

SOCIAL ECONOMY IN ROMANIA – CHALLENGES AND PERSPECTIVES*

Corina CACE
Sorin CACE
Ștefan COJOCARU
Lucian SFETCU

Abstract

In Romania, the term of social economy is rather new and almost unknown for the public at large, and the legal framework contains only regulations specific for different types of entities which perform activities or which generate effects that may be considered as partial forms of social economy. This paper reviews the recent literature which approached mostly the problems of conceptualization and definition of the social economy, both at the national and European level. The paper also proposes an evaluation of the social economy sector in Romania in terms of its development capacity on medium-term. The paper reviews scientific contributions from Romania and abroad, reports of public or private institutions, and development policies. All these documents are used to develop a theoretical framework of the social economy and to describe the social economy as a sector of activity within the European Union and Romania, taking into consideration several criteria.

Keywords: social economy, non-governmental organizations, cooperatives, mutual aid units, social policies.

Corina CACE

Associate Professor, Teachers Training Department,
Academy of Economic Studies, Bucharest, Romania
Tel.: 0040-213-191.900
E-mail: corina.cace@dppd.ase.ro

Sorin CACE

Senior Researcher, Institute for Quality of Life Research,
Bucharest, Romania
Tel.: 0040-213-182.461
E-mail: corsorin@mailbox.ro

Ștefan COJOCARU

Professor, Department of Sociology and Social Work,
Faculty of Philosophy and Social Sciences,
Alexandru Ioan Cuza University, Iași, Romania
Tel.: 0040-744-788.779
E-mail: contact@stefancojocar.ro

Lucian SFETCU

Department of Sociology and Social Work,
Faculty of Philosophy and Social Sciences,
Alexandru Ioan Cuza University, Iași, Romania
HOLT Romania, Iași branch, Romania
Tel.: 0040-758-017.266
E-mail: lucian.sfetcu@gmail.com

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1. Introduction

At present, it is difficult to identify a simple and direct way to define social economy. Generally, the social economy is sometimes called 'the third sector' or the 'non-profit sector', and it may be defined as the economic space between the income-generating private sector and the public sector, where economic activities with social purposes are conducted (Defourny, 2004).

In other words, the social economy sector refers to all those socio-economic activities which do not belong neither to the traditional income-generating private sector, nor to the public sector and which operates under a wide variety of legal/organizational forms. However, the legal forms, the experience and historic tradition of such socio-economic activities vary largely from country to country. In most European countries, social economy generally receives the legal/institutional characteristics of the organizations that compose the sector, which means that social economy is defined and described as being composed of four 'forms of family organization': cooperative enterprises, mutual organizations, associations and foundations. Recently, social enterprise-type organizations also appeared (Borzaga and Defourny, 2001), which are defined by a set of values and principles which the social economy organizations share. The democratic decision-making process predominates among these principles and values (CEP-CMAF, 2004), as well as the priority given to people over the capital and to the distribution of surplus. Despite the various definitions given to social economy, there is a consensus that the social economy sector may be better understood if its institutional characteristics are aggregated with the assertion of the supporting basic values and principles.

The development of a relation between the theoretical framework specific to the conceptual clarifications of the social economy sector and the present framework of transfer of the European policies at the national and regional level provides the possibility to understand the stage of development of this form of economy in Romania.

The scientific reports consider that in Romania 'a considerable level of expertise has been achieved by the academia and by the governmental organizations, for the measurement of poverty and social inclusion, as well as a rich history of using the indicators of poverty and social inclusion' (Briciu, 2009, p. 165). It is also relevant that social economy can actually contribute to the social cohesion, being one of the main actors struggling against the social exclusion (Cace *et al.*, 2010, pp. 192-193).

2. Social economy – current conceptual delimitations

The term of social economy has been used for the first time in 1830 by the French economist Charles Dunoyer in his paper 'Nouvel traité d'économie sociale'. Dunoyer was followed by Auguste Ott (lawyer, essayist and journalist interested in philosophy and political economy), who published 'Traité d'économie sociale' in 1851. In 1840, a paper using this term in its title was published in Spain, 'Lecciones de economía social' by Ramón de la Sagra (CIRIEC, 2007). However, only Frédéric Le Play brought a significant contribution to the development of the concept. In 1856 he established

the 'Société Internationale des Etudes Pratiques d'Economie Sociale' and started to publish the 'Revue d'Economie Sociale'. In one of his papers, Le Play defined social economy as a 'study of the situation of the working class and of its relations with the other classes' (Moulaert and Ailenei, 2005).

Due to the paper 'Etudes d'économie sociale' published by Léon Walras in 1896, the term social economy acquired academic and institutional acknowledgement. Gide defined social economy as 'those natural laws which govern the spontaneous relations between people and things' or, in the same paper, 'the study of all efforts made in order to upgrade the condition of people' (Moulaert and Ailenei, 2005). Generally, the term of social economy describes the universe of the practices and forms of mobilization of the economic sources with the purpose to meet the needs of people; these practices and forms of mobilization do not belong exclusively, either to the state, or to the private sector. Unlike Europe, in the United States of America, the terms of not-for-profit and voluntary sector are predominant. They are used as synonyms of the third sector. Rifkin (1995) makes a distinction between the use of the term of third sector in North America and in Europe. While in the United States of America, the third sector means charities, non-profit organizations, associations and foundations, in Europe the umbrella of the third sector also include the cooperatives and mutual aid organizations. The United Kingdom is familiarized particularly with the term of voluntary sector, which includes all those organizations, small or large, which are not part of the state or of the private sector, and which include groups from communities, sports and social clubs, leisure clubs and charities.

The term of solidary economy is used today the most by the French literature. Jean-Louis Laville (1992) defined the solidary economy as a new generation of social economy, with a plurality of forms of economic activity, in response to the will to highlight the importance of cooperation and mutuality within the economic relations. Today, social economy is a large family of initiatives and forms of organization, a hybridization of the markets, of the non-market activities, of the mutual advantage, which shows that 'social economy is not limited to the market, and it includes the principles of mutuality and redistributions of the profits' (Laville, 1994, p. 10).

Social economy is considered as part of the process of social innovation. According to European Commission (2005), social innovation at the local level has two main points of support: institutional innovation (innovation in social relations, innovation in the way of governance etc.) and innovation with the meaning of the social economy (meeting the different needs of the local communities).

Many of the definitions given to the social economy fail to mention the needs it addresses. Thus, Monzón and Jose (1997) selected three operational definitions of social economy:

- a) Social economy is the sector of activity which operates with social purpose. It endeavors to accomplish all, or at least some of the following criteria: self-financed and sustainable activities, activities to the benefit of the people involved in running these activities, activities addressing the needs of the disadvantaged people,

activities encouraging the ethics of the self-help, activities controlling the dependence on other people, activities strengthening the links within the communities.

- b) Social economy can be seen as a new arena for the economic activity which serves social purposes and economic purposes too, and which relies on the principles of the solidarity and sustainability, not on the production of profit.
- c) The social economy entities (cooperatives, mutual societies and non-profit organizations) are established on the basis of the following principles: primacy of solidarity over the financial resources, voluntary adhesion of the members, democratic management and transparent decision-making, 'one man, one vote' principle.

Attempts of organization of the different theoretical approaches of the social enterprise can be perceived within the framework of the economy of sociological economy (Nicolăescu, 2011), relying on several relevant debates regarding the definition of the social economy at the local level:

- a) The institutional interpretation of the company and of the market. The companies and the markets should not be studied as abstract categories, rather as concrete institutions having history and social dynamics (Hodgson, 2001);
- b) Debates on the principles of allocation (system of prices, centralized distribution, barter) (Laville, 1994);
- c) Debates on the democratic and social companies, and of the role of associativity, showing how different forms of social interaction may replace successfully the failure of the markets, and
- d) Debates on the ethic production and on the fair exchange, introducing mutuality and equity within the consumption behavior (production and distribution of values, fair exchange) (Swedberg, 1987).

Within the context of a diversity of conceptual approaches, we consider that the definition given by the International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC) is comprehensive and clarifying:

'The set of private, formally-organized 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-organized organizations 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.' (CIRIEC, 2007)

The option for this form of cohesive economy consolidates throughout Europe, being founded and supported by a network of family, community and regional solidarity (Zamfir and Fitzek, 2010, p. 3).

3. Social economy – from the European level to the regional level

The modern social policies develop the idea of using the state power to establish the conditions for a modern life and for a successful economy. Hence, the policies whose goal is the protection of the unemployed by actions counteracting the effects of the propagation of poverty in correlation with the development of that particular state and of the market.

The European Employment Strategy recommends the Member States to focus their efforts on three priority directions:

- Drawing and maintaining in employment a number, as highly as possible, of people; a higher job offer and modernization of the social protection systems;
- Improve worker and enterprise adaptability, and
- Higher investments in human capital for a better education and formation.

The European Social Fund (ESF) is the most important and powerful instrument on the labor market, and it is a result of a vast experience, in excess of 50 years, of the EU established by the 1957 Roma Treaty. ESF supports the promotion of a high occupational rate, gender equality, economic and social cohesion. ESF is the financial instrument of the Employment Strategy which supports the priorities of National Action Plan for Employment, offering thus a direct support for recommendations in the field of employment.

On June 28-29, 2007, at Potsdam, EU celebrated half century from signing the Roma Treaty and 50 years of ‘investment in people’ due to the European Social Fund. There are different policies applied in different periods at the European level (European Social Fund, 2007), which show that the social economy appeared, in terms of practice, concepts and policies, in the periods of crises. The scientists consider that social economy is a way of responding to the needs of the private and public sectors during the periods of socio-economic crises. An eloquent example is the period after World War II when some activities, which are under the umbrella of the social economy, have been institutionalized in France; here, the exchange cooperatives and the mutual societies or the mutual aid units have been acknowledged as ‘partners’ and participants in the welfare system (European Commission, 2005).

During the more recent period, in response to the episodes of crises from the capitalist period, history repeated and the re-emergence of the social economy to the forefront of the public policies raised numerous debates (Nicolăescu, 2012). Thus, in the 1970s, the social economy initiatives developed as reaction to the crisis of the mass production system. At that time there was an attempt to return to the concept of small business and manufacturing, thus developing small and medium-size enterprises which activated at the local level and at the level of the non-governmental organizations that had social objectives. The production cooperatives started to respond to the need of working in a different way than in the large enterprises, meaning to work ecologically, to collaborate within the processes of production of goods and services, so as to create welfare in the communities and to tight the links between people (Lipietz, 2003; Neamțu, 2009). The lack of jobs during the 1980s and particularly dur-

ing the 1990s, conjugated with the lower social protection by the state, explains the high interest for social economy, for solutions to the job crisis through the establishment of insertion enterprises and of workers' cooperatives.

The current concerns show the need to develop a 'friendly environment' of occupation, to promote life-long education, to develop continuous professional formation, to ensure the continuous adaptation of the workforce, to improve the management of the active policies on the labor market, to provide access for minorities to the labor market, to promote equal opportunities, to develop the partnerships with social partners and with the civil society (Popescu, 2012). One must not overlook the aspect related to the supply of quantified information about the financial resources that may be allocated for the accomplishment of the different objectives of the policies.

According to the Report of the European Council meeting of March 11, 2009 (Council of the European Union, 2009), most labor force markets from the EU Member States were not seriously affected by the recent economic decline: over 6 million new jobs were created in 2007-2008 and unemployment fell below 7%, the lowest level of the decade. The employment rates continued to increase in the European Union, reaching an average of 65.5%, of which 58.3% for women and 44.7% for the elder, which brought the European Union closer to the goals of the Lisbon Strategy. The higher rates of participation during a period when the trust of the consumers and the employment expectations deteriorated may be seen as a positive development. The structural unemployment continued to fall up to 7.6% in 2008 and was significantly lower than in 2000. This indicator also confirms the positive structural impact of the Lisbon reforms implemented lately, which facilitated the transitions from the European labor markets, and which passed the barriers to job creation, having a positive impact that can be demonstrated. For the same reasons, the high unemployment rate was expected to be transient and to return rapidly to the low rates when the real economy recovers (Popp, 2010).

In March 2010, the unemployment rate in the EU remained at 9.6%, comparable to February 2010, although the total number of unemployed people increased by 123,000, to 23.13 million (Eurostat, 2010). Compared to the same period of 2009, the number of unemployed people was 2.546 million more in March 2010. The most significant increases of the unemployment rate were reported in Latvia (from 14.3% to 22.3%), Estonia (from 7.6% to 15.5%) and Lithuania (from 8.1% to 15.8%). On the other hand, the lowest increases were reported by Luxemburg (from 5.4% to 5.6%) and Malta (from 6.7% to 6.9%). The changes within the systems of social insurances in Europe varied in terms of intensity and significance, in response to these evolutions, taking dimensions in agreement with the risk to be covered.

Within the context of the crisis, in 2010 there was an increasing demand from more than 75% of the citizens, wanting a stronger European economic governance (+2 points in comparison with the autumn of 2009 and +4 points in comparison with February 2009). The economic governance enjoyed the strongest support in Slovakia (89%), Belgium (87%) and Cyprus (87%). There has also been a major change of economy in

favor of stronger economic governance in several countries, particularly in Finland and Ireland (+13 points in comparison to autumn of 2009), Belgium and Germany (+7 points), Austria, Luxemburg and Slovakia (+6 points), and the Lower Countries (+5 points). A relevant aspect refers to the higher trust in EU institutions in May 2010 compared to the trust displayed towards the national governments and the national parliaments (42% compared to 29% and 31%, respectively), even if the confidence in the EU decreased at the peak of the crisis (42% compared to 48% in the autumn of 2009). The highest confidence was reported in Estonia (68%), Slovakia (65%), Bulgaria and Denmark (61%), and the lowest in the United Kingdom (20%).

Strategy Europa 2020, approved in March 2010 by the European Council is a new strategy for jobs and growth, based on consolidation and on a better coordination of the economic-social policies depending on clear objectives (Table 1) set based on the following priorities (COM, 2010):

- Smart growth: developing an economy based on knowledge and innovation;
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy, and
- Inclusive growth (term used for the first time in official European documents): ‘fostering a high-employment economy delivering social and territorial cohesion; empowering the people by a higher level of occupation; investment in the increase of competencies; modernizing the labor markets and empowering people by developing their skills throughout the lifecycle with a view to increase labor participation, formation and social protection, supporting the citizens in the administration and anticipation of changes and in constructing an inclusive society’.

Table 1: Headline targets of Strategy 2020

<p>An economic headline: employment rate: 75% (of the population aged 20-64);</p> <p>An technological headline: ‘20×20×20’ trinomial: 20% decrease of the greenhouse gas emissions (compared to 1990), 20% higher energy efficiency, or 20% decrease of energy consumption, 20% increase of the renewable sources of energy within the gross final energy consumption;</p> <p>A social headline: 20 million less people should be at risk of poverty (25% decrease of the people running the risk of poverty);</p> <p>An educational headline: share of early school leavers should be under 10% and at least 40% of the younger generation (aged 30-34) should have a tertiary degree;</p> <p>A headline general support for development: 3% of the EU’s GDP should be invested in R&D.</p>
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Source: COM, 2010

During the past decades, the social economy has proven its capability of efficient contribution to solving the newly emerging problems, being successful in consolidating its position of sector needed for the balanced and stable development of the state and of the business environment. The social economy entities managed somehow to reduce the differences between classes, to compensate for the flaws in the services

provided by the state, to support labor market by the inclusion of different vulnerable groups (Nicolăescu *et al.*, 2011), to improve, practically, the standard of living of people and to strengthen democracy. In Europe, social economy consists of a multitude of actors and it manages to produce social utility, and to cover the needs which neither the public sector, nor the business environment can cover. The social economy addresses all forms of social needs, and the funds for these activities are obtained either by donations and grants, or, as it is lately desired, by running economic activities whose profit is directed towards such services.

The increasing interest for social economy structures can decrease, paradoxically, if their impact on the long-term sustainability is not taken into consideration and if the operational context is not evaluated adequately. Even if the portability and transferability of this micro-economic organizational form has been tagged as an advantage initially, it becomes an obstacle when the attention focuses only on the formal aspect of the transfer of patterns from the European to the regional level. Thus, one should also take into account the complex problem of the economic activity's viability and the need for support structures. The sustainability of the social economy structures to empower economically, socially and culturally the citizens is complex; it requires human and financial resources, as well as the activation of an environment of public policies which require this innovation.

Within the context in which major emphasis is laid on the implementation of Europe 2020 Strategy, which is associated with the definition of the social economy as a serious partner of the civil society and of the state (Zamfir and Fitzek, 2010, p. 8), it is highly necessary to monitor and evaluate the initiatives taken by this sector and to present the mechanisms which create a healthy and vibrant ecosystem through this form of economy which supports the innovative social entrepreneurs (Neguț *et al.*, 2011).

4. The stage of social economy development in Romania

Even though social economy is a new concept in Romania, there is long enough tradition of some forms of social economy which appeared as far back as during the second half of the 19th century, with the beginning of modernization in Romania. The acknowledgement of the civil society's legitimacy in Romania took place during the inter wars period, by the stipulation of the freedom of association in the 1923 Constitution.

The difficult development of the non-profit sector in Romania was due to the geopolitical factors, the influence of the Orthodox Church and the predominantly rural structure of Romania. Its location in Eastern Europe hindered the development of the civil society comparatively with other European states. This was due to the political instability, the territorial fragmentation and the dependency on other states. Secondly, the Orthodox Church, the most influent religious institution in Romania, did not lay stress on the provision of social services, which existed only in small and rare forms. On the contrary, it seems that the church members adopted practices which

would increase their income, while the properties of the churches and monasteries became increasingly larger. The state control over the possessions of the church was instituted in 1857. The third factor discouraging the development of the non-profit sector in Romania was a very high level of people living in the rural areas. The population of Romania was predominantly poor, with no properly developed middle class. The fragmentation of the population and of the communities from the rural environment and their exclusion from the process of governing were important obstacles to the development of the society and of a solid non-profit sector (Vlăsceanu, 2010, p. 38).

During the time of the communist regime, the cooperatives held an important place in the Romanian economy. Before 1989, in Southern Romania, the craftsmen cooperatives accounted for 50% of the economic sector of some counties. The cooperatives, besides their economic role, provided services for their employees and their families (kindergartens, medical facilities etc.). After 1989, the activity of these organizations decreased drastically; their assets were sold and the new capitalist economic principles did not give any chance of survival and development to any form of economic development other than the capitalist one.

The credit cooperatives were established in Romania just about the same time, maybe couple of years earlier. They spread out and had a fast initial development. Being adapted to the needs of the people who could not get bank loans, the credit cooperatives took a sizeable part of the market, and had a major impact particularly on the rural entrepreneurs. The Communist Party banned these organizations when it seized power, but reinstituted them back in 1954. Even though they did not hold any more the same importance as they initially had, they found a market, had a target population, and received support from the National Bank that consolidated their image.

The NGOs have been instituted in 1924 but they did not have an evolution as spectacular as that of the credit cooperatives. The decline of the NGOs was constant during the time of the communist regime. After the 1989 revolution, the number of non-governmental organizations boomed.

The mutual aid units (CAR in Romanian) have a different evolution, depending on their specificity. While the CAR units for the employees had an evolution in agreement with the large economic operators, ending to be extremely small, the CAR units for the pensioners had a satisfactory evolution. The recent negative evolutions of the banking system prompted the development of the mutual aid units for pensioners, even if their activities are limited by necessary prudence because of the surrounding economic context.

4.1. Public policies in the field of social economy

The analysis of the national public policies is relevant due to the very strong impact which the legislation has on the development of any field in Romania and anywhere throughout the world. The public policies refer both to the general fiscal framework or to the regulations which bear effects on several areas (Fiscal Code, National Anti-Poverty Plan and for the Promotion of Social Inclusion), and to the specific framework

of the organization and functioning of any social economy entity (such as Law no. 1/2005 regarding the organization and functioning of the cooperative system).

The Government Decision no. 829/2002 for the approval of the National Anti-Poverty Plan and for the Promotion of Social Inclusion (PNAinc) referred for the first time to the term of social economy: 'an important contribution to the increase of the social sector efficiency is brought by (...) the expansion of the social economy'. PNAinc defines social economy as follows: 'economic activities which, in subsidiary, and with the condition of maintaining the economic performance, include social objectives'. The second reference to social economy stresses the investments in infrastructure in various fields, including the social sphere (schools, hospitals etc.). The Objective of Growth of the Social Sector Efficiency within the same document mentions that a way of stimulating social economy may be 'to insert a condition in the public contracts regarding the absorption of social categories having problems of economic integration, with the view to reduce the regional disparities'. The National Plan of Reform 2011-2013 mentions that 'Romania aims to establish the necessary framework that facilitates the access and participation on the labor market of the persons belonging to vulnerable groups'. The Social Inclusion section stipulates that the Government aims to 'define the concept and identify the legal persons that form this domain, and to introduce measures for the support and promotion of the social economy'. The law of social work defines social economy as: 'economic activities which, in subsidiary, and with the condition of maintaining the economic performance, include social objectives' (Article 6, letter e). Identical with the definition from PNAinc (2002), the definition is not in line with the international definitions because it does not mention the specificity of the social economy activities. The Law of Social Work mentions that social economy will be defined and regulated by a special law. Presently, the public agenda includes a legislative initiative regarding the social entrepreneurship and a draft of a law regarding the social economy promoted by the Ministry of Labor, Family and Social Protection, and optimized with the assistance provided by the representatives of the institutions of social economy.

4.2. Social economy structures

According to some Romanian authors, social economy includes all the organizations active in between the public and private sectors in terms of organization, functioning and stated principles (Pirvu *et al.*, 2009, p. 53). Arpinte, Cace and Cojocaru (2010) identified the types of entities that might be included in the social economy sector in Romania:

- Specific types of NGOs, but only the associations and foundations providing social services;
- The companies with special status, such as the protected workshops, which provide jobs for the disabled people;
- The mutual aid cooperatives for employees and pensioners, which are mutual organizations;

- The cooperatives of any kind (consumption, craftsmen, agricultural, transportation etc.); and
- Associations of pensioners which also provide social services.

4.2.1. *Cooperative societies*

Depending on the normative acts that regulate them, there are two large types of cooperative societies: cooperative societies which are established and function according to Law no. 1/2005, the credit cooperatives which are established and function according to the Government Emergency Ordinance no. 99/2006 regarding the credit institutions and capital adequacy, with subsequent changes and completions. In agreement with the present legal framework, the form of organization specific to the field of cooperatives is regulated by Law no. 1/2005 regarding the organization and functioning of the cooperative system. According to this law, the cooperative society is defined as the autonomous association of natural and/or legal persons, established by their free consent, with the purpose to promote the economic, social and cultural interests of the cooperative members, being owned jointly and controlled in a democratic manner by its members, according to the cooperative principles. The cooperative society is an economic agent with private capital.

In Romania, the cooperative societies reduced their activities significantly over the past 20 years, some to the minimal level of survival. However, the cooperative sector still preserves a strong social character of its activities, since most employees of these cooperatives are elderly people who would hardly find another job (Stănescu *et al.*, 2012, p. 252).

4.2.2. *Non-profit organizations – associations and foundations*

The NGOs have been regulated as early as 1924, but their evolution was not that spectacular as that of the credit cooperatives. The decline of the NGOs was constant during the communist regime. After the 1989 revolution, the non-governmental organizations expanded rapidly. Many of these organizations were established to facilitate tax evasion, but the number of the really active NGOs increased significantly.

According to Ordinance no. 26/2000 regarding the associations and foundations, with the subsequent changes and completions, the associations and foundations can run economic activities, directly or by establishing a commercial company. If a commercial company is established, the dividends obtained by the associations and foundations must be reinvested in the same commercial companies, or used to accomplish the goal of the organization. Besides the establishment of commercial companies, the non-profit organizations may run any other direct economic activities, on condition that they have an accessory character and that they are in close connection with the main purpose of the legal person. When they target social objectives, the economic activities of the associations and foundations are extremely relevant – irrespective of their form – for the social economy.

In Romania, the non-governmental sector, or ‘the third sector’ revives, displaying a history of association within the Romanian culture (Chipea *et al.*, 2010, p. 93). Without

taking into consideration the four subjects of the social entrepreneurship and the use of the profit as means to solve the problems (Popoviciu and Popoviciu, 2011, p. 53), through the specific delimitations between the public and private sectors, the structures specific to the non-governmental organizations have the possibility to acquire an adequate position in relation with other present economic subsectors. Thus, the records for 2008 indicate a number of 27,319 active organizations referring to a diversity of non-profit associative forms such as associations, foundations, unions, cooperatives (Lambriu and Petrescu, 2011, p. 104). Particularizing the importance of the civil society structures, of the non-governmental organizations in this case, in Romania, the current paradigms show the existence of intentions to develop efficient mechanisms that consolidate the basic activities.

In terms of self-sustenance and development of activities in favor of the vulnerable social groups, the NGOs may be one of the main actors for the development of the social economy sector in Romania (Stănescu *et al.*, 2012, p. 252).

4.2.3. *Mutual aid units*

The mutual aid units are a category of non-profit organizations that operate on the basis of the general legislation represented by Government Ordinance no. 26/2000 regarding the associations and foundations with the subsequent changes and completions, and of special normative acts depending whether they are intended for the employees (Law no. 122/1996 regarding the juridical organization of the mutual aid units for the employees and of their unions) or for the pensioners (Law no. 540/2002 regarding the mutual aid units for the pensioners). The latter ones also allow the beneficiaries of social benefits and the members of their families to become members. The purpose of these forms of organization is to support and assist their members by granting loans at low interest rates; in addition, the mutual aid units for the pensioners provide related social, cultural and touristic activities.

Based on their organization and objectives set by law, mutual aid units are one of the most representative forms of social economy, relevant both for the domain in general, and for specific categories of vulnerable people.

The mutual aid units evolved in a different way, depending on their specificity. While the evolution of the mutual aid units for the employees depended on the evolution of the large economic operators and eventually became very small, the mutual aid units for the pensioners had a different evolution. The recent adverse evolutions of the banking system prompted the development of the mutual aid units for pensioners, even though their activity is restrained by the necessity to be prudent in the current economic context. The sector of the CAR units for the pensioners seems stable and it displays growth potential since the market it addresses is not in the forefront of the banking system (Arpinte *et al.*, 2010). In the context of the economic crisis, the loans from CAR maintain their competitive advantages, mainly the possibility of the low-income people to take loans at low interest rates (Stănescu *et al.*, 2012, p. 256).

4.2.4. Accredited protected units

According to Law no. 448/2006 regarding the protection of the disabled people rights, republished, with the subsequent changes and completions, an accredited protected unit is defined as an economic operator, public or private, with its own financial administration, where at least 30% of the total employees that have individual labor contract are people with disabilities (Law no. 448/2006 regarding the protection of the disabled people rights). The same normative act stipulates that the accredited protected units can be of two types: (a) with legal personality; (b) without legal personality, with its own financial administration, in the form of sections, workshops or other structures organized within economic operators, public institutions or non-governmental organizations, as well as those set up by an authorized disabled person, under the legal framework, to run independent economic activities (Law no. 448/2006 regarding the protection of the rights of the disabled people). The accredited protected units are extremely relevant for the social economy sector because they provide a very good representation of the social objectives in addition to the representation of economic objectives, by creating the possibility for socio-professional (re)integration of the disabled people. In Romania, companies which have at least 30% of their staff formed of disabled people or which contract products and services from accredited protected units prefer to register as accredited protected units because they are exempted from paying taxes if they reinvest the profit (Stănescu *et al.*, 2012, p. 259).

4.3. Financing social economy

In Romania, social economy sector can be financed from public or private funds, directly or indirectly, from national or international sources (Law no. 26/2000 regarding the incomes of associations and foundations). The funds can come from individual persons or legal entities, from commercial or non-commercial economic activities, voluntary activities, direct public funds (state budget, budget for social insurance), private donations, tax exemption, and support mechanisms for the social economy.

Currently, one of the main forms of income for the social economy entities is the 2% from the income tax that people can decide to redirect to non-profit organizations (according to articles 57 and 84 from Law no. 571/2003 regarding the Fiscal Code). Redirecting a part of the income tax towards non-profit organizations is specific to the Eastern and Central European countries. Although this is a useful initiative, this form of support should not replace other forms of aid which the state can provide to non-profit organizations; rather it should be a complementary source. Sponsorships and donations also are very important.

Another facility provided by the state, however only to the accredited protected units, is the exemption from income tax if they reinvest minimum 75% of the profit in their protected units. A second direct facility for the accredited protected units concerns the companies having more than 50 employees, which are required by law to employ disabled people. If the companies decide not to employ disabled people they can choose to pay a tax or to purchase products in equivalent value of this tax from accredited protected units.

In the recent years, European funds, through Sectorial Operational Program Human Resources Development 2007-2013, were the most important way of financing social economy activities (Nicolăescu *et al.*, 2012, p. 534). The Sectorial Operational Program Human Resources Development 2007-2013 includes financing the development of the social economy (Axis 6.1. – Development of the social economy). A budget of more than 600 million Euros was reserved for the social economy as an instrument supporting the development of intervention measures in the social area. On the other side, it is worth noting that various forms of dividing public funds have been observed in Western Europe, these public funds being transformed into benefits for the community (Nicolăescu and Nicolăescu, 2012, p. 741).

5. Conclusions

Social economy is a large and growing source of social benefits within a pluralist economy, situated between the private and public sectors, displaying a major role in solving new social problems. Social economy is a complex and diversified domain due to its forms of organization, ways of operation, types of activities and the particular relation with the public institutions and with the entities oriented towards profit.

All over the world, mostly in Europe, social economy develops strongly in the context of a capitalist economy which no longer manages to cope with the new problems of the world. The theoretical development of the concept is, unfortunately, at an early stage, with no significant theories to direct the research of scientists, who are forced many times to analyze the social facts in their own manner. There is no common definition of the domain and the researches are generally based on case studies on states or regions. Most of the theoretical papers are, unfortunately, based on attempts to refine the concept of social economy and of those related to it.

In terms of legislation, based on adopted social and fiscal policies, Romania seems to be going towards a pattern which ensures the access of all social categories to support services. The lack of political will allowed the unequal development of the system of social work services; however, notable progress has been achieved. A long-term strategy for the organization and functioning of the system of social work services was set up in the legal framework. This initiative did not yield the expected outcomes because there were only punctual objectives, and a lack of an overall vision. The present system is not coherent because practices have been imported from other countries and their implementation was poor. The proposed transfer of responsibilities from the state towards the non-governmental sector is important and debated (Neguț *et al.*, 2011), and may yield good results, but the transfer of these responsibilities will take a while, which will delay the overall development of the system of social work services and, implicitly, of the social economy sector in Romania (Arpinte, 2010, pp. 126-127). Being a former communist country, Romania is willing to develop a strong voluntary sector of the social economy and to avoid the extremes of the capitalism and communism (Nicolăescu *et al.*, 2011, p. 259), applying different ways to support the disfavored communities and groups running the risk of social exclusion (Nicolăescu *et al.*, 2011).

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