psychology ($n = 17$; 28.8%), and etymology ($n = 12$; 20.4%). Participant gender included females ($n = 38$; 64.6%) and males ($n = 21$; 35.4%). Participants' ages ranged from 12 to 16 years old ($M_{age} = 14.22$). The ethnic composition was mixed (Asian/Asian-American, $n = 28$, 47.5%; Caucasians/Whites, $n = 19$, 32.2%; Black/African-American = 6.8%; Latino/Hispanic/Chicano = 1.7%; Sub-Continent Indian = 5.1%; Biracial/Multiracial = 5.1%; Other = 1.7%).

Measure

The Social Dominance Orientation Scale (SDO-Scale; Pratto, Sidanius, Stallworth, & Malle, 1994) consists of 16 items that measure preference toward in-group dominance and superiority over out-groups. SDO questions are rated on a 7-point Likert scale (7 = *Extremely Positive*, 1 = *Extremely Negative*). Low scores show low social dominance. Exploratory and confirmatory factor analyses have indicated that the SDO assesses a single construct (Pratto et al., 1994). Internal consistency estimates for SDO scores were high ranging from .80 to .89 (Pratto et al., 1994). The Cronbach's alpha reliability for the current study sample was $\alpha = .89$ for the pretest and $\alpha = .91$ for the posttest.

Procedure & Data Analyses

The participants completed the demographic survey and SDO scale during the first and last meetings of each three-week course. Questionnaires were distributed to the students and then collected by the instructors. It is important to note, the results were not connected to the instructor evaluations of students, or the student evaluations of instructional teams.

The Statistical Program for Social Sciences (SPSS) was employed for the statistical analyses. Descriptive nonparametric statistics were used to describe the demographic data. Paired-sample *t*-tests were conducted for the preliminary testing of the significance of the pre-/post-survey aggregate means. Considering the study's small sample ($n = 59$), and even smaller number of participants within each sub-group, the modern statistical analysis technique bootstrap was employed alongside conventional paired samples *t*-tests to provide more valid and accurate results. Bootstrap constructs empirical sampling distributions to solve for the uncertainty of small sample distributions (Bai & Pan, 2008; Efron & Tibshirani, 1986).

Bootstrap procedures were conducted to test interaction effects between demographic variables. Finding no significant factor effects, both conventional and non-parametric bootstrap *t*-tests were conducted on the service-learners (SERV) and non-service-learning (NONSERV) groups. The Statistical Analysis System v.9.1 (SAS, 2005) was used to conduct the bootstrap analysis; bootstrap replications of 250, 500, and 1000 were performed. For each set, the pretest and posttest scores were then estimated. Finally, to differentiate the pretest differences contributing to the treatment effect, the bootstrap procedure used repeated measure analyses to control for the differences of the pretest scores.

VI. Results

Social dominance pretest and posttest means were calculated for each class (see Table 1). A decrease in the social dominance score is ideal as it denotes a reduction in an individual's feelings of dominance. The results indicated that the mean pretest score for SERV was 34.60, while the mean pretest score for NONSERV was 45.52. The mean difference in pretest scores between the SERV and NONSERV was 10.92. Traditional pairwise comparison *t*-tests revealed a statistically significant difference ($t = -3.29, p < .005$) between the pretest mean scores for SERV and NONSERV (see Table 2).

Table 1: Paired Samples Means and Significances

Class	<i>n</i>	Pre-score ^a		Post-score ^b		Paired Differences					
		Mean	SD	Mean	SD	Mean diff (b-a)	SD	SE	<i>Df</i>	<i>T</i>	<i>p</i>
SERV	30	34.60	12.64	32.27	13.46	-2.33	6.38	1.26	29	-2.00	.05*
NONSERV	29	45.52	12.63	47.00	15.40	1.48	8.53	1.58	28	.94	.36

Note. * $p < .05$, 2-tailed

Table 2: Independent Sample *t*-test Results and the Bootstrap Non-parametric *t*-test Results

Contrast	Mean Difference (a-b)	SE	<i>df</i>	<i>t</i>	<i>p</i> -value	Bootstrap <i>p</i> -value
SERV ^a vs. NONSERV ^b						
Pretest	-10.92	3.31	57	-3.29	.002*	<.001*
Posttest	-14.73	3.76	57	-3.92	<.001**	<.001*

Note. * $p < .005$, ** $p < .001$, 2-tailed

The between-group mean posttest differences increased. The mean posttest scores for SERV decreased by 2.33 points ($M = 32.27$), whereas the mean posttest scores for the NONSERV increased by 1.48 ($M = 47.00$; see Table 1). The mean difference in posttest scores between the SERV and NONSERV was 14.73. Posttest comparison *t*-tests yielded statistically significant differences between the means of the two groups ($t = -3.92$, $p < .001$; see Table 2). The *t*-tests revealed a statistically significant difference ($t = -2.00$, $p < .05$) between the pretest and posttest scores for SERV; however, there was no statistically significant difference between the pretest and posttest scores for the NONSERV ($p = .36$).

Bootstrap analyses were conducted to cross-validate the *t*-test results between SERV and NONSERV. The Bootstrap analysis indicated statistically significant differences in the pre-/posttest means ($p = <.001$) between SERV and NONSERV (see Table 2); however, no significant interaction effects were noted among gender, ethnicity, and social dominance. The bootstrap results from 250, 500, and 1000 confirmed that marginally significant mean differences between pretest and posttest scores for SERV were present across all three levels (see Table 3).

The bootstrap *p*-values for the 250 and 500 levels of bootstrap replication were .01 ($p = .06$) above the minimally accepted significant *p*-value of .05, while the *p*-value at 1000 replications was marginally significant .05. However, bootstrap analysis across all three levels revealed no significant difference ($p = .40$) between the pretest and posttest means for NONSERV.

Table 3: Bootstrap Results for Pretest and Posttest Mean Differences within Groups

Class	Bootstrap replications	Bootstrap Mean Diff	Bootstrap <i>SD</i>	Bootstrap <i>SE</i>	Non-Parametric Bootstrap <i>p</i> -value
SERV	250	-2.34	1.23	.08	.06
	500	-2.32	1.22	.05	.06
	1000	-2.37	1.15	.04	.05*
NONSERV	250	1.32	1.58	.10	.40
	500	1.31	1.61	.07	.41
	1000	1.29	1.55	.05	.40

Note. **p* < .05, 2-tailed

To limit spurious association between service-learning and social dominance, both traditional pairwise t-test and bootstrapping were conducted between SERV and NONSERV while controlling for pretest social dominance scores (see Table 4). Results from both tests were identical, evidencing only a marginally significant chance that the presence of another variable could account for the findings (*p* = .06). However, given the study’s small sample size, the statistical power may not be sufficient to test the significance via typical procedures.

Table 4: Bootstrap Results and Pairwise Comparison Results of t-test controlling for Pretest scores

Contrast	Mean Difference (a-b)	SE	<i>df</i>	<i>t</i>	<i>p</i> -value	Bootstrap <i>p</i> -value
SERV ^a vs NONSERV ^b	-3.82	3.31	57	- 1.95	.06	.06

Note. **p* < .05, 2-tailed

VII. Discussion

The present study examined the impact that participation in a three-week service-learning course had on academically-talented students’ levels of social-dominance orientation, as compared to their non-service-learning peers. Since previous research has suggested that service-learning is an effective treatment for the reduction of stereotypic thinking (Boyle-Baise & Kilbane, 2000; Greene & Diehm, 1995; Rauner, 1995; Rhodes, 1997), heightened awareness of diverse populations (Rauner, 1995), and the development of open-mindedness (Eyler, Giles, & Braxton, 1997; Potthoff, Dinsmore, Eifler, Stirtz, Walsh, & Ziebarth, 2000) coupled with gifted students’ tendency to experience a “social tunnel vision,” we posed that academically talented students’ participation in a service-learning course would decrease their SDO. The results of this study suggested that there was a statistically significant difference between SDO and academically-talented students’ participation in service-learning. Academically-talented students’ SDO significantly decreased after taking part in the

three-week service-learning program, whereas no statistically significant difference was reported between SDO and the academically-talented students who did not participate in service-learning.

Although SDO decreased for the academically-talented students' who engaged in service-learning, what remains unclear is whether or not the decrease in students' SDO can be attributed to the service-learning or to the class itself. The course in which the service-learning was infused centered on discussions of social justice and inequity. However, effective service-learning is not distinct from the content learned in the class—that is, the class content and the service-learning are inextricably linked through reciprocal reinforcement. The reinforcement of the service-learning and class content revealed a significant impact on students' SDO after the three-week experience in service-learning. Previous research that examined the effects of service-learning on high school students' civic engagement has suggested that the highest academic and civic impacts from service-learning have occurred between one-to-two months and/or a semester of service-learning (Billig, Root, & Jesse, 2005). The findings of this study contributed to previous literature on the duration needed for service-learning to have a positive impact on students (Billig, et al., 2005), by extending the lower level parameter of time needed. The three-week service-learning program might more quickly impact the psychosocial variables for academically-talented students.

The short-term involvement in service-learning appears to have had a positive effect on gifted students' SDO; although, a lack of involvement and/or participation in service-learning appears to have had a negative effect on students' SDO (i.e., SDO increased for NONSERV). A probable explanation for the increase in SDO for NONSERV might be related to course self-selection. Students who self-selected might be the result of preferences toward in-group dominance and superiority as opposed to out-groups among academically gifted students. Students may have chosen the summer enrichment programs that highlighted the classes in which they found interesting. SERV students' significantly lower SDO at enrollment, as well as their increase in SDO over the three-week service-learning course, might be expected due to class choice and the types of students typically drawn to activities. Notwithstanding the potential preference of students with an inclination for service-learning/community service, students who participated in the service-learning and learned the associated subject-matter were significantly impacted from the short service-learning experience. Exposure to different experiences and self-reflection are important components to perspective-changing regardless of past experiences, SDO level, or intelligence.

There are, however, concerns regarding the increased social dominance over the three-week period for the students who did not take part in service-learning. One objective of these enrichment programs is to gather gifted youth together so that they may broaden their social horizons, step out of their comfort zones, and have support in their inquisitiveness and creativity. Students live in same-sex residence halls, have scheduled extracurricular activities, and are introduced to a culture of acceptance and non-bullying. Although academically-talented youth show greater propensity toward diversity/difference and abstraction of non-concrete ideas and concepts, some students may suffer from strong ego drives and competitive spirits – tendencies that may potentially be exacerbated by feelings of having to maintain status among other smart

youth. Over-inflated egos might drive students to simply think they are better than others, especially those in need of assistance or who are socially marginalized.

The self-selection of enrichment classes might not have challenged particular students to expand beyond their social comfort zones. Although some students will enroll in classes that offer different activities than they would have experienced during their regular academic year, others student use enrichment opportunities to propel themselves further ahead of their peers in the subjects in which they already excel. In the latter cases, students who maintain the top status could develop a sense of superiority that fuels an us-them mentality. Parents, teachers, and program counselors might avoid appeasing high-achieving adolescents' initial choice of classes, and challenge them to expand beyond their academic and social comfort zones.

Limitations of the Study and Opportunities for Future Research

There were several limitations that future research should address. The analyses were based on a small sample. Although, rigorous analytic procedures were used to account for this limitation, a larger sample would be beneficial for determining the broader impact of service-learning on SDO among academically-talented students. In addition, the sample was over-represented by students from Asian and non-Hispanic White backgrounds. The generalizability of this study across diverse populations is limited. Worrell (2007) noted that gifted ethnic minority children often are not recruited for summer and/or after-school enrichment programs. Rather, these youth are encouraged to participate in sports, or nonacademic activities. Further attention should be directed toward the participation of ethnic minorities in service-learning.

Students' participation in service-learning was self-selected. The students who decided to participate may have already had a natural desire and/or inclination to provide service to the community. Future research should investigate the impact of service-learning on SDO via random-selection of sampling of students in service-learning. However, it should be acknowledged that it might be difficult for future research to implement students' random-selection into service-learning programs, especially for summer enrichment programs where students' families/benefactors pay for the students' matriculation into particular classes after accepted. Academically-talented students accepted into the summer enrichment program may have been motivated to perform well by attempting to please their teachers. Students would likely want to score well on multiple-choice items by hypothesis guessing, or selecting what they assume to be the correct answer.

Finally, the findings of this study were inferred from quantitative statistical data. Outcomes from students' participation are limited to the measures selected and analyses completed. Trying to account for individual psychologies is difficult to capture with a scaled instrument. Most scales do not account for thoughts behind answers making it difficult to truly interpret the meanings of certain questions. Qualitative data that examined the students' written self-reflection may have provided further insight behind the students' interpretation and thoughts about the answers selected on the scaled instrument.

VIII. Conclusion

The psychosocial phenomena of social dominance or SDO are complicated and complex elements of an individual's identity. The complex nature of social dominance is further complicated by society's disapproval of conspicuously dominant behaviors and ideologies – thus, creating a tension between an individual's true feelings and what s/he feels is acceptable to communicate. Academically-talented students may experience this conflict first hand between the personality characteristics that make them the schools' "best and brightest," "jewels," and "cream of the crop," and the selfless need and desire to work toward addressing the needs of the community. This study indicated that academically-talented students were able to reduce the us-them dichotomies through participation in short-term service-learning experiences. This service-learning experience was effective in reducing the academically talented students' social dominance orientation or SDO. High achieving students' opportunity to work across and with various populations in the community created a format for change. Perhaps the service-learning format created a chance for these academically-talented students to reflect on their perceptions and attitudes through the direct contact with individuals in the community that provided them with a space to counter and challenge stereotypical beliefs.

List of Acronyms

CTD	= Center for Talent Development
CTY	= Center for Talented Youth
NONSERV	= Non-Service-Learning
SAS	= Statistical Analysis System
SES	= Socioeconomic Status
SDO	= Social Dominance Orientation
SERV	= Service-Learners
SPSS	= Statistical Program for Social Sciences
TIP	= Talent Identification Program
U.S.	= United States

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HUMAN RESOURCES FORMATION IN THE SECTOR OF SOCIAL ECONOMY

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Abstract: *Presently, social economy adds, if not multiplies the social values in social and economic terms. This article highlights the importance and particular role of the educational programs in the transfer of values which impact on the long term and in a positive way the contemporary communities. The human resources involved in social economy have a strong will to return the social benefits to the community and society as a whole, as they are not driven by the accumulation of profit and personal gain. Within the context in which the fact that the universities are educational structures which transform societies is acknowledged, it is important to direct our attention towards the promotion and running of sustainable educational programs in the field of social economy.*

Keywords: *social economy; educational programs, human resources; universities; competencies*

Introduction

Social economy run along a very interesting path over the past three decades in Europe, and Romania displays an institutional and academic emulation. Although there are gaps in the regulation of the social economy sector both at the European and at the national levels, the multitude of forms and activities specific to these interventions of the social economy require the existence of specialised human resources.

Obviously, social economy has a much wealthier reflection at the level of the practices and a much more limited one at the level of the educational programs. This article tries to make a picture of the general stage of social economy development and to approach the dimension of the human resources involved in social economy activities. It also highlights the importance of developing and running educational programs which to deal distinctly with the social economy sector with the purpose to ensure a sustainable and innovating environment for the future interventions.

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Social economy development

Presently, the importance of social economy for the economies of the countries worldwide is yet to be acknowledged; there still are distinct levels of support for the consolidation of this sector. Thus, one may analyse the acknowledgement of the social economy sector in terms of four components (Nicolăescu *et al.*, 2011, 13-24): conceptual component (drawing up definitions and typologies); normative component (adoption of new legislative initiatives at the European and national levels); institutional component (establishment and proliferation of the representative structures which promote, develop and monitor the specific policies); academic component (establishment of the aggregate scientific resources based on evidences).

According to some Romanian authors, social economy includes all the organisations operating between the public and private sectors in terms of organisation, operation and stated principles (Pîrvu *et al.*, 2009: 53).

Social economy provides solutions to reduce social exclusion by increasing the employment rate of the vulnerable people and by developing mechanisms which to support these people (Arpinte *et al.*, 2010b:66). At the European level, the Lisbon European Council (2000) approached the control of social exclusion, through a coherent package of policies in the field of social and employment areas and in economic policies, all of them highly interlocked (Lambrou M., 2010: 165); in Romania “a considerable level of expertise in the measurement of the poverty and social inclusion has been achieved by the academic and governmental bodies, as well as a rich history of using indicators of poverty and social inclusion (Briciu 2009: 165). Within this context, social economy fosters its role of bringing economic and social benefits within the society (Anca, 2012:15).

Social economy documented its capabilities to contribute efficiently to solving the newly emerging problems, succeeding to consolidate its position of sector necessary for the balanced and stable development of the state and of the business environment. The social economy organisations managed somehow to reduce the differences between classes, to compensate the lacks which the state manifested in the provision of services, to support the labour market by including the different vulnerable groups (Nicolăescu V., Căce S., Koutmalasou E., Preoteasa A.M., 2011), thus improving the standard of life of the people and fostering democracy.

Worldwide, mostly in Europe, social economy experienced a strong development in practice, on the background of a capitalist economy which no longer copes with the new problems of the world (Căce, Căce, Cojocaru, Sfetcu, 2013: 18). In Europe, social economy consists of a multitude of actors and it succeeds to produce social usefulness and to cover the needs which the public sector or the business environment fail to cover. Social economy addresses all forms of social needs and the funds required for these activities are collected either through donations or grants, or, as it is desired, by doing economic activities whose profit is directed towards such services.

Strategy Europa 2020, approved in March 2010 by the Council of Europe is a new strategy for employment and growth, relying on the consolidation and a better

coordination of the socio-economic policies according to clear goals (Table 1) set according to the following priorities (COM, 2010):

- Smart growth – „consolidation of knowledge and innovation as drive of our future growth”;
- Sustainable growth – „more efficient promotion of the resources, of a greener and more competitive economy”;
- Inclusive growth (this term is used for the first time in the official European documents) – „establishment of an economy with a high employment rate, thus ensuring the social and territorial cohesion”, „empowering the people by a high level of employment, investing in improved competencies, fighting against poverty and modernising the labour market, social formation and protection, supporting the citizens to administrate and anticipate the changes, to build an inclusive society”.

Within the context in which a strong accent falls on the practical implementation of Strategy Europe 2020, which is associated with the definition of social economy as a reliable partner for the civil society and the state (Zamfir E., Fitzek S. 2010, p. 8), it extremely necessary to monitor and evaluate the running social economy initiatives and to present the mechanisms which establish a healthy and vibrating ecosystem through this form of economy which supports the innovating social entrepreneurs (Cace S., Arpinte D., Cace C., Cojocaru Ș., 2011, p. 65; Neğuț A., Nicolăescu V. Preoteasa A.M., Cace C., 2011).

Human resources involved in social economy

In Romania, in 2008 there were 27,319 active social economy organisations covering a diversity of non-profit associative forms such as associations, foundations, cooperative unions (Lambriu *et al.*, 2011: 104). According to recent data from the accounting statements for 2010, the statistics give a number of 29,226 social economy organisations (26,332 non-governmental organisations – including the agricultural and common associations, 2,017 cooperatives and 887 mutual aid units), which employed a total of 116,379 people (Petrescu *et al.*, 2013: 60-61). The non-governmental, or “third sector” revives within the civil Romanian society, the Romanian culture having a history of association (Chișea *et al.*, 2010: 93). A full picture of the social economy organisations from Romania can be found in the Atlas of the Social Economy from Romania 2012 (Constantinescu, 2012). Social economy developed initially as a major area of intervention by structural projects, which subsequently consolidated as a conceptual pattern (Cozarescu, 2012: 133). Although there is a significant involvement of the civil society, a campaign of information and awareness-raising about the social economy organisations would be necessary for the public at large (Achimescu, Cace, Stănescu, 2011: 110).

Within the context in which the modern social enterprises are promoted intensely, it is important that the involved human resources – associates, directors and volunteers – have a strong will to return the social benefits to the community and the society as a

whole, since they are not driven by the accumulation of profit and persona gain (Cace, Nicolăescu, Katsikaris, Parcharidis, 2013: 135).

With the purpose to ensure a proper professional training of the human resources, the exchange of good practices also involves a special professional education of the participants, as shown by the following knowledge and competencies (Nicolăescu, 2013: 39-40):

- Knowledge about and experience within the local society.
- Social competencies of communication and development of relations.
- If the network refers to labour force employment and entrepreneurship, besides the qualifications in the fields of psychology, economy and legal sciences, it is very important to prove a capacity to use competencies of consultancy in order to supply reliable and valid information.
- Capacity for self-development, to cultivate positive values, interests, special aptitudes etc., and to use these skills and confidence in self to establish relations and develop networks.
- Enough knowledge and updated information regarding the demand and offer from the labour market, educational and training programs, programs supporting the entrepreneurship and any other information falling within the scope of the network.
- Knowledge about the basic concepts related to local development.
- Solid knowledge of research and use of resources, materials and techniques needed in different situations.
- Enough knowledge of communication and IT systems for the establishment, archiving, collecting and disseminating information.
- Solid knowledge about the social roles of men and women, about the existing social differences and about the (re)production of stereotypes/discrimination between genders within the contemporary societies.
- Solid knowledge of the problems regarding the equality of genders and their protection at the institutional level.
- Capacity to highlight the special competencies, interests, principles and characteristics of the members.
- Capacity to identify and select working and valid methods of evaluation.
- Capacity to evaluate and analyse the results of using methods and means of evaluation.
- Knowledge of the social, economic and cultural environment.
- Knowledge of the profile and activity of the institutions.

Within this conglomerate of knowledge, we should remind that the proper use of the local resources is the most facile, fast and cheap approach (Neamțu G., 2009: 76); it is therefore important to focus on the promotion of sustainable educational programs in the field of social economy.

Educational programs of social economy

Social economy has a beneficial impact on the local community resulting largely from the economic and social benefits derived from the services supplied by the social enterprise and category of supplied services; from how much they respond to the social problems (complementarity of the new services with the existing ones, the innovating aspect of these services); creation of new, quality jobs on the labour market and improvement of the quality of life of the employees and their families, improvement of the employment rate; improved health care and social services within the society and improved the cultural environment (Cace, Enachescu, 2010: 4).

Social economy is presently a sector confronted with challenges in its recent evolution; there are new elements that mark its trends of development, and the mobilization of the social capital is of utmost importance. Thus, the social economy organisations focus on the strategic development of the human resources, which involves the introduction, elimination, modification, direction and coordination of the processes so that all the people and teams have the skills, knowledge and competencies necessary to accomplish the current and future tasks set by the organisation (Cace, Nicolăescu, Katsikaris, Parcharidis, 2013: 129). The term of specialist in social economy has been frequently used recently; it refers to the employees involved in all aspects related to the development of social economy organisations, from social work to finances and banks. From this perspective, a specialist in social economy should first have training in economy and management, then knowledge of public policies, regarding the disfavoured categories particularly, knowledge of policy and administration (Formation of entrepreneurs, in Social Economy, 2013: 9). The current context recommends the support of knowledge by participation in training courses or in different forms of education (Stănescu, 2013:33). Social economy can use forms of informal education based on experience, as well as forms of formal education, which are of similar importance. Unlike the informal education, which is done on the job, formal education is planned, systematic and it uses structured training programs, which consist of training and practice and which can be coordinated at the place of work or outside the place of work (Cace, Nicolăescu, Katsikaris, Parcharidis, 2013: 107-108).

The social economy sector needs programs of continuous formation accessible to the adult people and to pupils at all levels of training, aiming to develop applied thinking, with problem-solving abilities and the capacity to apply knowledge and ideas (Stoica, 2009: 125).

From the perspective of university curricula, it is important to acknowledge that universities are educational structures which transform societies involving changes in curricula, quality and standards, diversification, change of access policies, profile and experience of students, academic responses adequate to change (Brenan, King, Lebeau, 2004: 56).

Because the post-university training courses run by higher education institutions from Romania use a wide range of teaching techniques, one may conclude that this educational framework responds to several major challenges: reaching a qualitative level which can pass the test of international comparisons and improve the management and responsibility, increase the financing and diversify the sources of financing (Badea, Rogojanu, 2012:139). The training materials cover the educational component which refers, on the one hand, to the development of university manuals for social economy and, on the other hand, to the education of the public specialised in this field (Lambriu, Petrescu, 2010: 105).

Conclusions

The importance of continuous learning in the field of social economy draws an alarm signal addressing the teachers and students from higher education, the specialists in social economy, the licenced trainers, the mass-media representatives and the public at large, to enhance the level of information and awareness about the importance of the innovative socio-economic sector.

The educational activities must define educational necessities of the organisations and of the groups and persons within them; it is therefore important to pay special attention to avoid educational inconsistencies in the social enterprises in which the economic resources are rather insufficient.

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SOCIAL ECONOMY AS A POSSIBLE SOLUTION FOR THE CURRENT WORLD ECONOMIC CRISIS

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Abstract: *In this paper, the authors aim at realizing a comparative analysis between the Great Economic Depression of the period 1929-1933 and the global economic crisis beginning in 2008. Another objective of this paper is to highlight the causality of economic crises and the way of responding to this economic scourge that affects most countries in the capitalist world. Special attention is given to the analysis of the conception of John Maynard Keynes, the great British economist who dedicated a special treaty to the analysis of the big economic depression. The last part of the paper is focused on solutions for the current economic crisis and especially on social economy as a possible response to these economic difficulties.*

Keywords: *Great Depression; Keynes; Krugman; Derivative; Social Economy*

1. Introduction

From 2008 up to the present, we have been witnessing an economic phenomenon which has shaken capitalism and which has serious economic, political and social consequences. First, panic on financial markets, media hysteria, rising unemployment, loss of homes by millions of people, chain bankruptcies, anti-Wall Street demonstrations in the United States, anti-government street protests and anti EU street protests in many European countries, a debt crisis of some countries in Southern Europe and Central Eastern Europe..We wonder how such consequences were possible. How can we stop this crisis? When will we overcome it? Is this crisis a sign of the decline of capitalism? Will it prove Marx's prophecy? We shall try to answer all these questions, which is not an easy undertaking.

First of all, we must notice an interesting aspect. As Robert Heilbroner stated, Karl Marx sentenced to death capitalism in 1848, the publication year of the famous pamphlet *The Manifesto of the Communist Party*. The capitalist system was declared as suffering from an incurable disease and although the fateful date was not announced, it

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was assumed that the agony was close enough for direct relatives - Communists - to avidly wait for the last breath that was to announce their powerful legacy. The vigil had begun even before the appearance in 1867 of *Capital* and with each spurt of speculative fever or with each industrial depression, the presumptive heirs rushed to the bedside of the dying, telling each other that the final revolution would occur soon...But the system did not die (Heilbroner, 2005: 195). Probably, if we keep the thread of Heilbroner's idea, the system would not die this time either. But this crisis is likely to lead to multiple changes in the capitalist system and in large corporations. We can ask ourselves, is contemporary capitalism the best of all possible worlds? Probably not, but it's equally likely that the system waits for a new Keynes to save it from perishing once again.

In order to understand this economic phenomenon, we must return to the past, to the crisis of overproduction from 1929-1933, because, according to some economists, the two major crises have a number of common elements.

Before the Great Depression of the interwar period, there were visible signs of prosperity everywhere and especially in the United States. Towards the end of the 1920s, America had found jobs for 45 million of its citizens, to whom it paid about 77 billion dollars in wages, rents, profits and interest, a stream of income that the world had never before seen. With God's help, Herbert Hoover, President of the United States during the Great Depression, was saying with sincere conviction, poverty will soon be banished from the country. In support of his prophecy, there was the undeniable fact that the average American family lived better, ate better, dressed better and enjoyed the pleasures of life more than any average family until then in the history of the world. John Raskob, chairman of the U.S. Democratic Party, noted that everyone has the duty to be rich... if an ordinary man saves \$15 a week and invests in good common shares, after twenty years he will have at least \$80,000 and an investment income of about \$400 per month¹. As, in the Great Stock market, the values had registered for half a generation almost uninterrupted growth, no one thought of what would follow. Hairdresser, banker or businessman, everyone was taking part in the game and each person was a winner. Many ordinary people had taken out mortgages to participate in the great game stock. The only question that was worrying them was how they had not thought of this before...

What followed, after this economic euphoria, surpassed even the most pessimistic imagination. In late October, 1929, the stock market crashed. Desperate and exhausted, stock agents were crying and tearing their shirt collars, watching stunned as fortunes melted like cotton candy... In two crazy months, the market lost all the ground gained in two years. Values totaling 40 billion dollars disappeared. After three years, the 21,000 dollars of theoretical wealth of the investor had fallen by 80%. Initial savings of \$7,000 were barely worth \$4,000. The visions of John Raskob and Herbert Hoover proved to be simple hallucinations... macabre jokes that were circulating and then speak for themselves. It was said that in addition to every action of Goldman Sachs, you received a gun as a supplement, and when you went to the hotel to rent a room at the reception, you were asked: is it for sleeping or for throwing yourself out the window... (Heilbroner, 2005: 286)

The depressing aspect of the Great Depression was that it seemed endless, with no return, no hope... In 1933, the American nation was slack. The country's income decreased to 39 billion dollars. More than half of the property existing four years before was annihilated. Average living standards went back to where they had been twenty years before. In American cities, there were 14 million unemployed people. It seemed that, in America, hope was crushed forever.

2. The General Theory of John Maynard Keynes

What happened next? First, the unraveling of the mysteries of the Great Depression came from an economist who was neither left oriented nor did he have proletarian sympathies nor was he an angry guy, as Robert Heilbroner describes the famous John Maynard Keynes. He was rather a traditionalist fellow, almost a dilettante, a calm man, a person with talent in many areas: mathematics, business, art, diplomacy. A man whose correctness does not prevent him from possessing knowledge related to other European politicians, including their mistresses or their financial neuroses and prejudices (Heilbroner, 2005: 290). Although sympathetic to the ideals promoted by the Russian Revolution, Keynes was not less critical of totalitarianism and especially of the sometimes violent radical transformation methods, used by the partisans of this system. He deeply abhorred the systems promoted by Hitler and Mussolini. The rise of Nazism may be related to worsening economic difficulties that represented one of the consequences of the nature of behavior that Keynes condemned in the paper that made him internationally known to the public, the paper about the economic consequences of peace. On the other hand, Keynes expressed hostility towards the socialist revolution that had begun in Russia, a fact that made Lenin characterize him as a "staunch opponent of Bolshevism, which he, as an English philistine, imagines under a monstrous, cruel, savage aspect" (Keynes, 1970: 9).

In the interwar period, the world economy was facing the acute and chronic problem of unemployment. All of the measures taken to reduce it were useless. Unemployment couldn't be reduced; it remained at high levels or even increased despite desperate efforts to create additional jobs. The share of the working population was on average 10% unemployed, and in the overproduction crisis of 1929-1933, was even over 25% unemployed (Popescu, 2002: 894). After evaluation of the International Labour Office of the 17 countries that kept record of unemployment, the number of unemployed exceeded the figure of 25 million during the crisis. But not only were they missing data on unemployment, but almost any legal provisions meant to help the jobless. Keynes's paper *The General Theory of Employment, Interest and Money* published at the end of 1934 is a direct reflection of the great crises of overproduction. Throughout the paper, Keynes makes considerations clearly inspired by the magnitude and duration of this crisis, by the desire to avoid a repetition of such upheaval and risk posed to social stability and by the ability to function within a perspective of the capitalist economic system. "Social dangers" is an expression that is repeated several times in the text of Keynes. The main phenomenon that determines its use is unemployment which, as previously mentioned, reached massive proportions. The miserable situation and mood of those directly affected by the economic crisis explain Keynes' fears. He emphasizes the need to

remedy this situation, to use the labor force, a conception that is reflected in the *General Theory*, starting with the title and ending with the notes of the final chapters.

The opinion that unemployment, more than the other manifestations of the crisis, has directly influenced the ideas of *General Theory* is reinforced by other elements. In England, the unemployment rate was, during the third decade preceding the Great Depression, one of the highest. Joan Robinson showed that the percentage of the unemployed in the economically active population was over 10% for a long time. In 1929, the absolute number of unemployed in Britain (1 million people) was surpassed only by the United States (14 million) and Germany (1.9 million), and their share in the total of the economically active population was surpassed only by the German share.

Keynes' concern for the issue of unemployment begins with his work on the consequences of the peace and continues with *General Theory*. Keynes believed that the difficult economic situation could jeopardize the very existence of capitalism. Socialist revolutions, the emergence of governments that proclaim the abolition of capitalist ownership, undoubtedly have a role among the primary sources for the future *General Theory*.

The economic theory prior to Keynes' one and the solutions offered by the former to unemployment proved ineffective for solving the complicated problems of the interwar period. With few exceptions, classical and neoclassical thinkers believed that free market mechanisms are capable of automatically and continuously maintaining both equality between savings (S) and investment (I) and complete employment of labor force. In any moment of evolution, society's resources, including those related to labor are fully used, and with maximum efficiency.

The general theory developed by Keynes is first and foremost a theory of an economic overproduction crisis. What he was interested in was to discover the factors and mechanisms that caused this type of crisis. He therefore postulated and focused on the existence of the population's tendency toward over-saving. As they saved too much, Keynes said, people determine the decreased global demand for commodities; because of a decreased global demand, there appears the surplus production (overproduction), but more seriously, businesses' revenue decreases, which, being nothing else but the very source of income, leads to lower income, which in turn leads to a further decrease in the general demand, etc. Hence, bankruptcy, unemployment, and indefinite extension of the crisis. This is why, to Keynesians, demand is the key: because everything starts from the general decline of demand due to the excessive savings of the population; in order to overcome the crisis, the demand must be forced to rise to normal levels.

Much of the Keynesian literature treats precisely this issue: what are the factors and levers that can determine and handle demand (Aligica, 2002: 74).

We can agree or disagree with Keynes' model and solution, but what is important here is that taking into account the objectives he has set, his solution is the most ingenious one. And just as important is to note that, in order to be able to articulate the model, he had not only to postulate a tendency of people to over-save, but at the same time, he had to deny the possibility that people might as well save. But under-saving (immediate

consumption of a higher share of the income, if not the entire income) is exactly the key to understanding the problems related to the formation and accumulation of capital. If the population spends with consumption everything that it has collected, capital does not have anything to form from. If instead it saves, it creates sources of capital accumulation (Aligica, 2002: 74).

This lack of interest in sub-savings was criticized from the outset by an author like Schumpeter, for instance. It was taken seriously into consideration only after sub-saving began to make its presence felt in countries where the influence of Keynesianism had stimulated it pragmatically, to the point where it began to seriously jeopardize capital formation. Moreover, it was found that due to the central location of capital in the process of economic growth, Keynes' system did not have too many really interesting and useful things to say to the countries that wanted to take the path of modernization and economic growth.

In Keynes' opinion, political vision precedes theoretical vision. It seems that *General Theory* was written in order to give a theoretical basis to economic policy statements that Keynes and other economists had formulated in the late 1920s (Beaud, Dostaler, 2000: 74).

Keynes opened many perspectives and his diagnosis is clear. The two biggest mistakes of capitalism, high unemployment and unequal distribution of income, are likely to favor revolution and to turn to fascism and Bolshevism. The persistence of high unemployment, as well as cyclical fluctuations of economy, is not conjectural phenomena, but the inevitable result of laissez-faire capitalism. These features result from the combination of a very weak marginal preference for consumption and investment volatility. This is itself the result of a very strong preference for liquidity and a very low marginal efficiency of capital, two phenomena leading the anticipations of the agents towards an uncertain future. *General theory* suggests a diagnosis of this complex and dangerous disease. Although he is in favor of maintaining a system of private enterprise, as well as income inequality, which he believed should not be completely excluded, Keynes said that the state is the only one able to take over the required investment, not only in order to stimulate effective demand, but also to ensure social utility. Thus, he argued, "I state that the state encouragement for capital investment, by using the most qualified technical force, in order to lay the foundations of large buildings and by credit and guarantees of the Treasury for their financing more boldly than before becomes an inevitable policy" (Keynes, 1970: 15).

Besides socialization of investment and planning and even the semi-socialism that this view involves, Keynes also resorts to a radical social transformation when he evokes the necessary euthanasia of the renter that may result from a gradual decline in interest rates. It is remarkable how Keynes attacked this parasitic unproductive class that lives from rents, which was also attacked, in a past time, by David Ricardo (Beaud, Dostaler, 2000: 76).

The era, in which the Soviet system appeared as an alternative to capitalism, provided hope for some, disaster for others, Keynes outlined, based on his diagnosis, several types of policy that should allow capitalism to overcome its own contradictions and thereby safeguard liberal society.

The application of the solutions, envisaged by Keynes for the economic problems of England, was denied in Keynes' own country, first in the years of the third decade, prior to the Great Depression of 1929-1933, and then during the crisis.

Instead, Keynes welcomed the program called the *New Deal* from Roosevelt's administration, which came to power after the presidential election in 1932. This program aimed to use civil public works as a means of winding down the mass unemployment that had emerged during the crisis. The policy of *New Deal*, one should note, had been born before Keynes' *General Theory* was published and public works seem to have been accepted and have been developed earlier, even before the period when Keynes advocated unsuccessfully on behalf of the officials, businessmen and professors of economics in England.

He also welcomed, after the outbreak of World War II, the war effort as an opportunity to verify his economic policy recommendations. Keynes hoped to finally see put in practice measures like those that he hadn't ceased to recommend for a decade and a half. There is no evidence at all that he would see the direction of state action in implementing his measures only in expenditures for weapons. Another aspect is that, in the postwar reality, the capitalist countries that applied a policy of Keynesian inspiration allocated, in some cases and in some periods of time, amounts of money for armaments production that almost equated to the investment in machinery and equipment.

Since 1936, Keynesianism has been developing in an autonomous manner; it no longer belongs to the man who conceived it. Meanwhile, Keynes has remained for ten years an actor and an active participant in this development. His positions, with their contradictions and variations, clarify the ambiguities that would characterize the development of this ensemble of doctrines and theories which will be described as Keynesian.

3. Internal and external theories of economic crises

After observing the interwar Great Depression, could economists answer the question: what is the economic crisis of overproduction? The economic crisis is related to the cyclicity of economic life, a key issue of macroeconomics. History shows that the economy does not evolve steadily, says the famous economist Paul Samuelson, author of a best-selling economics textbook. A few years of economic expansion and prosperity are followed by a recession or even by panic and collapse. The national product decreases, as well as profits and real income; the unemployment rate reaches very high levels; the number of people losing their jobs increases. Finally, Samuelson continues, a point is reached when decline is not possible and when economic recovery begins. Upward and downward movements of production, inflation, interest rates and employment form the economic cycle that characterizes all market economies and usually lasts between 2 and 10 years (Samuelson, Nordhaus, 2001: 656).

According to the same author, two theories exist that explain economic crises, internal and external theories. External theories consider the proposition that economic cycles originate in the fluctuation of factors outside the economic system, such as the occurrence of wars, revolutions and elections, the price of oil, the discovery of gold

deposits, the migration of populations, the discovery of new lands and resources, the advancing of science and the innovating of technology, even the presence of sunspots or weather. The external theory, Samuelson believes, is verified in the 1973-1975 recession, as well as in the case of recession in 1990-1991. Internal theories deal with mechanisms within the economic system that make economic cycles self-generate. According to these theories, expansion fuels contraction and recession, while contraction triggers the expansion of recovery supplies - in a cycle that repeats regularly. Some economists believe that, because consumers and companies had accumulated too much debt during the great economic expansion of the 1980s, the reduction of economic activity was inevitable. According to their opinion, the recession could be caused by any important, negative impact that the economy could confront, and the Persian Gulf War proved to be the appropriate shock at the right time (Samuelson, Nordhaus, 2001: 661).

Can economic cycles be avoided? Economic recessions have huge costs from an economic and human point of view, the fact that sometimes made economists determined to establish the objective of removing economic cycles. Such goals are too ambitious, Samuelson believes. An interesting point of view is that of Arthur Okun, who believes that recessions can be avoided like aviation accidents or hurricanes. But, as we cannot completely eliminate plane crashes, we do not have the wisdom or the ability to eliminate recessions. The danger has not disappeared, Okun warned us in 1970. Forces that cause recessions are lurking, waiting for the right moment to strike (Samuelson, Nordhaus, 2001: 664).

As we have previously mentioned, since the great crisis of 1929-1933 until the one that began in 2008, humanity faced other crises. But these were either local or regional, i.e. either not so extended or not having taken so much time and not having such serious consequences as the interwar one or the one we are facing now. We have to mention, between these, the energy crises of the 1970s, the Mexican crisis of 1995, the Argentinean one in 2002, the Japanese one in the 1990s and the Asian crisis of 1997 that affected countries such as Indonesia, Thailand and Malaysia.

What is very interesting is the fact that, like before the great interwar crisis, before the current global crisis, a number of public figures have expressed their very optimistic views about the future of the world economy. Thus, in 2003, Robert Lucas, professor at the University of Chicago and winner of the Nobel Prize for Economics in 1995, addressing the general meeting of the American Economic Association, said that the time has come that the domain moved on... The central problem of depression prevention, said the American economist, was resolved in all practical respects. Not only Lucas argued that the prevention of economic depressions was a solved problem. A year later, Ben Bernanke, a former Princeton University professor, who had left to serve on the board of the Federal Reserve, and then took the leadership of the Fed, after Alan Greenspan, spoke remarkably optimistically and said, much like Lucas, that modern macroeconomic policy solved the problem of the economic cycle, or more precisely, it reduced the problem to the point where it was more an annoyance than a problem of the first rank (Krugman, 2009: 13).

How can we explain that, although economics has greatly advanced in mathematics and although economists seem to understand the essence of crises and their remedies, crises cannot be avoided, resulting sometimes, in addition to economic consequences, in large popular discontent and resignation of governments that seem unable to cope with the economic and social problems that come as a flood in such periods. There are different answers to this question. What we think is that the official responses from some reputed American economists elude the truth, protecting exactly the institutions and persons directly responsible for the crisis.

4. Economic crisis and its prophets

The view of Charles Morris, expressed in his book *The economic crisis and its prophets*, is that the great American investors like George Soros and Warren Buffet, and officials like Paul Volcker, former head of the Federal Reserve until 1987, foretold the crisis many years before it occurred, unlike the reputed economists of the academic institutions of North America. The answer, Morris continues, is related to the state of the economy itself.

The ability to understand what goes wrong in the economy would not be so important if we considered the economist a kind of weather forecaster or stock market soothsayer. If a meteorologist says that it will rain today, we take an umbrella, but most of us ignore the weather report that covers more than a few days.

But the economic profession is really taken seriously. Companies set their spending and investment plans based on predictions made by economists and governments turn to these professionals to find guidance on a wide range of political issues.

Perhaps the key explanation to the problem we raised is to understand the limits of the profession and its dangers. Within recent experience, the two major schools of macroeconomics, taken broadly - Keynesianism and the Chicago School - have spawned every economic policy whose consequences have been devastating.

The Great Inflation of the 1970s refuted the neo-Keynesian theory of economic management in the 1960s. And when the turn came for the Chicago School, it led to spectacular financial engineering and anti-regulatory zeal to the point that nearly destroyed the Western financial system (Morris, 2010: 124). Which economic theory is the one that can cause such destruction, asks Charles Morris?

Modern mathematical economics emerged in the late nineteenth century and early twentieth century. The recent achievements in physics seemed to promise a perspective in which a wide range of human activities went under the control of science. Of all the social sciences, economics presented the closest reflection of physics. In the idealized example of a corn auction, thought up by the British economist David Ricardo, fair prices resulted from the statistical interaction of numerous atomistic market participants who obeyed the simple rules of rational self-interest. It looked exactly like, as in the case of James Clerk Maxwell's gas, the complicated and arbitrary dance of countless molecules in free collision that was coordinated only by a few simple and immutable laws. In the book of Alfred Marshall, *Principles of economics*, the basic manual

of economy in most of the period before the Great Depression, he wrote about differential calculus - the mathematical method of line curves that supports Newton's laws - that represents the universal formula, even in the fields of sociology and biology, and particularly in economy (Morris, 2010: 125).

Not everyone accepted that argument. Some well-known economists have pointed out that, in fact, it happens frequently that prices do not respect the curves in the model - they could be rigid and varied in jumps and did not increase in infinitesimal movements like Newton's apple. But U.S. scientists have embraced the theory, even in areas far beyond economy, such as psychology.

Although Keynes was a good mathematician, he was among the few consistently skeptical of scientific claims of economics. Keynes's biographer, Robert Skidelsky, suggests that the former appealed to an older pre-mathematical type of political economy, like that of Mill and Hume, which considered society and exchange trade systems as a body, rich in assumptions and practices that could not be included in the models. He also understood that, although the basic equations of physics do not change, the ones of economy can sometimes become very unstable. Keynes made the famous observation that "in the long term we are all dead" during an argument against the value of long-term economic forecast. The variability of the basic relationships in the economy, he said, was likely to turn extensive projections into something very uncertain. And he was extremely skeptical about imposing heroic sacrifices for the sake of the distant benefits promised by economists.

Keynes's best known work, to which we referred in detail above, *The General theory of employment, interest and money*, includes a minimalist mathematical system. But Keynes's theory was widely accepted in academia, after the British John Hicks and the American Alvin Hansen had developed a mathematical model based on the main argument of the book. The increasing capacity of postwar computers has led to the constructing of neo-Keynesian macroeconomic models. In particular, American academics have created a rigid mechanical vision of the economic system. Operate this lever and investment will increase, turn that wheel and consumption will increase - all items will be in their places without problems, like steel tambourines.

The eclipsing of neo-Keynesianism in the context of the inflationary failure of the 1970s led to the rehabilitation of the old neoclassical economics associated with the Chicago School and to the explosion of new theories under the umbrella of the new classics. There is also a link between the new classics and the financial theorists of efficient markets at the University of Chicago. This business school housed, among others, Eugene Fama, Merton Miller and Myron Scholes, who have done most of their work on the theory of modern portfolios and the mathematical system of derivative instruments. Until the 2000s, academics with a similar thinking came to dominate most American schools of finance and economics and all firms on Wall Street. But amid newly spread theories, the objections raised in the early twentieth century remained valid. Financial markets, at least in times of stress, were not characterized by the line curves presented in the model (Morris, 2010: 126).

In the recent disaster of loans, we can find an argument for the fact that economic modeling practices contributed to the excesses of debt whose implosion caused the financial chaos around us. The market concept underlying most macroeconomic models of the new classical school is the so-called Arrow-Debreu economy. It is the type of economy without problems, perfectly able to unlock itself, dreamt of by all economists of the Chicago School. But its special feature is the concept according to which markets are complete - any asset or risk position can be converted without trace into a contingent asset, i.e. a derivative financial instrument. The intuitive idea is that if there are derivative instruments with fair prices that cover all categories of risk, all risks will migrate to the most desiring and the most able to support them. Consequently, the whole system becomes more stable and robust. Conservative economists of the Federal Reserve had accepted this reasoning - they really believed that the explosion of derivatives in 2000 reduced the risk of a crisis. And this belief enabled them to ignore the vast accumulation of debt and the proliferation of products that no one understood. How was it possible, asks the same Charles Morris, for greed to reach such a scale without brilliant people like Ben Bernanke, to observe? The answer is that these people saw the world through a very particular set of lenses but magic glasses, whose lenses came from schools dominated by economic and financial theory. Markets seemed to have arrived in paradise, and everything was going as well as possible in the best of all possible worlds (Morris, 2010: 128).

In this way, Charles Morris, very smoothly absolves the guilt of the ones who seem to be directly responsible for the crisis.

5. Krugman on the current financial crisis

Another answer comes from Paul Krugman, awarded with the Nobel Prize for economy in 2008, the year when the global financial crisis started.

After a review of the financial crises in Mexico, Argentina, Japan and South-East Asia, Krugman analyzes the outbreak of the crisis from 2008 on Wall Street. The most responsible persons for the crisis, to whom Krugman refers between the lines, are Alan Greenspan, former president of The Federal Reserve between 1978 and 2006, and George W. Bush, president of the United States between 2000 and 2008. Even if he criticizes them indirectly, the causes that Krugman refers to are so complex, that it was almost impossible to avoid this crisis.

Why, asks Krugman, did Greenspan become such a legendary hero? We need to mention that when he made one of his last appearances in front of the U.S. Congress, Greenspan was honored like some kind of Messiah of money politics. The 1970s and the beginning of the 1980s were an age of unpleasant shocks, of inflation and high unemployment, and of the worst declines since the Big Crisis. In contrast, the Greenspan age was relatively clear of these troubles. Inflation was low, and the two recessions during his mandates were short time issues, lasting not more than 8 months. In what concerns the financial investors, Greenspan years were paradise-like: the Dow index flew above the 10000 threshold, and its share prices increased by 10% a year. But, Krugman believes that Greenspan benefited from a favorable economic situation, in which the main character was Paul Volcker, president of The Federal Reserve in the

previous mandate. Volker brought inflation under control, achieving this goal with the expensive money policies, which caused a severe economic decline, but in the end, defeated the inflationary psychology. And after Volker did the hard and unpopular work, Greenspan lived comfortably in the halo of great results (Krugman, 2009: 161).

Although Greenspan warned about excessive exuberance, he practically didn't do anything to fight it, Krugman says. The former president of The Federal Reserve used the phrase 'irrational exuberance' in a speech in 1996, in which he suggested, without saying the words, that there was a speculative balloon in stock prices. But he didn't increase the interest rate to temper the market enthusiasm; he didn't even try to impose a margin requirement for the market investors. Instead of this, he waited until the balloon cracked, which happened in 2000, and then he tried to clean up the mess that he had left behind.

Krugman claims that Greenspan was the leader not only of one, but of two huge speculative balloons, first the one of the real estate market and then the one of the housing market.

An uncontrolled optimism made the stock market flood with more and more funds, prices increased, and the speculative balloon expanded limitlessly. The stock asset balloon is a kind of natural Ponzi scheme, Krugman believes, a pyramid game, in which people continue to earn money as long as it attracts losers to it. But in the end, when there are no losers, the pyramid collapses. The summer of 2000 was the top of the stock market, and during the next two years, stock prices fell by 40% (Krugman, 2009: 169).

The real estate balloon was less justified than the stock balloon in the previous decade. House prices started to fall, and the interest rates were very low, in the beginning of the 2000s, and thus, buying houses became very alluring. When prices started to rise more and more, individual families hastened to enter the market, without thinking how they were going to pay later. More largely, though, it was stimulated by a change in lending practices. Buyers were given credits with low or zero advance and monthly payment rates that far exceeded their possibilities of repayment or became impossible for them to honor once the small interest rate, used as bait, returned to normal.

Although some economists warned about a large-scale speculative real estate balloon, and that its collapse would expose the United States economy to serious risks, Alan Greenspan affirmed that any major decline in the evolution of house prices would be extremely unlikely, admitting that there might be some speculative bubbles on the real estate local market, but in no case a nationwide balloon.

Krugman claims that, after the balloon collapsed, the economy of the United States fell into recession. Greenspan then aggressively lowered the interest rates and quickly saved the situation, changing the recession into a short superficial one, without a large decline in GDP, which ended after only 8 months. Officially, the recession was very short, but the labor market continued its way to ruin a long time after the recession was officially declared over. When the money policies began to gain traction, it happened through the real estate market. What happened? Greenspan was only able to replace the stock market balloon with the real estate market balloon. And the question was: What will

happen when the real estate balloon will crack. The FED (The Foundation for Enterprise Development) barely managed to pull the economy out of depression after the stock balloon, and this happened because another speculative balloon appeared in its wake (Krugman, 2009: 175).

What Krugman tells us is, in fact, that the signs for the world crisis emerged, in the north of the United States, a few years earlier than 2008.

Another problem that Krugman insists on is the so-called shadow banking system. As a result of the Glass–Steagall Act, the U.S. banking system underwent bank separation into two categories. On one hand, this contains the traditional banks (commercial banks, which receive deposits), and, on the other hand, the investment banks. The commercial banks were subdued to (after the great postwar crisis) some rough restrictions concerning the risks that they were allowed to assume, instead they had prompt access to credits from the FED. Investment banks had imposed far laxer regulations, but they considered it acceptable, because investment banks didn't receive deposits and had no reason to be subjected to massive withdrawals.

Banks are subject to a high degree of regulations, and are required to maintain cash reserves, to have substantial capital reserves and to contribute with money to the deposit insurance system. Raising funds by making bid interest securities (a tradable financial instrument invented in the Lehman-Brothers investment bank in 1984), lending institutions were able to circumvent these rules and costs. This also meant that bid-rate securities were not protected by the safety net of the banking system.

The bid-rate securities system, which at its peak period had in game over 400 billion collapsed in early 2008. One after the other, auctions failed, as fewer investors let the existing investors pull their money out of the system. People who thought they had immediate access to their money, suddenly found out that their money was blocked in large investments stocked on a few decades, of which they had no way out. Each auction, thus, failed and led to the failure of another. After people had seen the dangers of these super-intelligent investment schemes, no one wanted to invest more money in them (Krugman, 2009: 183).

This story makes us think about the warning launched in David Korten's book, *Corporations rule the world*, which had been published in 1995, long before these bad things happened in the U.S. financial system. Here is what David Korten tried to warn us.

Although, in some circumstances, speculators' claims that their activities that enhance market liquidity and stability have some coverage, these sound false in the context of increasingly volatile global financial markets, in which the speculative financial movements are a major source of instability and economic failure. Moreover, Korten continues, regardless of the contribution of speculators to the increased efficiency of financial markets, it is made with a considerable cost in relation to profits and to fees that they extract. The class of financial instruments called derivatives is a very important source of concern. Derivative contracts involve betting on fluctuations in stock prices, exchange prices, interest value, and even the stock market indices in their entirety. The total value of the most important derivative contracts was estimated to be

about 12,000 billion in mid 1994, with a projected increase to 18 trillion by 1999. To get an idea of these sums, we can add that in 1993, *The Economist* magazine, estimated the world reserve of fixed production averages at about 20 trillion dollars. What makes derivatives to be risky is that usually they are purchased with margin. This means that the original purchaser opens only a small insurance deposit against the potential financial risk. Larger competitors might not be conditioned to opening any deposit, although their potential financial risk could amount to hundreds of millions of dollars (Korten, 1995: 226).

If this was the case of financial instruments in 1994, let's see Timothy Geithner's declaration from 2008 as the president of the Federal Reserve Bank of New York where these instruments led to in the pre-world crisis period. Geithner highlighted the fact that the structure of the financial system changed fundamentally during the momentum, with a dramatic increase in the proportion of its assets outside the traditional banking system. In early 2007, Geithner continues, asset-backed commercial circuit effects in structured investment vehicles, in preference securities acquired assets in municipal bonds with option to purchase the acquired assets and promissory notes payable on demand, had a value combination of approximately 2.2 trillion dollars. Assets financed with loans on day through redemption arrangements increased to 2.5 trillion dollars. Assets held in hedging funds grew to roughly 1.8 trillion. Combined balance sheets of the top five investment banks in the United States, during the same period, were of only 6 trillion dollars, and the total assets of the entire banking system was around 10 trillion dollars (Krugman, 2009: 185).

In other words, Krugman noted, Geithner considered a range of financial arrangements in a non-bank financial system. That is things that were not banks, in terms of regulatory legislation, but yet fulfilled banking functions.

After the outbreak of the economic crisis, there were some accusations or, as the American economist says ironically, a hunt for guilty ones.

Some right-wing accusations, unfounded ones, believes Krugman, refer to the fact that all those problems would have had the benefit of the law to reinvest on behalf of communities, which are alleged to have forced banks to give loans for housing to buyers from disadvantaged minorities who then didn't paid their dues. Conservatives, continues Krugman, blame Fannie Mae and Freddie Mac, government-sponsored lenders who were pioneers of the real estate speculative balloon and the fragility of the financial system.

Some economists blame deregulation, specifically the repeal of Glass-Steagall Act in 1999. This gesture allowed commercial banks to engage in investment banking operations and thereby assume more risks. The truth, Krugman thinks, is that as the shadow banking system expanded, rivaling in importance or even surpassing that in traditional banks, politicians and government officials should have realized that the kind of financial vulnerability that made the Great Depression possible was reinvented – and they should have responded by extending the regulations and the financial safety net, in order to cover these new institutions (Krugman, 2009: 188). On the contrary, Krugman

notes, the zeitgeist and the ideology of the George W. Bush administration were deeply anti-regulation.

We are reminded of scenes from the documentary *Inside Job*, which appeared after the outbreak of the global crisis, revealing that all these facts had been known in the world of American economic and political elites, but they did nothing and nobody wanted to do anything related to regulations, because, in this way, the elites had made fortunes of hundreds of millions and even billions of dollars. The sad truth is that these people, in the shelter of comfortable wealth, living in a parallel world to that of ordinary Americans, do not care about the crisis. They don't care about the people suffering and losing fortunes, houses, jobs... they don't care about the tent cities that have emerged in some areas of the United States, after millions of Americans lost their homes. They also don't care about the millions of people in other countries affected by the crisis. Not to mention the fact that they have an attitude of defiance when asked whether or not they assume the fault for the crisis...

The crisis that broke out in 2008 led to a global decline, Krugman notes. For a decrease in housing prices has a direct negative effect on employment by lowering construction activity, and tends to lead to a reduction in consumers' spending, because people feel poorer and they lose access to credits based on the collateral represented by their house; these negative factors have a multiplying effect, as the decline in employment leads to further decreases in the volume of expenditures.

The financial collapse, continues the same Krugman, seemed to transform what seemed an ordinary recession. The credit crisis intensified after the collapse of Lehman Brothers. The sudden crisis in emerging markets, the collapse of consumers' confidence from the moment when the magnitude of the financial calamity reached the headlines of newspapers, all come to indicate the worst recession in United States history, and in world history, as a whole, since the 1980s (Krugman, 2009: 207).

What solutions are required to overcome the global economic crisis?

Noting that credit contraction is behind the combination of lower confidence and decimated capital at financial institutions, the first solution, thinks Krugman, is to introduce more capital into the system, also called money growth. In fact, he continues, this is a standard response to financial crises.

Other solutions relate to what Krugman called traditional Keynesian fiscal stimuli. In other words, tax cuts with no more than four percent of GDP, supporting and expanding public expenditure and long-term reform of the financial system, but unfortunately the U.S. economist does not tell us how we should do it. A solution, which is basically an invention of Krugman, is determining authorities to temporarily pursue direct lending activities of the non-financial sector.

6. A Critique of Krugman's view

In an unpublished manuscript, Gheorghe Olah, a professor in macroeconomics at the University of Oradea, criticizes the measures advocated by Krugman. What is this criticism basically? As he notes, the three solutions are actually all Keynesian. Only the

fourth is original. The main idea that dissatisfied the economist from Oradea is pumping money into banks. Why? Because Krugman makes the statement that one thing that can bring an economy out from the liquidity trap is expanded inflation which discourages people to place money under the mattress. On one hand, economists argue that monetary policy measures do not produce an effect unless they are unexpected, and then only in the short-term (Olah, 2011: 7). On the other hand, as people observe and understand them, they react inversely to them than the governments' preference. Finally, the expected inflation suggested by Krugman as a solution to determine people to spend more money by buying more, in order to increase the demand in this way and to find the way out of the crisis, will lead them, Gheorghe Olah believes, to convert the money into another currency or a more secure value or goods such as houses, land, gold, paintings, etc. as experience has showed us.

What kind of growth can also generate such purchases, asks the economist from Oradea. Would Krugman spend so as manager of his own personal resources? Krugman supports his conviction by applying any of the standard mathematical models that economists use in conventional monetary policy analysis. Mathematical models can say what they want, the reality seems to be stronger than any model, and it always shows that it is inevitably followed by crisis or recession, Olah concludes.

Here's further proof that the economy, as a social science, can hardly be saved by mathematical models. Perhaps these models can be applied in periods of macroeconomic stability. But in times of crisis or instability, mathematical models seem to be as useful as a Ferrari car on a dirt country road here in Romania. Here, we are in the area where the hyper-mathematized economy meets its own limits.

7. Solutions for the current economic crisis

A very interesting paper that examines the economic crisis in Romania as part of the global economic crisis is signed by Liviu Voinea, *The End of illusion economy*. After the author extensively analyzes the causes of the global economic crisis and the peculiarities of the economic crisis in Romania, the economist from Bucharest examines the anti-crisis solutions taken by many national economies, but especially what was done in this regard in Romania and what should be done next. The first country to take anti-crisis measures was the United States. The measures taken by the U.S. include the discount window, the direct injections of capital into financial institutions and the direct increase in private lending by state-owned companies (Voinea, 2009: 55). On the other hand, the recovery plan and the investments of Americans included tax incentives and erasing debts for small businesses, family benefits, reduced VAT on the sale of new cars, an additional \$ 250 to each recipient of social welfare, a fiscal credit of 8,000 dollars for those who purchased a house for the first time, \$ 54 billion for public schools, tax reductions totaling \$ 17 billion for renewable energy use and more than 100 billion dollars for increasing the coverage of medical assistance. Thus, the state pumped over \$ 700 billion into the private economy. The most liberal economies in the world, the American and British ones, nationalized numerous financial institutions under the guise of saving small investors, but actually covering the huge financial losses made by the management of these institutions. Great Britain introduced a stimulus package worth

30 million dollars, focused on investments in technology and the use of human capital, but also on the reduction of VAT from 17.5 % to 15 %, partially offset by the increased income tax from 40% to 45% for the richest 1% of the population (Voinea, 2009: 57). On the other hand, Germany implemented a stimulus package of 50 billion Euros consisting of investments in infrastructure, tax cuts, increased allowances for families with children, as well as a bonus of 2,500 Euros for those who change their old cars with new cars.

Developed countries could implement fiscal stimulus packages worth of tens and hundreds of billions of Euros, a luxury that emerging countries (including Romania) could not afford, because of the difficulty of financing deficits and because of the pro-cyclical policies adopted during periods of economic growth (Voinea, 2009: 153). In addition, Liviu Voinea believes, both the causes of the crisis and the mechanisms for overcoming the crisis should be different. In Central and Eastern Europe, whether it was with or without the IMF loan, the same philosophy was applied, based on fiscal austerity measures. Thus, in Bulgaria, the measurements were the freezing of budgeters' wages, the lowering subsidies and investments, and the decrease of up to 10% of all expenditures. In Hungary, these meant eliminating bonuses for state employees, freezing wages in the public sector, freezing pensions and some social benefits, reducing subsidies for gas and housing, reducing of allocations for families and of sick leave, increasing thr VAT. Romania resorted to the reduction of the wage fund in the public sector and to the limitation of bonuses, the increasing of health insurance contributions and the introduction of minimum tax on business figure (Voinea, 2009: 156).

These anti-crisis measures, Liviu Voinea believes, represent a typical orthodox, monetarist approach, which has its merits, particularly in terms of sustainability of short term deficit, but involves, in a first phase, a deepening of recession, because fiscal austerity is achieved at the expense of economic growth. Less money means less consumption, less inflation and less imports. The strict monetarist anti-crisis recipe, Voinea concludes, cannot pull the economy out of crisis. It can bring it back afloat, but after a certain period of time and with significant social costs, without having to offer a healthy base for medium and long term growth.

Liviu Voinea proposes several solutions for overcoming the national economic crisis. Summarized, these are resuming lending and stimulating consumption, increasing public investments in infrastructure, increasing employment and enhancing the use of Structural Funds. On the other hand, the economist from Bucharest believes, anti-crisis solutions mean pragmatism and pluralism, application of policies that can work on a case by case basis, without giving them intrinsic ideological value. Social and environmental objectives are also needed. Solidarity, says Voinea, does not mean that everyone suffers equally from the crisis, but there should be a redistribution towards the most vulnerable social groups (Voinea, 2009: 165).

In this spirit, we believe, social economy represents, in its turn, a solution to the crisis for the most vulnerable groups of society, such as Roma, rural youth, youth coming from orphanages, disabled persons and single parents. The global economic crisis stressed the poverty and social exclusion of these groups. The repercussions of the

financial crisis on poverty are major and display trends of aggravation, particularly as the measures of social protection are shy and marginal (Pavel, 2011: 73). As Cace, Arpinte and Cojocaru put well, social economy exists in order to meet the human needs of those excluded by the dominant system of market capitalism. It is like an economic and social museum where the historical struggle of different societies in response to specific economic problems is available for anyone to see (Cace, Arpinte, Cace and Cojocaru, 2011: 53). Social Economy could be defined as the type of economy that efficiently blends individual responsibility with collective responsibility in order to produce goods and/or deliver services, that has in view the economic and social development of the community and whose main purpose is the social benefit to its members (Stănescu, 2013: 144). But what is the difference between social economy and liberal economy, asked Osvat, Ștefănescu and Jurj. They believe that while liberal economy relies mainly on the production of individual profit, focusing on financial efficacy and profitability, the social economy is oriented towards supporting the social values, focusing on integration and accomplishment of the social needs existing within a given context (Osvat, Ștefănescu, Jurj, 2012: 540). Social economy, which, historically speaking, emerged in the 19th century in Europe as a response to laissez-faire capitalism, penetrated Romanian public consciousness through the social policies of the European Union and its consolidation is closely related to European funds (Pavel, 2011: 74). In each European country we meet different practices of social economy which refer to a broad range of establishments with different forms of organisation (such as associations, cooperatives and foundations, mutual aid units) (Nicolăescu, 2012: 130). Social economy, considering also Arpinte, Cace and Cojocaru, became known in Romania after 2007, the year when Romania was accepted as a new member of the European Union. Consistent funds were allocated to the development of the social economy for: stimulating job creation and developing aptitudes, consolidating the community's capacity for social support, supporting the economic growth and reviving the neighborhoods, and mobilizing disadvantaged groups (Arpinte, Cace, Cojocaru, 2010: 65). Social economy in Romania comprised in 2010: 2,179 institutions of mutual help, 2,128 cooperative societies, 51 credit cooperative banks and 419 authorized protected units.

Social economy, believes Raluca Popescu, plays an important role in solving economic and social problems, providing services whose demand is not adequately covered by the private or public sector. Gradually, continues Popescu, social economy has become a sector that generates more jobs in Europe. Thus, in 2005, at the level of EU-25, social economy covered 4% of GDP and involved over 11 million people, representing 6.7% of the total workforce employed at that time (Popescu, 2011: 27).

Vulnerable groups are considered a target, in which social economy can play an important role. The specific objective of social enterprises is to promote the social inclusion of groups in need by increasing employment opportunities. Meanwhile, social enterprises offer personalized services, ensuring the transition from a state of vulnerability to a normal labor market.

But we should stress that social economy in Romania has had a difficult beginning with a lot of problems. In the next years, the actors involved in this phenomenon will have

to struggle responding to these difficulties. We will mention a few of these problems. Firstly, the Framework Law of the social economy cannot solve in a satisfactory manner the problems identified in the development of this sector. So, it is necessary to adapt a broader set of normative acts. They currently regulate the activity of organizations, which have the potential to run social economy activities (Cace, Arpinte, Cace, Cojocaru, 2012: 54). The lack of regulation creates difficulties to the promoters who run social economy projects. The concept of social economy enterprise does not exist within the active laws, while some promoters undertook to establish such enterprises by implementing projects financed from the structural funds. Another problem is the lack of consistent forms of fiscal support, which may deter social economy initiatives addressing disadvantaged groups running a high risk of social exclusion. Given the lack of facilities, it is difficult to develop social services, which provide necessary support for the target groups. Under these circumstances, the economic activities tends to become inefficient in terms of the profit which can be generated and, therefore, they are vulnerable in the competition with the usual commercial companies, which provide similar goods (Cace, Arpinte, Cace, Cojocaru, 2012: 56). Other problems noticed by Cace, Arpinte and Cojocaru are the lack of subsidies, and the excessive taxation for work with no clear differentiation for beneficiaries of social services. They conclude that these problems will deter the initiatives of professional reinsertion and will maintain the vulnerable groups within the area of the beneficiaries of free social services.

Social economy could be a solution to the current economic crisis given the fact that jobs are created for people with high difficulties in integrating into the formal labor market. We believe that social enterprises created through EU-funded projects represent an appropriate response to the problem of poverty and social exclusion in societies with emerging economies and particularly in Romania. But the key to a successful social economy is in the state level. The Romanian Government and the Romanian Parliament could facilitate the initiatives that exist in the field of social economy. There already is a large volume of initiatives for income generating activities. But they are still insufficiently exploited, or they have little odds to become sustainable. The difficulties mentioned by the NGOs in the research conducted by the Institute for Quality of Life in 2010-2011, could deter such initiatives and block the attempts to initiate the development of social economy (Cace, Arpinte, Cace, Cojocaru, 2012: 60).

As we have noticed there are many solutions as response to the current economic crisis. Most of them are Keynesian type solutions. There is also the very interesting and promising solution of the social economy. But this is still a promise. It is necessarily a collective effort of specialists and authorities in the finding and implementing of this successful recipe.

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Book Review:

**TERRITORIAL PROFILES OF QUALITY
OF LIFE IN ROMANIA**

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Bucharest: Expert Publisher, 2013

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The book “Territorial profiles of quality of life in Romania” (Romanian Academy Press, Bucharest, 2013), coordinated by Professor Doctor Ioan Mărginean, deputy director of the Institute for Quality of Life Research is the result of the endeavour of a team of researchers which undertook to make a complex analysis of the territorial profiles of quality of life. This work capitalised on the high and sustainable expertise of the team coordinated by Professor Ioan Mărginean (Raluca Popescu, Ana Maria Preoteasa, Flavius Mihalache, Gabriela Neagu, Laura Tufă), each of the authors having a wealth of experience in the specific topic approached in this book.

The analysis reveals specific aspects of the quality of life within the different regions of development, in different residential areas and according to the large regions/provinces of Romania. The limited presentation of some county profiles is justified by the low representativeness of the data collected in the field, which prompted a particular level of the territorial analysis.

This book was drawn up within the context of the recent debates on regionalisation in Romania; it is certainly desirable to develop multifunctional entities, as argued by complex criteria. Another coordinate is revealed by the intention to join the

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international process of accomplishing the developmental goals of the Millennium Declaration adopted by the UN General Assembly in September 2000.

Within the concept of quality of life diagnosis (DVC), the operationalization using 25 primary dimensions (p. 14) may suggest an optimal pattern organised according to three levels of generality: individual (health state, family relations, incomes, dwelling and work); community (local administration, community services and relations between people within the society) and societal (governance of the country, political life, general social services, conditions of life in Romania) (p. 14). It is important to highlight that “due to the strong independency of DCV indicators, they do not make up for each other” (p. 14).

The book consists of 7 chapters, two of them providing general and comparative data on the quality of life and performance of Romania in the field of human development (Ioan Mărginean, Chapters 1 and 7); the other chapters reflect subjects related to the family (Raluca Popescu, Chapter 2), level of socio-economic development of the rural areas from Romania (Flavius Mihalache, Chapter 3), relation between the educational offer and the demand from the labour market from Romania (Gabriela Neagu, Chapter 4), atypical occupation (Ana Maria Preoteasa, Chapter 5) and the benefits of the daily use of the Internet (Laura Tufă, Chapter 6).

Chapter 1, “Territorial profiles of the quality of life at national and regional level” presents analyses that use data available up to June 2010, making comparisons with November 1999 (the last year of the first decade of transition), concluding that a new survey is necessary which to reveal the changes in the quality of life of the population during the period of crisis (p. 22). The applied methodology refers to 53 indicators which form a special category regarding the perceived quality of life (evaluations, perceptions and subjective health state) (p. 24), for two years, 1999 and 2000. The conclusion is that the quality of life definitely improved in 2000-2008 due to the economic circumstances, while the difficulties which started in 2009 influenced adversely the conditions of life of the population (p. 47). The analysis brings additional information on the territorial profiles, but the quality of life topic remains open (p. 49).

Chapter 2, “Family in the life of Romanians” analyses comparatively the quality of the family life in Romania using data from the “Quality of Life Diagnosis” and from the “European Quality of Life Survey”. The analysis reveals specific aspects: demographic characteristics, family members contacts, evaluation of the family relations, time spent within the family and domestic chores, support from the family, evaluation of the family quality of life. The data support a profile of the Romanian family with a high quality of life (p. 73), valued by all socio-demographic categories; the pattern of the united family is dominant; the family from Romania has a low standard of living, which may justify the high solidarity (p. 74).

Chapter 3, “Differences in the socio-economic development of the rural areas from Romania”, identifies three analytical levels of the gaps for the urban places (demographic situation, regional context and economic inheritance from the communist period) (pp. 77-79), as well as several major socio-economic processes which affected the changes in the rural environment (p. 79). The territorial analysis

brings relevant information on the differences existing in Romania: public utilities networks; dwellings and access to the public services in the rural areas; local budgets. The conclusion of this section is that “the differences between the rural localities in terms of demographic evolution and socio-economic development increased” lately (p. 106).

Chapter 4, “Analysis of the relation between the educational offer and the demand from the labour market”, discusses the difficult socio-economic situation confronting most countries and its consequences on education and employment. This section presents the relation between education and the labour market in economic perspective (p. 112), making use of recent productions – articles, studies, surveys, databases. The conclusions of this section show that there is a deficit of communication and collaboration between the main actors involved in the relation between education and the labour market, although it is clear that in the Romanian society, the improvement of the educational level and of the employment rate are solutions of development, of improving the conditions of life and the standard of living (p. 137). Chapter 5 “The atypical occupation between conjuncture and flexibility” continues somehow the topic on the labour market by making an analysis of “any kind of non-standard economic activity (except the classical pattern of permanent labour contract with full working hours)” (p. 139). The chapter describes the situation from Romania in terms of self-employment in the rural areas, the low use of non-standard labour contracts and the precarious situation shown by the poverty of the working people.

Chapter 6, “Use of the Internet in the everyday life. Qualitative analysis of the benefits” provides an innovative framework of exploring the presence of the virtual space in the life of the people, in exploring the mechanisms by which the use of the internet in the quotidian practice plays a specific role in the production and support of the individual subjective welfare (p. 154). The results of the microsocial analysis show that the quotidian activities benefit of this opportunity, which allows the full reorganisation of these activities (p. 165).

The last chapter “Performance of Romania in the field of human development” relies mainly on the data of the 2011 Human Development Report, also providing the evolution of these reports and of the used indicators. It is important to note that “while human development stagnated lately, both in countries close to Romania (in terms of IHD size), and in the countries from the top, there is a rising dynamics” (p. 192).

The book brings valuable contributions by the clarifications it makes regarding the operational dimensions of the quality of life, and by using mixed methodologies to make sectorial comparative analyses. The territorial location of the aspects presented in the book provides many arguments in favour of using this complex perspective for the design of more efficient interventions during the next financing framework, 2014-2020. An essential aspect of the book published in 2013 by the Romanian Academy Press, refers to the provided framework of reflexion which has associated different solutions and recommendations that would require a more pragmatic and applied approach through the future social-economic interventions in the territory in the endeavour to improve the quality of life in Romania.