

Mitrea Geta¹

ORCID: 0000-0002-2411-1798

Department of Humanities and Social-Political Sciences,
University Stefan cel Mare of Suceava, Romania

Social economy in Romania after Post-Communist Era. Present Challenges and Future Social Policies

Abstract

This paper shows that Romania, as a post-communist country until the '90 succeeded to embrace the social economy sector and accessing these opportunities for its own social-economic development of communities and social inclusion of vulnerable citizens. The social economy domain existed in Romania before communism, but it had different stages of development and characteristics due to its period of political regime.

A mixed research method, combining secondary analysis of data, longitudinal analysis and local case study experience was conducted. The original value of the scientific field is by analysing the way the social economy entities from the European and Romanian levels have a common objective to bring sustainable community development using the mixed research method. Also, how in 15 years the number of social enterprises in Romania grew and offered real opportunities to citizens, such as job opportunities, program qualifications and support for dependent persons etc.

¹ **Corresponding author:** Mitrea Geta, Department of Humanities and Social-Political Sciences, University Stefan cel Mare of Suceava, Address: 13 Universitatii street, postal code 720229, Suceava, Romania; e-mail: mitrea.geta@gmail.com.

In conclusion, we are able to state that the social economy sector represents an opportunity for the development of local communities in the areas where they are implemented.

Keywords: welfare state, social economy, non-profit sector, social policies, social inclusion

Introduction

Due to its geographical position, having as border neighbours Bulgaria, Ukraine, Hungary, Serbia, Moldova and the Black Sea, our country has had many challenges over the years. Also, the fact that Romania was a communist country, from 1947 to 1989; in that period of time had a socialistic influence from the existing political regime. After the 1989 revolution (Tismăneanu, 2006), the country and its citizens started their path to democracy and development in all its areas: economic, cultural, political and social. Unfortunately, all of its histories left many marks and visible gaps between Romania and other countries in the Eastern European areas. Even if we have an advantage in the geographical position, the communist period put its mark on our development and kept us in the same place or even contributed to a step back. The sector of the social economy was one of the domains that have not reached its real potential for contributing to the development of the country.

The Non-Governmental Organisation (NGOs) sector in Romania started to develop after the communist period. National legislation regulations were hardly created in 2000 when Ordinance 26 on associations and foundations was issued. This was the starting point where specialists were able to create NGOs addressing people's social needs and try to bring expertise from outside the country, create new job opportunities and establish long-lasting international relations with foreign experts. And step by step, the NGOs and social sector started to gain experience that the communist period made them lose or stay back (Howard, 2003). In the following part of the paper, we will try to present a short relevant theoretical background of the social economy sector in Romania.

Theoretical framework

As we are able to find in the existing scientific literature (Lambru & Petrescu, 2021; Petrescu & Lambru, 2020; Costa et al., 2020), national legislation (*Emergency Ordinance no. 33, 2022; Law 219/2015, on the social economy, 2015*) and in the international legislation there is no clear definition unanimously accepted for the "social economy". There are still debates, interpretations and discussions on this topic, with relevant particularities at the European level and in each country.

For example, on the official website of the European Union dedicated to the sector of the social economy it is stated that this domain is "a major socio-economic player of the European social market economy" (Social Economy Europe, 2021). Also, the organisations that act in this field are listed there, but no scientific definition, unanimously accepted, of this domain has been provided. *Dictionary of Geography* by Susan

Mayhew provides yet another definition of the term “social economy” as a sector that includes “those organizations which are animated by the principle of reciprocity for the pursuit of mutual economic or social goals, often through social control of capital”. Whereas such online sources as *Britannica* or popular dictionaries, for example, *Oxford Learner’s Dictionary* or *Cambridge Dictionary* do not provide exact matches for this term altogether.

Meanwhile at the national level, as stipulated in *Law 219/2015*, updated by *Ordinance no. 33, 2022*, the social economy is defined as “the set of private economic and social activities, serving the general interest, the interests of a community and/or personal non-patrimonial interests, by increasing social inclusion and/or the provision of goods, services and/or execution of works” (according to article 2, line 1 from *Ordinance no. 33, 2022*).

Comparing the information from the sources above, we may state that the social economy focuses its objectives on six main pillars: “development of local communities, job creation, development of social inclusion and cohesion, transition to the circular economy and social innovation, involvement of people in the vulnerable group in social and/or economic activities, access of people in the vulnerable group to community resources and services” (according to article 5, line 1 of the *Ordinance no. 33, 2022*). And all of these pillars are made using primarily the principle of reciprocity with common social and economic objectives.

The main principle of the social economy, adopted both at international and national levels through legislation, is that a large percentage of the profit organisation must be reinvested, namely, used to develop communities and help vulnerable people, also create new jobs for them. This area may be considered as a combination between business, profit and social impact.

The term “social economy entity” used refers to any organisation that is founded and carries out its activity on any of the national legislation presented in article 3, point 1, letters a-h from *Law 219/2015* modified through *Emergency Ordinance no. 33, 2022*. This means that when we refer in this paper to the expression “social economy entity” we consider that it can be one from the following list, namely: cooperative societies², credit cooperatives³, associations and foundations⁴, mutual aid houses of the employees⁵, the mutual aid houses of the pensioners⁶, the agricultural

² According to the article 7, point 2 “the cooperative society is a private capital economic operator”. *Law 1/2005 on the organisation and operation of the cooperation, republished, with subsequent amendments*.

³ *Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, approved with amendments and completions by Law 227/2007, with subsequent amendments and completions*.

⁴ Which operate on the basis of *Government Ordinance no. 26/2000* on associations and foundations, approved with amendments and completions by *Law 246/2005*, with subsequent amendments and completions.

⁵ Which operate on the basis of *Law 122/1996* on the legal regime of the mutual aid houses of the employees and their unions, republished.

⁶ Which are established and operate based on *Law 540/2002* regarding the mutual aid houses of the pensioners, with the subsequent modifications and completions.

companies⁷, agricultural cooperatives⁸ and “any other categories of legal persons, regardless of the field of activity, which comply, according to the legal acts of establishment and organisation, cumulatively, the definition and principles of the social economy provided in this law” (according to the letter h), article 3, line 1 of the *Ordinance no. 33, 2022*).

The definition of each of the “social economy entities” listed above is provided in the law under which they are operating in Romania. But we must mention that for each of them we will clearly mention which type of “social economy entity” classifies so that no confusion among them should happen to the reader.

According to letter f, article 6, line 1 of the *Ordinance no. 33, 2022*, the term “social enterprise” is defined as “any legal person governed by private law who carries out activities in the field of social economy and holds a certificate of social enterprise”. And to be even more clear, “the certificate of social enterprise” represents “the form by which the contribution of social enterprises to the development of the field of social economy is recognised” (according to letter h, article 6, line 1 of the *Ordinance no. 33, 2022*).

At this point, we must conclude the fact that a social economy entity is clearly related to the existence of the certificate of social enterprise so that it can act in the social economy domain. At the same time, we are able to sustain that an association is able to act and activate in different social domains but with no relation to the social economy. For example, if there is an association of students founded by the regulations of the same law, it can easily activate in the domain of human rights or civil society, but with no connection to the sector of the social economy because it does not own the certificate of social enterprise nor it needs one because its activity is not connected to the social economy area.

Regarding this domain, on the official website of the European Union in the section dedicated to the social economy, we found that “there are 2.8 million social economy enterprises, representing 10% of all businesses in the EU” (*Social economy in the EU*, 2021). This is a significant percentage that must not be ignored and we also must take into consideration that in the following years it will grow and will be even more representative of the business sector at the EU level, maybe even at the global one. Not only at the national level but also at the international social economy domain gains its place in the market and in the development communities where they activate for pursuing their main goal.

Research methodology

The main purpose of the current paper is to draw attention to the enormous steps made in the sector of social economy in Romania during the last 15 years. We made a *mixed research method*, combining *secondary analysis of data*, *longitudinal analysis*

⁷ Which operate based on *Law 36/1991* on agricultural companies and other forms of association in agriculture, with subsequent amendments and completions.

⁸ Operating under the *Law 566/2004 on agricultural cooperation*, with subsequent amendments and completions.

and *local case study experience*. We used the *secondary analysis of data* existing at the national level regarding the social economy entities registered in the Single Register of Social Enterprises (Rum. *Registru unic de evidență a întreprinderilor sociale*), which is given by the National Agency for Employment (Rum. *Agenția Națională pentru Ocuparea forței de Muncă – ANOFM*); also, we focused on a *longitudinal analysis* regarding the number of social economy entities founded in Romania during the last 15 years and the distribution of them at national level in the development areas; and finally, we presented *local case study experience* of “social economy” practices and examples for the national level.

Also, we tried to present relevant statistics existing at the EU regarding the social economy sector, where Romania is included, too. Unfortunately, at the national level, we were not able to obtain similar information from competent institutions. This is one of the limitations of this paper. One of the reasons why we were not able to access relevant statistics for the social economy domain from Romania (e.g. the percentage or the total number of social economy enterprises correlated to the total number of all businesses in Romania) may be the fact that these data have not been collected until now, being one of the main objective of the public organisations at this moment.

The original value of the scientific field is by analysing the way the EU and Romanian social economy entities have a common objective to bring sustainable community development using the mixed research method. Also, how in 15 years the number of social enterprises from Romania grew and offered real opportunities to citizens, such as job opportunities, programs qualifications and support for dependent persons etc.

To present experiences and practices from the national level successfully, at first, we made a short theoretical framework of the domain and presented proper definitions used in the paper; afterwards, we presented the social economy at the European level. We presented steps made through time and solutions identified to innovate and develop a sustainable social economic system that may be able to contribute to solving the social needs of vulnerable people and contribute to economic growth (Maas & Liket, 2011).

We focused on the legal framework for different types of social economy entities which existed at the national level before 2015, when the law dedicated to the social economy was issued and which has officially recognised the sector in Romania. We also tried to present difficulties registered during implementing different projects from the European funds and design some social policies that may be taken into consideration for supporting the domain of social economy as a solidarity economy (Duque et al., 2021) for all stakeholders involved.

This paper addresses two main hypotheses. The first one is the question of whether the social economy sector provides an opportunity for the development of local communities in the areas where they are implemented. And the second one is whether the social economy sector in Romania has evolved over the last 15 years. The indicators that were taken into consideration were the structural funds that Romania was able to access as a member of the EU, the number of social enterprises that were founded during the last 15 years in Romania, relevant NGOs that activate at the national level in the social economy domain, examples of practices of social economy at national areas.

The sources on which this analysis has been based include the official websites of the EU for the section dedicated to social economy, official sites of national public institutions, the National Agency for Employment, Ministry of European Investment and Projects, official sites of national NGOs that have activities in the social economy sector, international scientifically data sources, national reports and books on the topic. It is relevant to present the particularities of social economy at European level in the next lines.

Social economy particularities at a European Union level

At the European level the social economy domain is largely presented on the official website devoted to it, namely *Social economy in the EU* (please note the links to the sources are listed in *Online sources* section). Here we can find information regarding the types of organisations that are part of the social economic environment at the European level. Among these social economy entities we find sections regarding: cooperatives⁹, social enterprises¹⁰, associations and foundations¹¹, mutual societies¹², affordable housing initiative¹³. The main purpose of functioning of each of these entities is the person and the welfare state of the area and community where they act. The aim of these organisations is to create and develop proper solutions for specific problems for different vulnerable persons or groups of persons and contribute to sustainable human resources (Bastida et al., 2017) for reducing poverty (Golinowska, 2020) and increasing the labour market possibilities for persons in their area, even for the disabled persons (Waszczak, 2020) who are able and want to work and feel useful and contribute to positive impact for a social cause.

Regarding the importance of the social economy sector for the creation of workplaces for vulnerable people and even for volunteers, the actual statistics mention that almost “13.6 million people – about 6.2% of the EU’s employees – work for social economy enterprises. On top of the paid workforce, the social economy mobilises volunteers, equivalent to 5.5 million full-time workers” (*Social economy in the EU*, 2021). Job opportunities for

⁹ A cooperative “is an autonomous association of persons united to meet common economic, social, and cultural goals. They achieve their objectives through a jointly-owned and democratically-controlled enterprise”. Cooperative, 2022.

¹⁰ A social enterprise “is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders”. Social enterprises, 2022.

¹¹ Associations and foundations “[promote] the trade or professional interests of their members, whereas foundations spend their funds on projects or activities that benefit the public”. Associations and foundations, 2.

¹² Mutual societies “are enterprises providing life and non-life insurance services, complementary social security schemes, and small value services of social nature (...) are managed according to solidarity principles between members who participate in its corporate governance”. Mutual societies, 2022.

¹³ Affordable housing initiative “is part of the Commission’s renovation wave strategy for Europe, which aims to green buildings, create jobs and improve lives”. Affordable housing initiative, 2022.

people in this period of time are very important and we consider that the social economy sector found its purpose and helps people interconnect and develop together in different directions with a common goal, reducing unemployment (OECD, 2012).

In the actual emerging global market, any possibility of new job opportunities for persons interested and able to work is very welcome and embraced by everybody. Because there is a balance between the welfare state of persons at the micro level, of the community at the mezzo level and of the society at the macro level. This way we manage to activate social entrepreneurship as a social responsibility in the era of globalisation (Pongracz, 2020) for all the actors involved.

During the time, the social economy made important steps at the level of the European Union in all available directions, from straightening relations among social organisations and the business sector through the single market Programme to the European action plan on social economy (*Social Economy Action Plan*, 2021). Also, involving the youth to develop and enhance social innovation (Bassi & Fabbri, 2020) and implementing the Pact of skills (*Pact for Skills*, n.d.) via exchange programmes such as Erasmus+.

Also, there were created two groups of experts focusing on the social economy. The first expert group on social entrepreneurship acted during 2011–2018¹⁴; the second expert group on social economy and social enterprises (GECES) was organised during 2018–2024 (Expert groups, 2022). The objective of these two groups was to analyse social entrepreneurship, social economy and social enterprises existing at the European level and collect information for the Social Economy Action Plan released in 2021.

In the second expert group, its expert members were focusing on three directions: representatives of public organisations from member states of the EU, organisations and observers. This type of expert group is organised for a limited period of time, the first was for seven and the second for six years and have a clearly defined purpose, a well-defined calendar and the members meet face-to-face, online or in a hybrid format. The main goal is that all representatives enrolled in that expert group discuss the topic and bring information from their home country, solutions which have been already implemented successfully or lessons learned from their expertise. In the end, a common set of rules and principles to be elaborated on and submitted for public debate is needed. They will be adopted later at the international level so that all the countries adapt their national legislation according to European Regulations on that topic.

For example, at the online meeting on September 10, 2021 there were 21 members of public institutions from the EU member states. The minutes¹⁵ from the online meeting from September 10, 2021, along with the entire list of participants are available on the official website of the group.

The entire system of social economy entities existing at the international level and the regulations made contributed to engaging the welfare state to care for vulnerable people (Hudon & Huybrechts, 2017). Also, it contributes to a sustainable environment for the better organisational culture of social economy organisations (Bassi & Fabbri, 2020; Rincon-Roldan & Lopez-Cabrales, 2021; Nózka, 2020). Another important aspect was the fact that all these actions contributed to a more open

¹⁴ The archived content may be accessed at: Expert groups, 2022.

¹⁵ For more information, please go to: Enterprises, 2021.

attitude of people towards embracing ethical values related to helping each other and growing together for our common development, autonomy and social solidarity (Hosseini, 2019) through social economic opportunities. Romania, as a member state of the EU, benefits from the advantages offered by the social economy sector at the national, regional and local levels. All of this information will be presented and analysed in the article.

Perspectives of Romanian social economy as a European country

After the fall of communism in Romania, there were different types of social economy entities that were acting according to different specific legislations in force then. At that period of time, the specialists did not use the expression “social economy” with the meaning that we attribute to it today. But the purpose was very similar to the present one: people are the main actor, the community development as well and a sustainable social impact on vulnerable people.

Besides the legal stipulations among people, there were some informal social economy actions that were made with the purpose of mutual help, something similar to a bank loan, but without an interest rate. The name used was “**box for needs**” (Rum. *căsuța*). The principle was that a precise number of people (from 4 to 10) from the same sector of an organisation, department or office is gathered in a group, which then establishes a precise sum of money that they are willing to “borrow”, when the salary is paid, for example, 100 euros. And, by rotation, every month each of them receives a large sum of money, without an interest rate or any other financial costs. To provide an example, let us assume that in my early career I also participated in the “box of needs” with other six colleagues and we decided to gather 100 euros each to “borrow” it. We drew numbers to see the order we would receive the money and I rank fourth. In the month when I received 600 euros from my colleagues I managed to buy furniture for my apartment from that time without loaning money from the bank or other organisations and paying an interest rate. For me and my colleagues, it was a simple mechanism to use for personal needs and even to strengthen our relationships. We used a similar strategy when we had a colleague with medical problems or family issues (illness, death, operation). We all donated a sum of money to contribute to their situation without any other expectations. This type of social economy can bring benefits to surface (Wójcik, 2020) and help us notice that people voluntarily help and feel proud to contribute to social development (Buttler, 2021).

Returning to the national legal stipulations, the social economy entities that existed in Romania after the '90s and the laws that they used to function and organise their activity are presented in table 1 below. Some laws were updated during the time and even brought new amendments and completions by other laws more recently to our time. This was made with the purpose of updating the current legislation to the European framework and establishing a unity for the present needs in the social economy sector.

Table 1. The framework legislation for legal entities part of the social economy

Entities of social economy legal forms	Specific national legislation
Cooperative societies <i>with sub-types of cooperatives with specific legislation</i>	<i>Law 1/2015 on the organisation and functioning of cooperatives societies, republished</i>
Credit unions/cooperatives	<i>Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, approved with amendments and completions by Law 227/2007</i>
Agricultural cooperatives	<i>Law 566/2004 on agricultural cooperation</i>
Agricultural companies	<i>Law 36/1991 on agricultural companies and other forms of association in agriculture</i>
Associations and foundations <i>with sub-types</i>	<i>Ordinance 26/2000 on associations and foundations, approved with amendments and completions by Law 246/2005</i>
Mutual aid houses for employees	<i>Law 122/1996 on the legal regime of mutual aid houses for employees and their unions</i>
Pensioners' mutual aid houses	<i>Law 540/2002 on mutual aid houses for pensioners</i>
Owners' associations	<i>Law 230/2007 on the establishment, organisation and functioning of owners' associations</i>
Communes and co-ownership	<i>Article 95 Associative forms of forest owners. Forestry Code Law 46/2008</i>
Other non-profit organisations (associations and foundations) with economic activity	<i>Ordinance 26/2000 on associations and foundations, approved with amendments and completions by Law 246/2005</i>
Commercial companies certified as social enterprises	<i>Law 219/2015 on social economy Law 31/1999 on commercial companies</i>

Source: Vameşu, 2021.

As we can see from the above table, as with the informal example given about the “box for needs”, people with similar interests voluntarily gather into organisations such as pensioners’ mutual aid houses or mutual aid houses for employees. They have common needs and try to find proper solutions for them, so that a win-win solution can be properly found for all of them.

Another relevant example of this type of social economy can be the fact that people that are members of the “pensioners’ mutual aid houses” can benefit from loans with lower interest than the ones from the bank. Also, they can participate in social events and organise trips with lower payments than individual ones. I recall when recently my 72-year-old mom went on an organised Danube trip for two days and all the expenses amounted to a maximum of 50 euros (including transport, meals, accommodation for one night and pocket money). If she went by herself, the accommodation

in the Danube area would be 50 euros per night. This type of activity also follows the rule of reciprocity and mutual help between people, social and economic domains managed to combine and find common purposes.

During the communist period, agricultural cooperatives were the ones that monopolised the market. Because the political regime used them as organisations to collect or distribute food rations to people then. All of these organisations contributed to maintaining the economic dynamism of rural areas and keeping social cohesion (Carchano et al., 2021) for persons from the local level.

Unfortunately, the domain of the social economy was regulated by law only in 2015. The law that underlies the *social economy* in Romania is *Law 219 from 23 July 2015*, published in Official Monitor no. 561 on July, 28 2015 (*Law 219/2015 on the social economy*, 2015). This law was also defined with the help of NGOs representatives and the European funds from the Sectoral Operational Program Human Resources Development 2007–2013 (Government of Romania, 2014) (Monitorizare program, 2015) priority axis 6 titled promoting social inclusion. During the first calls applications for this domain and because there were no law regulations for social economy in our country at that time.

Along with the inclusion of Romania in the EU in 2007, we started to have access to European funds and to know partners from other European countries from which we learn and have best practices exchanges in different areas of action. The social area was one of the priorities of our country because we intended to develop communities, create job opportunities, create an inclusive economy and even perform sustainably (Curtis & Lehner, 2019) to try and reduce the already existing gap given by the communism period (Mosley, 2011). A positive element of the inclusion of Romania into the EU is the fact that we managed to include in its agenda the development of the social economy domain (Costa et al., 2020).

In Romania, the NGOs had a very visible and positive impact (Lambru & Dobre, 2020; Rodríguez & Guzmán, 2013; Piore, 2001) on the involvement of contracting funds and implementing projects from different types of available funding lines. The experts, with volunteers from the NGOs, initiated a large number of projects dedicated to vulnerable persons, unemployed persons, disabled persons who had to work according to their capacity, unprotected children, domestic violence, etc. Step by step, these initiatives turned out to be a commitment to public benefit (Haugh, 2020) for a long-lasting development for communities and their citizens.

We can easily notice, from the actual official documents, namely the *Annual implementation report* that before the European external funds programming period 2007–2013, the base of the social economy institutions in Romania was formed only by three entities (Ministry of European Funds, 2014) registered officially. In our literature review for the present paper we tried to find significant documents, books, articles or research related to social economy during the communist period or the immediate period after the revolution. All the documents related to the social economy in Romania that we managed to find were published after 2002. We did not find a proper explanation for this, but we can suppose that the domain of economy was not considered a priority for our country at that time; or even that there was no information regarding

the advantages that this can bring to our vulnerable people and even to our economy, labour market and reduced poverty rate.

From 2007–2014, the social economy in our country was much more developed than in the previous years. For example, numerous projects by both public and NGOs were implemented in national or international partnerships, focusing on the social economy. And after this period the established indicators of the program for social inclusion are shown in figure no.1 below. Some of the indicators were reached, for example, the indicator regarding “number of jobs created by entities of social economy” of 12,377 overfulfilled the established target of 5,000. At the same time, at the opposite corner, the indicator “number of participants in programmes qualification/requalification for vulnerable groups” did not reach its target of 240,900 as expected; only 51,069 was the number reached during that period (Government of Romania, 2014).

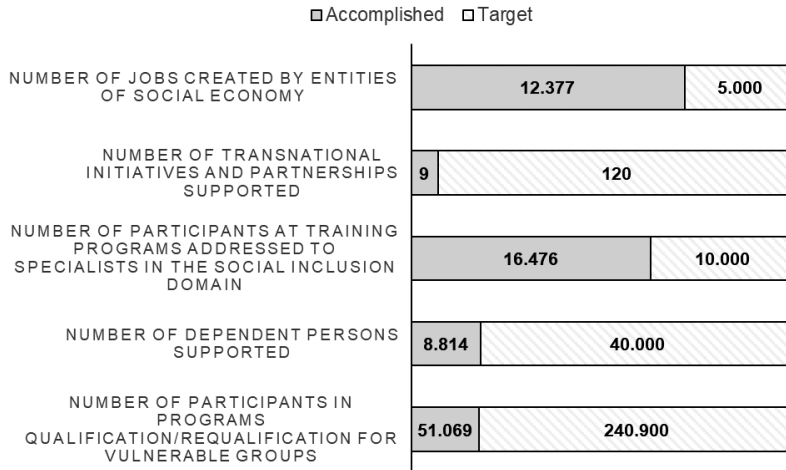


Figure 1. Indicators from European external funds programming period 2007–2014

Source: Ministry of European Funds, 2014; Ministry of European Investment and Projects, 2022¹⁶

¹⁶ The data are taken from the *Sectoral Operational Program “Human Resources Development” 2007–2013. Annual implementation report, 2014*, and *“POSDRU retrospective evaluation report in the field of social inclusion”, April 2021* (Monitorizare program, 2015). The project was co-financed by ESI Funds, through POCU 2014–2020, Priority Axis 7 Technical Assistance and implemented by the association: CIVITA Strategy & Consulting SA (leader), LIDEEA Development Actions SRL, ARCHIDATA SRL and GOLDBACH Primes SRL. We mentioned that we did not have an access to the official statistics from national entities regarding the social economy sector. Until publishing the present paper, it has been the only available official document relating to the indicators of the programme.

During the first call of the program period 2007–2014, the guidelines did not impose limitations as the next ones and so the applicants submitted projects focusing mainly on research on the social economy at the national level, courses for disadvantaged persons, vulnerable categories, national exhaustive analysis of the theme, scientific reviews. Also, job opportunities for vulnerable people and networks with specialists from other countries to share their expertise and best practices (Costas, 2020). During that period of time, projects that created university programmes in the social economy were implemented and it proved their social implication to this domain of action (Iguar et al., 2020). For example, Alternative Sociale Association implemented a project *The model of the social economy in Romania* in partnership with the United Nations Development Program Romania, “Alexandru Ioan Cuza” University of Iași and the Academy of Economic Studies in Bucharest. Among the activities of this project was the implementation of postgraduate courses in the social economy for specialists working in social services from all over the country. The project ended with the Social Economy Laboratory, a centre of resources in the social economy, a scientific review on social economy included in international databases, postgraduate studies in the social economy organised by the two university partners and a national campaign on social economy.

There were many other NGOs and public entities that implemented projects and contributed to the development of the social economy in our country. To provide a few examples: The Foundation for The Development of Society (Rum. *Fundația pentru Dezvoltarea Societății Civile – FDSC*); Foundation “Alături de Voi” (Rum. *Fundația Alături de Voi – ADV*) from Iași; Social Economy Institute (Rum. *Institutul de Economie Socială*); Professional Non-Governmental Association for Social Work (Rum. *Asociația Profesională Neguvernamentală de Asistență Socială – ASSOC*); Minister of Labour, Family and Social Protection, Department of Family Policy, Inclusion and Social Work (Rum. *Ministerul Muncii, Familiei și Protecției Sociale – MMFPS, Departamentul Politici familiale, incluziune și asistență socială*) and many other.

After the implementation of projects during 2007–2014 and even now, in our country we are able to have an actual image of the social economy at the national level. Figure no.2 below shows the total number of 2,487 social economy entities existing in Romania until December 31, 2021.

If we have a close look at the image below we will be able to notice that in the North-East area there are only 302 social economy entities while in other areas there are more: North-West – 401, Centre – 534, South-East – 387. What is the reason for this difference? We believe that the main answer is that people are interested in developing their own community, they access the relevant information and there is a strong connection between local involvement of public organisations and public funds. All of the above can be taken into consideration when we try to explain why there are fewer social economy entities in this area compared to the nearby regions. We must not ignore the fact that the North-East area is also the least developed area of the country and it probably will need more time to get to the same level as the other regions.

The Single Register of Social Enterprises, which is administered by the National Agency for Employment (ANOFM) is the only governmental source of information updated in the domain of social economy. We also found different official sites

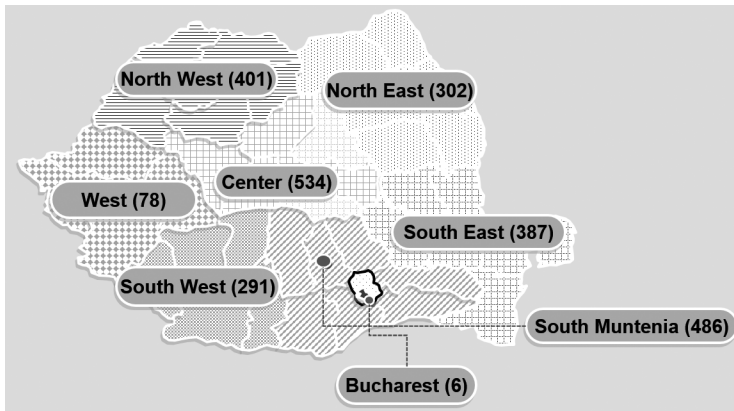


Figure 2. Number of social entities existing in Romania

Source: Single Register of Social Enterprises, edition of December, 31 2021

of the NGOs activating in the social economy domain that have some statistics, namely ADV (*Foundation`Alături de Voi` România*, 2022) which mentions that in Romania there are 5,302 NGOs that are active in the social economy sector. We were not able to confirm this information from the public institutions.

The social economy activity does not stop here. Even though a significant number of organisations acting in the social economy field are created, and many more will be developed in the near future (Petrova & Tarrow, 2007). We need solid legal regulations to clearly establish the framework of this domain.

Future directions of social economy in Romania

At the national level, large national events such as the Social inclusion fair “I am integrable, not negligible” (Rum. *Târgul de incluziune socială “Sunt integrABIL, nu negliabil”*) are initiated where entities operating in the social economy domain may participate and share their expertise and best practices. This fair is hosted by the Minister of Labour of Romania. This Ministry organises also a selection process for the National Commission for the social economy where NGOs from Romania could apply. The declared winning candidate of this procedure was Foundation “Alături de Voi” (ADV).

The social economy sector in Romania has many steps to go forward and reach the levels of developed countries from the EU (Baturina, 2018). Even in the actual context of the COVID-19 pandemic period the social economy domain brought its expertise (Costas, 2020) and reinvented itself to contribute to the inclusion of vulnerable people and to create a stronger cohesion among people from different areas (Kwiatkowski, 2021).

In future directions for social policies that should be taken into consideration to improve and pass to the next step for social economy domain in Romania, there must be:

- a clearer legal framework for the social economy sector. A new step was made very recently by the issuance of the *Emergency Ordinance no. 33 from March 2022*;
- better promotion of social economy events (national or international ones);
- development of a governmental cloud for open data and centralisation of all the publications realised on the topic of social economy (national and even international level);
- clear statistics regarding the social economy and permanently actualised at the governmental level (similar and improved by the ones made by actual NGOs);
- accessible statistics for the interested persons on the topic;
- transparent information regarding the facilities that are present in the law and include new ones for increasing the job inclusion for vulnerable persons;
- measurement indicators on yearly evolution of the domain of social economy;
- periodical meetings with the NGOs and social economy entities to establish short, medium and long objectives that want to be reached by our country;
- increasing funds allowance for innovation and development of the social economy domain.

These are only some of the possible future directions that can be taken by the public organisations in our country in tight partnership with the non-profit sector (Polačková, 2020) and social economy entities. And also we must not limit them to those. We must take into consideration the permanent change in the social, economic and global dynamics of our daily times. The permanent information that changes also depends on the market and consumers' needs, new job opportunities and multidimensionality of the welfare state (Roosma et al., 2013) to which we must constantly evolve and innovate so that we bring the proper solution to specific problems.

Conclusions

Even though there is no clear definition of the concept of “social economy”, the elements that are found in each definition that was received during time keep the common elements: the principle of reciprocity, mutual help, social cohesion, community development, and social and economic improvement for everybody. The social economy in Romania as a former communist state has brought many welfare state changes. The membership of the EU and the financial opportunities contributed to establishing the legal framework for social economy in 2015, updated in March 2022 by *Emergency Ordinance no. 33*. This is an important step for this sector but there is much more to be done so that our country can solve the issues related to the job creation opportunities and involving persons from vulnerable groups in the economic and social domains, contributing to communities' development and granting access to vulnerable citizens to the resources and services that exist at the community level.

The social economy's main characteristics in Romania has its origin in different forms of organisation before defining this domain in our country. Romanians frequently used informal types of social economy, for example, the “box for needs” (Rum. *căsuță*) which had similar utility as the international actual social economy entities or national cooperatives. The principle was to put money together and after

a well-established period of time receive them without paying an interest rate or any kind of additional costs.

In Romania, similarly to the European social economy, the organisations focus on people, job opportunities for the vulnerable are created, social cohesion and area development is in place, and mutual services based on reciprocity, complementary to social security regimes, have already been offered by national institutions.

As a final conclusion, we are able to state that the social economy sector gives an opportunity for the development of local communities in the areas where they are implemented, as we can see from the presentations above. Also, the social economy sector in Romania evolved over the last 15 years in an upward trend, solving some of the issues that it faced. The recent actualisation of the legislation, *Ordinance no. 33* from March 2022 is another example that can be brought into attention.

This is a new domain in our country with many possibilities for innovation, development and which can bring a real contribution to the economic growth and social sustainability of the region and its citizens. The specialists from the non-profit, public or economic fields are very enthusiastic about the opportunities offered. They have already seen different directions of evolving and innovating to create some sustainable job opportunities for the vulnerable and competitiveness for the market at local, regional, national and international levels.

References

- Affordable housing initiative (2022). https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/affordable-housing-initiative_en
- Alternative Sociale Association (2022). <https://www.alternativesociale.ro/economie-sociala/>
- Associations and foundations (2022). https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/associations-and-foundations_en
- Bassi, A., & Fabbri, A. (2020). Under pressure: Evolution of the social economy institutional recognition in the EU. *Annals of Public and Cooperative Economics*, 91(3). <https://doi.org/10.1111/apce.12264>
- Bastida, R., Marimon, F., & Tanganelli, D. (2017). Alliance success factors and performance in social economy enterprises. *Management Decision*, 55(5), 1065–1080. <https://doi.org/10.1108/MD-12-2016-0881>
- Baturina, D. (2018). CIRIEC: Recent Evolutions of the Social Economy in the European Union. *Revija Za Socijalnu Politiku*, 25(2), 226–230. <https://doi.org/10.3935/rsp.v25i2.1543>
- Buttler, D. (2011). Between fun and obligation. The motivations of volunteers in Poland. *Problemy Polityki Społecznej*, 53, 7–25. <https://doi.org/10.31971/pps/142000>.
- Cambridge Dictionary* (2022). <https://dictionary.cambridge.org/Capital-Uman>. (n.d.). <https://www.fonduri-ue.ro/posdru-2007>
- Carchano, M., Carrasco, I., Castillo, S., & García-Cortijo, M. C. (2021). The social economy as a factor of economic development and resilience of population in rural

- areas. A study of mediating effects in Castilla-La Mancha (Spain). *Sustainability*, 13(10), 5544. <https://doi.org/10.3390/su13105544>
- Costa, J., Rodrigues, A. C., & Ferreira, M. R. (2020). Organizational culture in social economy organizations. *Economics and Sociology*, 13(3). <https://doi.org/10.14254/2071-789X.2020/13-3/10>
- Costas, A. (2020). Un nuevo contrato social postpandémico. El papel de la Economía social. *CIRIEC-España Revista de Economía Pública, Social y Cooperativa*, 100. <https://doi.org/10.7203/CIRIEC-E.100.18715>
- Cooperative. https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/cooperatives_en
- Curtis, S. K., & Lehner, M. (2019). Defining the sharing economy for sustainability. *Sustainability*, 11(3). <https://doi.org/10.3390/su11030567>
- Duque, P., Meza, O. E., Giraldo, D., & Barreto, K. (2021). Economía Social y Economía Solidaria: un análisis bibliométrico y revisión de literatura. *REVESCO Revista de Estudios Cooperativos*, 138. <https://doi.org/10.5209/REVE.75566>
- Enterprises (2022). <https://ec.europa.eu/growth/system/files/2021-11/10%2009%202021%20GECES%20minutes.pdf>
- Expert groups (2021). https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises/expert-groups_en
- Expert groups. (2022). https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises/expert-groups_en
- Foundation Alături de Voi (2022). <https://alaturidevoi.ro/en>
- Foundation for The Development of Society (Rum. *Fundația pentru Dezvoltarea Societății Civile – FDSC*) (2022). <http://www.fdsc.ro>
- Golinowska, S. (2020). On the modernisation of poverty. Evolution of the phenomenon. *Problemy Polityki Społecznej*, 51, 19–34. <https://doi.org/10.31971/ppps/131165>
- Hagh, H.M. (2020). Social economy advancement: from voluntary to secure organizational commitments to public benefit. *Journal of Management History*, 27(2). <https://doi.org/10.1108/JMH-06-2020-0035>
- Hossein, C.S. (2019). A Black Epistemology for the Social and Solidarity Economy: The Black Social Economy. *Review of Black Political Economy*, 46(3), 209–229. <https://doi.org/10.1177/0034644619865266>
- Howard, M.M. (2003). *The Weakness of Civil Society in Post-Communist Europe*. Cambridge University Press. <https://doi.org/10.1017/CBO9780511840012>
- Hudon, M., & Huybrechts, B. (2017). From Distant Neighbours to Bedmates: Exploring the Synergies Between the Social Economy and Sustainable Development. *Annals of Public and Cooperative Economics*, 88(2). <https://doi.org/10.1111/apce.12170>
- Igual, J.F.J., Martí, E.M., & Ribera, E.M. (2020). Rol de la Economía Social y la Universidad en orden a un emprendimiento basado en el conocimiento tecnológico y los valores. *CIRIEC- España Revista de Economía Pública, Social y Cooperativa*, 98. <https://doi.org/10.7203/CIRIEC-E.98.15905>
- Kwiatkowski, M. (2021). Rewitalizacja a spójność lokalna. Rola ekonomii społecznej. *Studia Regionalne i Lokalne*, 83(1). <https://doi.org/10.7366/1509499518304>

- Lambriu, M., & Dobre, A. (2020). Romania: Re-shaping the CSO sector in difficult conditions. *Problemy Polityki Społecznej*, 50, 61–75. <https://doi.org/10.31971/16401808.50.3.2020.4>
- Maas, K., & Liket, K. (2011). Talk the Walk: Measuring the Impact of Strategic Philanthropy. *Journal of Business Ethics*, 100(3), 445–464. <https://doi.org/10.1007/s10551-010-0690-z>
- Minister of Labour, Family and Social Protection, Department of Family Policy, Inclusion and Social Work (Rum. *Ministerul Muncii, Familiei și Protecției Sociale – MMFPS, Departamentul Politici familiale, incluziune și asistență socială*) (2022). <https://mmuncii.ro>
- Ministerul Investițiilor și Proiectelor Europene*. (2022). <https://mfe.gov.ro/>
- Ministry of European Funds. (2014). *Annual implementation report*. <https://www.fonduri-ue.ro/images/files/programe/OLD/POSDRU/rai.posdru.30.06.2015.pdf>
- Monitorizare program. (2015). <https://www.fonduri-ue.ro/arhiva-stiri/15-programe-operationale/2014-2020/pocu?limit=12&start=12>
- Mosley, J. E. (2011). Institutionalization, privatization, and political opportunity: What tactical choices reveal about the policy advocacy of human service nonprofits. *Nonprofit and Voluntary Sector Quarterly*, 40(3), 435–457. <https://doi.org/10.1177/0899764009346335>
- Mutual societies (2022). https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/mutual-societies_en
- Nózka, M. (2020). Social Expectations towards the Welfare State. The case of Poland – Opportunities and risks. *Problemy Polityki Społecznej*, 51, 35–48. <https://doi.org/10.31971/ppp/131161>
- OECD. (2012). *Activating Jobseekers: How Australia Does It*. OECD Publishing. <https://doi.org/10.1787/9789264185920-en>
- Oxford Learner's Dictionary* (2022). <https://www.oxfordlearnersdictionaries.com/>
- Pact for Skills*. (n.d.). <https://ec.europa.eu/social/main.jsp?catId=1517&langId=en>
- Petrova, T., & Tarrow, S. (2007). Transactional and participatory activism in the emerging European polity: The puzzle of East-Central Europe. *Comparative Political Studies*, 40(1), 74–94. <https://doi.org/10.1177/0010414006291189>
- Piore, M.J. (2001). The Emergent Role of Social Intermediaries in the New Economy. *Annals of Public and Cooperative Economics*, 72(3). <https://doi.org/10.1111/1467-8292.00172>
- Polačková, Z. (2020). The role of organizations of the non-profit sector in the employment of people disadvantaged in the labour market in Slovakia. *Problemy Polityki Społecznej*, 50, 27–41. <https://doi.org/10.31971/16401808.50.3.2020.2>
- Pongracz, E. (2020). Social economy and social entrepreneurship – the manifestation of social responsibility in the era of globalization. *SHS Web of Conferences*, 74. <https://doi.org/10.1051/shsconf/20207404021>
- Professional Non-Governmental Association for Social Work (Rum. *Asociația Profesională Neguvernamentală de Asistență Socială – ASSOC*) (2022). <https://www.assoc.ro/>
- Project “The model of the social economy in Romania” (Rum. *Profit Pentru Oameni*). <https://profitpentruoameni.ro/>

- Rincon-Roldan, F., & Lopez-Cabrales, A. (2021). Ethical values in social economy for sustainable development. *Annals of Public and Cooperative Economics*, 92(4). <https://doi.org/10.1111/apce.12300>
- Rodríguez, M.J., & Guzmán, C. (2013). Innovation in social economy firms. *Management Decision*, 51(5). <https://doi.org/10.1108/MD-08-2012-0538>
- Roosma, F., Gelissen, J., & van Oorschot, W. (2013). The Multidimensionality of Welfare State Attitudes: A European Cross-National Study. *Social Indicators Research*, 113(1), 235–255. <https://doi.org/10.1007/s11205-012-0099-4>
- Government of Romania. (2014). *Sectoral Operational Program “Human Resources Development” 2007–2013. Annual implementation report*. https://www.fonduri-structurale.ro/Document_Files/resurseumane/00000030/rcxgy_POSDRU_engleza.pdf
- Social Economy Action Plan. (2021). <https://ec.europa.eu/social/main.jsp?catId=1537&langId=en>
- Social Economy Europe. (2021). <https://www.socialeconomy.eu.org/the-social-economy/#:~:text=The%20social%20economy%20is%20a,8%25%20of%20the%20EU's%20GDP>
- Social Economy Institute (Rum. *Institutul de Economie Socială*) (2022). <http://www.ies.org.ro>
- Social economy in the EU*. (2021). https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu_en
- Social economy in the EU (2022). https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu_en
- Social enterprises (2022). https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises_en
- Tismăneanu, V. (2006). *Final raport*. https://www.wilsoncenter.org/sites/default/files/media/documents/article/RAPORT_FINAL_CADCR.pdf
- Vameșu, A. (2021). *Barometrul economiei sociale din Romania*. <https://acceleratorul.alaturidevoi.ro/wp-content/uploads/2021/06/Barometrul-Economiei-Sociale-2021-ADV-Romania.pdf>
- Waszczak, S. (2020). Social attitude towards the disabled persons. *Problemy Polityki Społecznej. Studia i Dyskusje*, 2, 89–99. <http://www.problemy polityki społecznej.pl/Stosunek-spolecznstwa-ndo-osob-niepelnospawnych,123731,0,2.html>
- Wójcik, S. (2020). How to capture these benefits? Systematic review of Polish literature on impact measurement in the social economy. *Problemy Polityki Społecznej: Studia i Dyskusje*, 50(3), 77–95. <https://doi.org/10.31971/16401808.50.3.2020.5>

Legal acts and documents

- Forestry Code Law 46/2008* (Rum. *Codul Silvic Legea nr. 46/2008*).
- Law 1/2015 on the organisation and functioning of cooperatives societies, republished* (Rum. *Legea nr. 1/2015 privind organizarea și funcționarea cooperăției, republicată*).
- Law 122/1996 on the legal regime of mutual aid houses for employees and their unions* (Rum. *Legea nr. 122/1996 privind regimul juridic al caselor de ajutor reciproc ale salariaților și al uniunilor acestora*).
- Law 219/2015 on the social economy*.

- Law 31/1999 on commercial companies (Rum. Legea nr. 31/1999 societăților comerciale).*
- Law 36/1991 on agricultural companies and other forms of association in agriculture (Rum. Legea nr. 36/1991 privind societățile agricole și alte forme de asociere în agricultură).*
- Law 540/2002 on mutual aid houses for pensioners (Rum. Legea nr. 540/2002 privind casele de ajutor reciproc ale pensionarilor).*
- Law 566/2004 on agricultural cooperation (Rum. Legea nr. 566/2004 a cooperăției agricole).*
- Ordinance 26/2000 on associations and foundations, approved with amendments and completions by Law 246/2005 (Rum. Ordonanța Guvernului nr. 26/2000 cu privire la asociații și fundații, aprobată cu modificări și completări prin Legea nr. 246/2005).*
- Law 230/2007 on the establishment, organisation and functioning of owners' associations Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, approved with amendments and completions by Law 227/2007 (Rum. Legea nr. 230/2007 privind înființarea, organizarea și funcționarea asociațiilor de proprietari).*

