

THE IMPACT OF SOCIAL ENTERPRISES ON LOCAL DEVELOPMENT¹

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The purpose of this paper is to present and examine the role that social economy entities play in local and regional development in Romania. The type of services provided by the social economy entities, the effects thereof on the community, determine the major role such entities play within the local development process. This paper presents the partial results of a research conducted in Romania by the team of the project “PROMETEUS – Promoting social economy in Romania through research, education and training at European standards”. The research combined quantitative and qualitative research methods, so that it was able to capture in a comprehensive manner the social economy field at national level. The social enterprises are, in most of the cases, the motor of the local development, through the activities which they develop. The characteristics of these entities – the non-profit character, the social purpose of the activity, the participation of the members in the government, the multistakeholder governance – allow these organizations to mobilize local resources, to stimulate the creation of social capital at the level of the community, to ensure the welfare of the members of the community.

Keywords: social economy, local development, cooperatives, mutuals, NGOs.

INTRODUCTION

In Romania, social economy is a new approach used to find a suitable solution to social exclusion issues. Because until now, the different policy solutions to the social exclusion issue have been unsuccessful, social economy wants to become a new way of handling social problems. This concept intends to transform the welfare state in a workfare state, by emphasizing the active forms of social support and the strong links with the labor market. This approach allows the

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government to make social inclusion through integrating the vulnerable groups into work. This can also be a solution for the economic problems of the society.

Although social economy entities exist in Romania since the 19th century, the concept of social economy is not very well-known, but after the introduction in 2007 of the European Social Fund (SOP HRD) which has an axis dedicated to social economy, the public debate appeared, and now we assist at an increasing initiative in this area. The public authority with responsibilities in social inclusion area develops a policy framework for social economy which is in the public debate, now. Many initiatives in this area come from third sector entities, especially from NGOs, which propose the development of many social innovations within projects financed by SOP HDR, axis 6.1. In Romania, social economy is considered to be social innovation due to the fact that it represents a complex process of introducing new programs and processes that will change the routines, beliefs and resources of social policy system and promote innovative activities and services for meeting social needs which are developed by organizations whose primary purposes are social (Westley and Antadaze, 2010; Mulgan, 2006).

In Romania, there are no entities defined as social enterprises up to now, however there are organizations which correspond to the economic and social characteristics and criteria formulated by EMES in this field. Such organizations are the NGOs, cooperatives, mutualities/credit unions, work integration protected shelter (WISE), commons.

EMES defines social enterprises as “non-for-profit private organizations providing goods and services directly related to their explicit aim to benefit the community. They rely on a collective dynamic involving various types of stakeholders in their governing bodies, they place a high value on their autonomy, and they bear economic risks linked to their activity” (Defourny, Nyssens, 2008: 5).

Social enterprises represent a model of social innovation in providing welfare to vulnerable groups, due to their features: social aims and multiple goals, variety of resources, non-profit in nature and participation in the ownership of different actors and multi-stakeholder governance (Hulgard, 2006; Nyssens, 2006; Borzaga and Spear, 2004; Borzaga and Tortia, 2009). They are considered to be “at the crossroads of market, public policies and civil society” (Nyssens, 2006), because they use different resources – incomes from economic activities, public subsidies or grants, private donations, volunteering, private finance from different donors. (Defourny, Nyssens, 2008).

The purpose of this paper is to present and examine the role that social economy entities play in local and regional development in Romania. A core role in local and micro-regional development processes in Romania is played by NGOs which create innovative programs, services and activities, in order to resolve the social problems and to respond to social needs. These innovative programs, services and activities change the resources, beliefs, authorities and population perception. The type of services provided by the social economy entities, the effects, thereof, on the community (social inclusion of vulnerable groups, the creation of new participative development mechanisms, the creation of social

infrastructure, the increase of social, human, symbolic capital etc.) determine the major role such entities play within the local development process (Borzaga and Tortia, 2009).

In Romania, the local development process comprised an international experience transfer, encrypted in facilitation models and community practice management institutions (Sandu, 2008). Such international experience transfer was performed by international organizations active in the field of development (World Bank, DFID, USAID, Soros, EU), which, by means of financing granted, facilitated the creation of local institutions with duties in the field at central and local level, the formation of players with skills in the field and the introduction of innovative instruments in the field of community (facilitation, partnership, resources mobilization, participation, empowerment, assessment, etc.).

In the beginning (1992–2007), the non-governmental organizations developed at local level aimed, by their activity, to satisfy the community needs, whereby such were financed by the international donor organizations. Nevertheless, subsequently, once the external financing was put on hold, public funds were accessed (subsidies, grants), the efforts to obtain donations were intensified, other financing sources were searched, and even, in some cases, economic activities were performed by which the financing of the performed actions was ensured.

In 1998 appeared the first support forms for the activity of NGOs clearly stipulated by laws. Such were subsidies granted to NGOs by the public authorities for the provision of social services. The support forms of the public authorities for the non-governmental sector were either direct – finance for performance of activities, provision of services, or indirect – making available locations for the performance of activities, payment of utilities, etc. The financial support granted by the state did not represent an important resource for the NGO sector, amounting to 9%, in 2010, of all funds of the non-governmental sector (Lambriu and Vamesu, 2010: 59).

Social services refer to those “services to which political community attributes not only an individual value but also a considerable value for groups, localities and society at large” (Evers and Laville, 2004: 237). According to this definition, a social service includes not only welfare services, such as health and social care, but also educational and cultural ones. At community level, such services are provided in Romania by three actors – public institutions, private companies and third sector organizations (TSOs). If public institutions provide only certain services which do not satisfy the needs and requirements of all individuals, the private companies provide services only for those persons who can afford them. Thus, the occurrence of a third player is necessary, who would provide services better adjusted to certain needs uncovered by the public sector, or to those who find themselves in a risky situation (Defourny and Pestoff, 2008). In Romania, there are public institutions offering such social services, however, such institutions are not distributed geographically in a uniform manner, are not so developed in every localities and do not exist in many rural areas. Thus, we can say that there are many categories of population which have no access to such services.

We can not say that such gaps are covered by TSOs which do not have, also, an uniform geographical distribution, based on territorial or social development criteria of communities within which they perform their activity (according to NIS data, in 2007 only 13% – 2 585 – of NGOs were in the rural area, keeping in mind that 45% of the population lives in the rural areas – 9,650,776 persons).

Cooperatives played an important role in the communist period economy in Romania. Only few of these structures survived up to nowadays, but in many rural areas they still are the most significant economic actors. Through the social economy policy framework, many regional authorities intend to give an increasing relevance to cooperatives and social enterprises as path-away out of social exclusion.

Microfinance projects, cooperatives, and NGOs develop the social capital and help the communities to improve their quality of life. These social economy structures represent the mechanism of local economic and social development. They provide new solutions to social problems that are more efficient and sustainable, due to the fact that these new approaches take into account the local/regional context/specificity.

This paper is based on the results of a larger research program on social economy entities, regarding the activity of these structures developed in Romania. (“PROMETEUS – Promoting social economy in Romania through research, education and training at European standards”). The research program used quantitative and qualitative methods, such as questionnaires, in-depth interviews and case studies. The study intends to provide information about the impact of social enterprises on local and regional development.

LOCAL DEVELOPMENT

Local development is a social-economic growth and structural changes process, providing welfare to community members. There are several ways by which local development can be achieved, depending on the communitarianism degree involved: (1) it involves the participation of community to initiation, implementation and assessment, defined by specialty literature as *community development*, (2) participation to initiation, but implemented with resources outside the locality obtained by the local authorities, (3) participation to initiation, but implemented with resources obtained by authorities by way of (semi) coercion, (4) and the authoritarian model in which initiation and implementation are achieved by authorities (Sandu, 2008: 28).

There are a series of elements which must be taken into consideration within the local development process, in order to assure the sustainability of such initiative (Petrescu, 2009): the involvement of citizens during the entire development process; the partnership between the local structures (administration, economic agents, public institutions, etc.); a holistic approach of local development projects/strategies; the mobilization of all resources in what capitals are concerned; the observance of the participative democracy principles.

Local development focused on two main public policy axes (Pike et al., 2006: 13): the creation of an infrastructure to increase access to the interest area of

prospective investors, and industrialization as policy promoted by the central government (top-down policies). The top-down approach entails certain specific aspects, such as (Pike et al., 2006: 17): the decision on the intervention area and the type thereof is made at central level; the management is assured by the central administration; is of sectorial type; promotes large industrial projects which should strengthen the economic activity; as instruments, it uses financial support, incentives, subsidies. Unfortunately, these development policies did not always have the estimated success, they did not benefit from the desired sustainability, either because of unbalanced development policies focusing only on a certain aspect and ignoring all others, or due to the attempt to reapply the policies in a standardized manner, without having in view the particular context. Other factors contributing to the failure of such models were: the social and institutional context, the low human capital, the poorly developed local economic structures, the divergent interests of local actors, the lack of involvement thereof into initiation or implementation.

The lack of success of this top-down approach of local development combined with the challenges generated by the globalization process led to a change in vision. The new vision is based on the generation of bottom-up development policies, from local level to national level (*bottom-up approach*). The main characteristics of the bottom-up approach are (Pike et al., 2006: 17): the promotion of development based on local initiatives; management achieved at local level due to decentralization which implies vertical cooperation relations between various governmental levels, and horizontal cooperation relations between public and private organizations; territorial approach; use of the development potential of each area; the provision of the essential conditions for the development of the economic activity.

Vazquez Barquero (2003) reckons that the local development actions are structured on three pillars, concerning the aspects related to *creation of infrastructure*, *creation of capacities at local level* and *increase of the institutional capacity*. The first pillar refers to the creation of infrastructure (construction-utility, communication, transport networks), industrial areas and infrastructure for the development of the human capital (education, medical and cultural institutions). The second pillar comprises aspects related to the creation and implementation of comprehensive strategies of local development which are prepared with the participation of local actors. The last pillar has in view the increase of the organizational and institutional capacity, to prepare, implement and monitor the development strategy. This aspect brings in the foreground the problem of local governance, which implies the creation of new forms of cooperation and coordination at local level, but also the increase of the participation degree of local actors to the implementation of the local development strategies so that the self-sustainment ability is developed. Another aspect related to the *creation of capacities*, according to the author, refers to the development of the civil society and to the promotion of achievement of networks and partnerships which should lead to economic and social progress. In short terms, we may say that the local development strategy must comprise aspects related to the creation of infrastructure, the capacity to prepare and implement comprehensive

development strategies and the increase of the institutional capacity by improving the local governance. The author considers that the type of benefic local development is the endogenous one, which implies the accrual of capitals – social, human, symbolic, material – as a premise for economic growth.

Gioacchino Garofoli speaks about endogenous and exogenous local development (Garofoli, 2002). According to the author, the endogenous development guarantees the autonomy of the transformation process of the local economic system, and is based on the production of “social capacity” within firms and community institutions, by forming the following capacities: the use of local resources (labor force, entrepreneurship, specific professional skills, material resources, etc), the control of the accrual process at local level, the control of the innovation capacity, the existence of the interdependence between the economic, social, cultural and environmental sectors. This type of development emphasizes the core role of the decision-making process at local level and the capacity of the social actors to control and internalize the information received from outside. According to Garofoli, the endogenous development means the ability to transform the social-economic system, the ability to react to external changes and the ability to introduce specific forms of social control at local level. In contrast, the exogenous development is the dependent, externally controlled development process. In practice, we may say that the two types of development are interdependent, whereby the external factors contribute to the local development in corroboration with the social actors of communities.

SOCIAL ENTERPRISES AND LOCAL DEVELOPMENT

Social enterprises are important actors in the social innovation process by the achieved products and services, and especially by the effects thereof on the entire local development process (Borzaga and Tortia, 2009). The effects on the local development process are due to the characteristics of such entities which give them certain advantages over the other actors:

- Social goal – the main purpose is to serve a community or a group of persons. The provision of welfare to the community is one of their main goals.

- Limited distribution of profit – the organizations may not distribute or may distribute only a part of the profit. The asset lock makes such entities harder to relocate or to shut down.

- Democratic governance – various stakeholders are involved in the governance process, depending on their interests. The multi-stakeholder governance enables the identification of needs and of local resources, and the provision of optimal solving solutions for the problems.

- The decision-making process is democratic, whereby each member has the right to vote and such right does not depend on the subscribed share capital.

- Autonomy – they are autonomous entities which are not led by public institutions or other organizations.

The social goal of social enterprises hinders them from orienting their activity mainly to profit achievement. However, in some cases, it is pretty difficult to keep a balance between the economic and the social activity. The social enterprises may have multiple social goals, ranging from social integration, integration on labor market, provision of support services to overwhelm the marginalization situations, to the increase of human or social capital, the production of goods and services, advocacy, etc., all these contributing to the development of the local community.

The lack of a motivation related to profit obtainment makes the provided services accessible to all community members. Many TSOs bring additional resources, as compared to those obtained from the public sector (subsidies, grants), such as voluntary work, donations, so that the costs of goods and services are much more lower.

The democratic governance and the participation of members to the decision-making process are two characteristics indicating the concern of social enterprises to respond to the community needs by identifying the optimal solutions and to develop the social capital at local level. Multi-stakeholder governance is a participative governance model which provides the local actors with the possibility of being involved in community life and in making the decisions which affect them. This type of governance is promoted by the local enterprises within the development process and was adopted by some local public administrations as model in the community problems solving process.

The autonomy of such entities enables them to be flexible in what the provision of services and supply of goods depending on the needs of the society are concerned, without bureaucratic constraints or objections related to the costs thereof. The social enterprises may obtain public funds (subsidies, grants) to produce services or goods, but these public institutions can not be involved in the management thereof. The same is applicable also for private companies granting donations to such entities.

Analyzing these features of the social enterprises, we may state that they favor the local development of endogenous type, because they rely on the increase of the capacity of local actors to act, they aim at the capital accrual of the community (social capital materialized in social relations, the increase of trust in institutions and in the other individuals; human capital – the increase of capacity of individuals by the provided services), the mobilization of local resources in the community problems solving process. The social enterprises favor the social and human capital accrual at local level, but they also represent the favorable framework for the use of such capitals as resources within the development process. Their social goals enable them to identify local capital resources and to mobilize them for the creation of the public good. The non-profit nature allows for the use of certain local resources which can not be used in other cases – voluntary actions, cultural patrimony resources, donations from the private sphere.

The type of governance implying the involvement of interested actors and the partnership with the other institutions is one that favors the sustainable development at

local level, because it enables the correction of market imperfections due to asymmetry of information and different interests of actors. The social enterprises allow the creation of networks and partnerships, which are mechanisms of the local sustainable development process.

The social goal of these entities reduces to a minimum the negative effects of the development process, by offering support to the persons in marginalized groups, support which may comprise provision of services or integration, thereof, on labor market and in various pending activities. It is an important aspect of the local development as it reduces the marginal costs of the process and enables the social integration of these persons, by using the resources they have.

At local level, the social enterprises contribute to the provision of welfare to individuals, by increasing the request for quasi-public goods materialized in the increase of occupation level and of production (Borzaga and Tortia, 2009: 212). Occupation within social enterprises is important not in what the number of employees is concerned, but especially because the persons employed belong to vulnerable groups – women, young people, disabled persons – who don't possess such high occupational mobility.

SOCIAL ENTERPRISES IN ROMANIA

Social innovation elements in Romanian local development process

Local development in Romania implied the introduction of certain social innovation elements, such as participative approach of the social-economic growth process, partnership governance, the creation of new institutional structures in partnerships, the partnership between communities, the strategic planning.

All local development stimulation programs and policies focus on the public – private partnership in solving the community problems, and on the involvement of local stakeholders in the decision-making process. There are three defining elements for the policy of community development in the last five years – adoption of the LEADER approach, micro-regional development by stimulating the intercommunity development associations, and urban regeneration, by means of a developmentalist approach (partnership between actors).

In Romania, particularly the axis four of the National Rural Development Program stimulates LEADER type actions, which imply partnerships within and between communities, between various public and private actors, in order to have integrated development actions. The approach is a micro-regional one, where the core role is assumed by the local action group as newly created institution. This represents, in fact, a partnership between the local administration, public institutions, private organizations and non-governmental entities, and is legally registered as association. Within such local action groups (LAG) we have multi-stakeholder governance, which favors the identification of problems, but also the finding of the optimal solving solutions. Currently, in Romania there are 150 LAGs, of which 120 obtained finance for creation of development strategies.

Another institution formed to stimulate the local development is the intercommunity development association, which implies a partnership between the local public administrations in a micro-region. Such are regulated by the Act on local public administration. The formation of such structures was necessary to stimulate the creation of integrated development projects for a certain area. Currently, there are 620 such association structures, many of them favoring the formation of local action groups.

For the urban development, SOP RD provides for urban regeneration actions for poor areas or former industrialized areas, based on a partnership between the local actors. These integrated urban plans aim at identifying and using the local resources, at involvement of citizens and of all stakeholders in decision-making processes and at implementing them and identifying integrated actions which should solve the issues of the relevant area as much as possible.

Methodology

During the last three years, the social economy issues in Romania started to be studied both by public institutions and the non-governmental sector. As a new field for the social inclusion, many of the projects financed by axis 6.1 of SOP HRD dedicated to social economy include a field research component at general level, or on specific categories (WISE, Roma population).

This paper presents the partial results of a research conducted in Romania by the team of the project “PROMETEUS – Promoting social economy in Romania through research, education and training at European standards”. The research combined quantitative and qualitative research methods, so that it was able to capture in a comprehensive manner the social economy field at national level.

The quantitative research implied questionnaires with the social economy entities in Romania. The questionnaires items referred to: social and economic objectives of the social economy entities, membership, employees, the relations with local and central public authorities, the involvement in local development activities, services provided to the members and the local population.

The quantitative research was supplemented by a qualitative one which used as methods the in-depth interview and case studies. The main subjects of the qualitative research were: profile of social economy entities, activities of such entities, observance of the features of social economy entities at international level (profit distribution, decision-making method, social purpose), involvement in community development actions.

The impact of social enterprises on local development

Cooperatives

The cooperatist system in Romania encompasses consumption cooperatives, crafts, credit, agricultural and fishing cooperatives. After '89, we witness a decline of the cooperatist system in Romania with regard to the number of cooperatist companies, members, employees and incomes. As such, in the case of the consumption cooperative,

there is a decrease of the number of units from 2 580 in '89 to 958 in 2010, of the number of members, from 6 550 000 in '89 to 27 823, and of the employees, from 208 826 to 7 485. This is a dramatic decrease, especially when thinking that these consumption cooperatives developed more than 70% of their activity in the rural areas (project PROMETEUS' statistical processing based on NSI data).

In the case of agricultural cooperatives, we can say that we witnessed their extinction after '89, as the agricultural census in 2010 registered only 68 agricultural cooperatives (NSI, 2010).

The cooperatist system in Romania grew during the period 1945–1989, as the state got involved and forced the individuals to be members of the cooperative, irrespective of the fact that in the rural areas there was an agricultural production cooperative (CAP) and a consumption cooperative, while in the urban areas there was a crafts cooperative.

The consumption cooperative

The consumption cooperative appeared as a form of protection from speculators for the people in the average and low classes of the rural areas. The founding members contributed both with money and with capital in nature, which enabled the entrance of many people in this form of association. Before the communist period, the basic products in trade were salt and kerosene.

During the communist period, we witness an artificial growth of the field of the consumption cooperative which, in the rural areas, held a monopoly over the commerce and services. It is an artificial growth, because the people were somehow forced to become members, in order to benefit from food products and others. As such, all youngsters, when turning 18, became members of the cooperative.

If in the rural areas they detained stores and service provision, in the urban area they had storage and processing spaces for the agricultural products purchased from the members. There was the so-called system of “products exchange between the village and the town”, by means of which vegetable and animal products were purchased from the members, which were then processed and introduced into the state trading system, or even exported. This purchase system allowed the inhabitants of the rural areas to value their production, the products being taken over directly from the households. In exchange for the products, the people were given money.

After 1989, the system of the consumption cooperative witnessed an accentuated decline. This decline started with the binding to distribute the basic products at costs imposed by the state (the period 1990–1992), then continued during the inflation period in which the governments didn't allow the changing of the prices in the stores, and thus, there was a decapitalization which, together with the introduction of VAT, ruined the direct purchase system for the animal and vegetable products from the members.

The crafts cooperative

Just like in the case of the consumption cooperative, we can say that during the communist period the number of the members grew artificially due to the

benefits that they could obtain through the access to the system. There was not a volunteer association of the members to these structures in the communist period.

During communism, the system of the crafts cooperative held the monopole in the urban areas with respect to the supply of certain services which were local in character, such as repairs and service provision. The crafts cooperative was the only alternative to the centralized economy. As an increase order, the crafts cooperative held the entire hygiene market in the urban environment, the entire home appliance repairs market, a great portion of the auto repairs market, 50% of the production of handmade carpets, 60% of the production of globes.

At present, the crafts cooperative holds approximately 50% of the hygiene market, 65% of the small repairs market, 45% of the auto repairs market, but only 5% of the globes production. The crafts cooperative has an instruction system which includes both undergraduate and university instruction.

For some of the representatives of the crafts cooperatives, directly involved in activities of social economy, their situation can be best described in terms of "survival". In many cases, this term also characterizes their economic strategy, which is conservative: both crafts cooperatives interviewed aim at ensuring the economic survival, but are not interested in accessing loans and try not to accumulate debts. At the opposite pole of economic efficiency, the 22 crafts cooperatives in the county of Vâlcea have also registered losses in the last years (folk art, shoes, etc.), but most of them declared profitable activities (hygiene-beauty salon, cosmetics, carpentry, travelling).

During the communist period the role of the cooperatives in the local development was very important, being one of the main employers, especially in the rural areas. A large part of their members were also employees, which allowed the system to resist after '89. As the main supplier of services and producer of goods in certain fields, the cooperative was an important actor in the local development process. It was one of the main supporters of the cultural and recreational activities for its members.

20 years after the fall of the communist regime, the role of these entities in the local development process decreased considerably, especially because of the reduction of their economic power. They are not important stakeholder in all the places where they activate, especially if their activity is related to the rental of trading spaces.

There still are areas where the cooperative continues its economic activity and produces goods and services. In these areas, it is one of the important stakeholders in the social inclusion process, because it mainly employs women and other persons from vulnerable groups, it offers various services to its members (support for the education of children in the instruction units belonging to the cooperative, recreational services, professional training), it gets involved in the development actions performed by the local authorities.

Another important factor for the local development is the use of local resources in the economic activity of the cooperative. We hereby refer to human resources, but also raw materials resources. Most of their beneficiaries are from local level.

Communist period	After 1989
<ul style="list-style-type: none"> ● In rural communities, co-ops play an important economic and social role – co-ops were the one of the main employers. ● Consumer co-ops were intermediary agents between producers and clients. ● Co-ops as an instrument in capitals accumulation (social and human). ● Used local resources in their economic activity. 	<ul style="list-style-type: none"> ● The economic role was reduced – decrease the number of members, employees, and production and sale capacity. ● In rural communities agriculture, consumer and credit coops almost disappeared. ● They are not anymore an important stakeholder in local development. ● Use local resources in their economic activity.

Mutual credit organizations

The mutual credit organizations were created with the declared purpose of helping the members through loans with low interests for the purchase of goods for prolonged use. During the communist period, the absence of commercial banks was compensated by the presence of the CARs, which covered the micro-loans for the members.

There are two types of mutual credit organizations, namely the mutual credit organizations of the employees and the mutual credit organizations of the pensioners, with the difference that the mutual credit organizations of the pensioners also work as a social service provider for the members (support with funerals, funeral services, subsidized medical services, etc.).

At present the mutual credit organizations have a number of 2 983 units, of which approximately 2 700 belong to the employees, and the rest, to the pensioners. (National Bank of Romania, 2012)

The mutual credit organizations of the pensioners develop, in some cases, certain activities which generate incomes: medical offices (dentistry, ultrasound, massage, orthopedics) and auxiliary services (beauty salon, barber's, tailor's, shoemaking, club, funeral transportation, the trading of coffins, gaskets and crosses). From the incomes obtained from these activities the pensioners are offered help to purchase glasses, treatments and death support. These activities are performed, especially in the case of the CARs, with a large number of members and with a greater financial power. Another social activity is the one related to the granting of loans for the pensioners with small incomes, at low interests.

The mutual credit organizations belonging to the employees offer loans with low interests for the members. Within the mutual credit organizations of the employees there can also be pensioners as members, with access to the loans with low interests. These are to be found almost in every urban area, and a lot less in the rural areas. In the case of towns, their number is much greater, as each company or public institution has its own mutual credit organization.

The activity of these entities has an influence over the local development process by offering loans to the members for the development of certain activities and services for the members, who, in most of the cases, are persons with modest incomes. The loans granted to some of the members allow them to finance certain

activities and to purchase goods. The greatest part of the members of the mutual credit organizations belonging to the pensioners are people with very low incomes (around 120Euro/month), and as such, they are the ones who can benefit from the medical and social services offered. The high number of members (more than 1,4 million members, according to OMENIA representatives) demonstrates that the population has faith in these organizations, as they also are the best-known structures of the social economy among the population.

Communist period	After 1989
<ul style="list-style-type: none"> • Mutual credit organizations of the employees were developed and have a big number of members. • They were the only way to obtain small loans in absence of the banks. • They offer only credit services (loans). • Mutual credit organizations of pensioners offer credit services (loans) for retired persons. 	<ul style="list-style-type: none"> • The number of mutual credit organizations of the employees decrease dramatically due to the fact that enterprises shutdown or reduced their activity. • The mutual credit organizations of pensioners developed and diversified their activity, and offer other social and economic services for members.

NGOs

The non-governmental field has witnessed a spectacular development in the last few years, as the number of entities which activate in this segment has grown every year, reaching in 2009 a number of 23 171 organizations (project PROMETEUS' statistical processing based on NSI data).

In the context of the economic crisis and of the extended transition which Romania is subject to, the non-governmental field has become an important actor on the market of social services. The solutions brought by the NGOs are based on the experience accumulated over time within the activities developed, situation which enabled these entities to become, over time, the second supplier of social services in Romania. Of the 2 609 accredited suppliers of social services, 1 223 are NGOs, which have 8 108 accredited services (project PROMETEUS' statistical processing based on data from Ministry of Labor, Family and Social Protection).

The NGOs are the main innovative agents in the process of local development. They are the ones which brought and applied methods of working in the community, stimulated the participation of the population in the decision process and in the actions accomplished, implemented models of multistakeholder governance, created local structures, action networks, community services, initiated processes of participative strategic planning, stimulated the development of social entrepreneurship.

NGOs partnership approach of the development enabled the local actors to participate in the local development process and to use all the existing local resources. In order to ensure the participation of the community members in the activities developed, various methods for the stimulation of the participation were implemented – polls, town committees, participation coffee shops, etc. They are

the ones who facilitated the association processes of the communities, by offering some of the first models to this respect in Romania. This type of approach of the development by micro-regions was performed in order to stimulate the integrated development of the area.

For the communities where they activate, the NGOs are one of the main service suppliers, especially in the case of the persons belonging to disadvantaged groups – children, elderly, Roma people, people with disabilities, etc. They supply certain services which are adapted to their needs and which ensure their social integration – educational services, social services, protection of the environment, recreational services, cultural services, etc. The most important thing is that the local community is involved in the development of these activities, participating in these activities with various resources – volunteer work, material resources, logistics support, donations, etc.

Communist period	After 1989
<ul style="list-style-type: none"> ● The surviving NGOs have been completely integrated in state infrastructure (included at local level). ● The most well known at local level – sport and cultural NGOs (promoting communist party ideology). ● No official recognition of the existence of poverty or disadvantage categories. 	<ul style="list-style-type: none"> ● Sport and cultural NGOs have a small role in local development. ● NGOs were the promoters of community development programmes. ● Play a big role in promoting partnership between local actors. ● Social services providers in local communities. ● Local employers for disadvantaged people. ● Formed people to become entrepreneurs. ● Encourage local participation. ● Low presence in rural areas and in counties with low level of development.

CONCLUSIONS

The social enterprises are, in most of the cases, the motor of the local development, through the activities which they develop. The characteristics of these entities – the non-profit character, the social purpose of the activity, the participation of the members in the government, the multistakeholder governance – allow these organizations to mobilize local resources, to stimulate the creation of social capital at the level of the community, to ensure the welfare of the members of the community. The increase in the level of welfare of the members of the community is determined by the services received, by their integration in the work, by the avoidance of the negative effects of the economic growth processes within the vulnerable groups.

The main effects of the activity of the social enterprises on the local development are related to the increase of the social capital (the increase of the faith between the members and inside the institutions, the creation of more powerful relations among the members, the creation of networks with other

communities), the stimulation of innovation and the introduction of these innovations in the activity of the local institutions, the increase of the occupancy rate, especially for the people in vulnerable groups, the formation of local development structures (action groups, initiative groups, community centres), the stimulation of the local development potential.

Summarizing, we can say that in the areas (cities or villages) where social enterprises exist:

- they sustain endogenous local development, due to the fact that they encourage the use of local resources by local actors. Their activity must become more visible, in order to attract more people to participate and to put their resources together for the wellbeing of the community;
- SE entities build community confidence by recruiting locally and by identifying needs in a consultative way;
- third sector organizations empowered local communities and increase community involvement, by stimulating participation in decision making and inclusive governance models;
- they promote partnership between actors/stakeholders at local level;
- there is a need to increase the production capacities at the local level through the development of cooperatives economic activity;
- in poor communities, NGOs and mutual credits organisations of pensioners are the most important social inclusion agents, due to their services provided to population.

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Scopul acestui articol este de a prezenta și analiza rolul pe care entitățile de economie socială îl au în procesul de dezvoltare locală în România. Serviciile oferite de aceste entități, efectele activității lor asupra comunității sunt elemente care determină rolul major pe care îl au în dezvoltarea locală. Articolul prezintă rezultatele unei cercetări asupra economiei sociale, efectuată în cadrul proiectului „PROMETEUS – promovarea economiei sociale în România prin cercetare, educație și formare profesională la standarde europene”. Cercetarea a îmbinat metode cantitative și calitative, astfel încât să poată surprinde, într-o manieră cuprinzătoare, complexitatea economiei sociale din România. Întreprinderile sociale sunt, în multe cazuri, motorul dezvoltării locale prin activitățile pe care le realizează. Caracteristicile acestor entități – caracterul non-profit, scopul social al activității, participarea membrilor comunității la luarea deciziei, implicarea actorilor comunitari în conducere – permit acestora să mobilizeze resursele locale, să stimuleze dezvoltarea capitalului social și să contribuie la creșterea calității vieții la nivel comunitar.

Cuvinte-cheie: economie socială, dezvoltare locală, cooperative, fonduri mutuale, ONG.

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