

## Social economy (non-profit sector, co-operative and mutual organisations): Identity, dynamics and objectives of the observation

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**Summary:** Social economy (non profit sector, co-operative and mutual organisations) represents 10% of the economy in France. It is a specific model of company governance. It can considerably contribute to a more sustainable development.

But the contribution of this kind of economy strongly depends on its ability to grow on in the social and political dialog, as well as on its ability to back its own development.

It mainly consists in the production of a socio-economic information / data that would integrate a wider range of criteria than the classical ones. This information would also be used as a tool to rally for the projects.

**Résumé :** L'ESS représente 10% de l'économie, et un modèle de gouvernance d'entreprise spécifique. Elle peut apporter une contribution essentielle au développement durable. Mais cet apport est tributaire de sa capacité à s'imposer dans le dialogue social et politique, et de soutenir son propre développement.

Cela dépend, notamment, de la production d'une information socioéconomique qui prenne en compte des critères plus variés que les indicateurs classiques, et qui soit également un outil de mobilisation autour des projets.

**Keywords :** social economy, non profit sector, co-operative and mutual organisations, associations, sustainable development, socio-economic statistics, information / data, company

**Mots clés :** économie sociale et solidaire, coopératives, mutuelles, associations, développement durable, statistiques socioéconomiques, information, entreprise

# Social economy: Identity, dynamics and stakes of the observation

## Introduction

The objective of this paper is to contribute to a better understanding of the social economy. It is about identifying a specific kind of company management and economic governance that is emerging and which objectives, principles and way of functioning are, at first sight, close to the concepts of territorial governance. The aim is also to point out the need of a new unit of measurement, in order to report on this reality and its impact on the territories.

## 1. IDENTITY AND DYNAMICS

### 1.1. The basis: definition and criteria

Social economy includes co-operatives, mutual organisations, associations, as well as foundations. Solidarity-based economy, considered as one of the most recent form of social economy, is based on initiatives such as local development, reintegration, fight against exclusion (integration through economic activity, solidarity-based finance, fair trade...)

Companies belonging to the social economy follow four principles:

- Freedom of membership.
- No individual profit making, the surplus is not redistributed as payment related to a capital contribution.
- Democratic management according to the « one person, one vote » principle.
- Independence towards public authorities.

An expression says that companies run according to the social economy principles are companies, like the others, but they are not like the other companies.

Indeed, they are different from the individual companies because of their collective aspect. They are not based on capital but on people. They are different from public companies because they are private.

Social companies can present different kind of organisation and structure. Members can either be individual or corporate bodies, employees, entrepreneurs or people benefiting from the activity. It can either be run by employees or by volunteers.

The resources can be commercial or not, private or public. If they are public they can result from orders, public markets or subventions. And in most cases, resources are mixed. Finally, a wide range of fiscal status can be found in social economy.

It is a mistake to assimilate this new form of economy with one of its aspects only, as for example when we assimilate it with one sector only. It is not always due to a lack of knowledge; it can also come from the will to understate its reality or to deny its quality of economic actor producing wealth.

Its principles gather all the quoted « families » and really define social economy as a mode of conduct or governance of the company and not as a sector. Like in general economy, we can find micro-businesses, small and medium-sized company as well as multinationals in social economy. Even if social economy is more spread among the services, it is not forbidden in any other sectors. Moreover, while it can regroup entrepreneurs or profit-making companies, it also has the ability to structure sectors, like agriculture via cooperation.

The complexity due to the links with profit-making companies (nature of the members or possession of subsidiaries, etc.) or the choices made by the members towards the options of activity can lead to questions and induce major debates on the real belonging of a company or another to social economy. In that case, this criterion can be used as a benchmark: the double quality of member and beneficiary of the activity. Another benchmark can be also set up when the company considers its social, economic and environmental environment in the perspective of a sustainable development.

## **12. The reality: a history, families in every sectors**

Social economy has a long history. The first (written) elements found in Franche-Comte date from the 13<sup>th</sup> century, with the first dairy co-operatives: the cheese dairies.

It is during the 19<sup>th</sup> century that the co-operative movement asserted itself and that the mutual organisations emerged. The 20<sup>th</sup> century was also the one where the associative movement was created and further developed.

The first structures promoting integration through economic activity, the solidarity-based funds and fair trade were established during the 1970's and the 1980's.

If we consider the number of companies and the number of jobs, the dimensioning of social economy is considerable. Indeed, there are more than two millions employees or an equivalent of 1,8 millions full-time employees in more than 200000 establishments. This represents almost 10% of the employed population for 10% of the GDP.

Moreover, it has an impact on almost the whole population. We therefore group the following elements into families:

The individual and familial co-operatives regroup almost 1.2 million members, including 1 million in agriculture and 120 000 in retailing. The housing co-operatives regroup 60000 members; the consumers' co-operatives regroup 2.8 millions people. The production co-operatives regroup 21000 employees /members.

The financial co-operatives (banks) regroup 17.5 millions members.

Health and contingency mutual insurances regroup 18 millions members out of 36 millions insured people. One car out of two and two houses out of three are insured by mutual organisations.

Associations represent almost 80% of the employment in the social economy. They represent a wide range of activities with almost 20 millions members and 7 to 8 millions voluntary workers. We find them in the fields of education, health, home help, help and centre for disabled, retirement homes, infancy, social action, sport, culture, tourism, environment, training, services for companies, local development ...as well as in the field of trade and industry.

## **13. The dynamic : assets and stakes**

Even if social economy has the possibility to be an economic actor in every different sector, it has specific assets related to its functioning and structuring principles.

It therefore has the ability to anchorage companies because its status is an obstacle to outsourcing. Social economy can contribute to the organisation and the support of economic sectors through the financing of the economy and through the support of the creation of new activities via banking activity and solidarity-based financing, especially regarding the importance of the co-operation in the maintaining of small agricultural and commercial companies' network. The social economy has the ability to create activity and jobs where profit-making companies fail (because of the low financing results), especially in rural areas and disadvantaged urban districts. Social economy brings an answer to local needs, takes care of public with difficulties, carries out public policies and shows an important ability for innovation. On the whole, it has an impact on social cohesion.

The continuous increase of its activities' development and of the employment since 30 years proves the dynamic showed by the social economy.

But this reality remains almost invisible, as well as its role in term of employment. This is mainly due to a lack of collective structuring, of cohesion and of feeling of belonging to a specific model, even from the actors of the social economy themselves.

However, those stakes of readability, of recognition and of promotion of another economy are starting to be taken by the development of new organisations and by a (partial) public recognition.

The social economy had found legal recognition with the establishment of an interministerial delegation in 1981 but the existence of this delegation is being reconsidered.

To the first regional cooperation and mutual groupings followed (through free membership) the regional chambers of the social and solidarity-based economy (CRES or CRESS) with their National Council in 2004. Their vocation is the promotion and the development of the social economy. Employers unions issued from social economy are being built up along that. The objective is for them to be recognised and considered in the social dialogue, like other employers unions or movements.

## **2. STAKES OF THE OBSERVATION**

### **21. A primary stake: the identification of the social economy existence**

Since their establishment, the regional chambers of the social and solidarity-based economy (CRES) have to face the lack of statistical information concerning social economy, the basic elements that are needed to understand and to analyse the main impacts in terms of employment and companies. The objective is first to show that social economy really concerns full sections of the economy, before going too far into qualitative aspects, and to prove that social economy is not anecdotal. The before-mentioned data come from the INSEE (National Institute for statistics and economic studies) statistics.

After several years of production in the regions, many methodological questions and problems arose. The National Council of the CRES, with the help of some academics and the national direction of the INSEE, therefore started to technically delimit the field of investigation

A kit or « INSEE investment » was created out of this work in July 2008; its production of national statistics (France and regions) can be consulted on the INSEE website. It illustrates the beginning of a permanent partnership, supported by the interministerial delegation for innovation, social experimentation and social economy (DIISES) and the Association of the French Regions (ARF), as well as the progressive setting up of national and regional observatories of the social economy.

It is interesting in the way that nationally homogenous statistics are permanently produced, like for the other companies. It also helps becoming aware of the fact that social economy basically covers 10% of the classical economy, before any other comment. We keep in mind that the stake is that social economy takes a place as an actor of the social dialogue and as a partner for the setting up of new public policies.

The continuity of the work will allow a more accurate production of information, especially concerning the quality of the employment, the place and role of the different fields, etc.

### **22. A complementary stake: the promotion of the social economy specificities**

For all that, social economy should avoid the obstacle of being identified by criteria that would only be partial and that are used to see the economy from one single point of view, according to several authors.

Concerning the constituent elements of the identity and dynamic of social economy, there is still a lack of thorough statistical information on elements such as the participation of volunteer workers in the projects, the nature of the members, the contribution made to the beneficiaries of the activity, the analyse of the financing structure of the activities without redistributions of the profits, the question of the resources' structuring, the question of the financially supported activities (although it is not specific to social economy), etc.

We then come to the notion of indicators used to identify and quantify the creation of wealth.

How can we measure the impact of a non discriminating access to the services (no health questionnaire in the mutual organisations, home help wherever it is, etc) and the costs saved by the community thanks to this solidarity between users.

We come close here to the concerns of sustainable development with the notion of social, economic and environmental saved costs.

In addition, it is also a production of territorial wealth through citizens' mobilisation for collective projects adapted to local needs that tends to diminish the distance between human and social capital.

We must find appropriate tools and methods for activities whose objective is not to make profits but is determined by the company's social project.

The way of measuring the production of wealth, through the classical financial indicators (GDP and growth) only and without considering the indicators of human development, is to be reconsidered.

That is why social economy needs to set up new information and analysing tools that would include factors concerning the company, the sector, as well as the territory.

## **Conclusion**

The emergence and the development of the social economy bring a different vision of the economy that differs from the prevailing scheme. Social economy can bring a fundamental contribution to sustainable development. But this contribution depends on its ability to establish itself in the social and political dialogue and to support its own development.

To that end, it is essential to produce socioeconomic information that takes more various criteria than the classical indicators into account and that integrates the ones issued from territorial and sustainable development. The question of the dissemination of the computer tools as well as their appropriation and legitimization by a larger public remains a complementary stake.

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