

FROM THE ECONOMIC TO THE SOCIAL VALUE CONTRIBUTION OF THE SOCIAL ECONOMY

*Methodological approach of assessment of the social value
created, with an application to Spain*

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1. Introduction

The values shared by SE entities generate a differentiated behavior in relation to their staff composition, the work conditions, their productive specialization and their geographical location (Castro et al. 2013).



The **commitment of SE** values to these objectives is clear from a theoretical point of view, but a **quantitative measurement of its contribution is crucial** to the acknowledgement of its key role in the development of 2030 Agenda for Sustainable Development and its **inclusion in the national agendas** as a tool for the accomplishment of the promoted objectives.

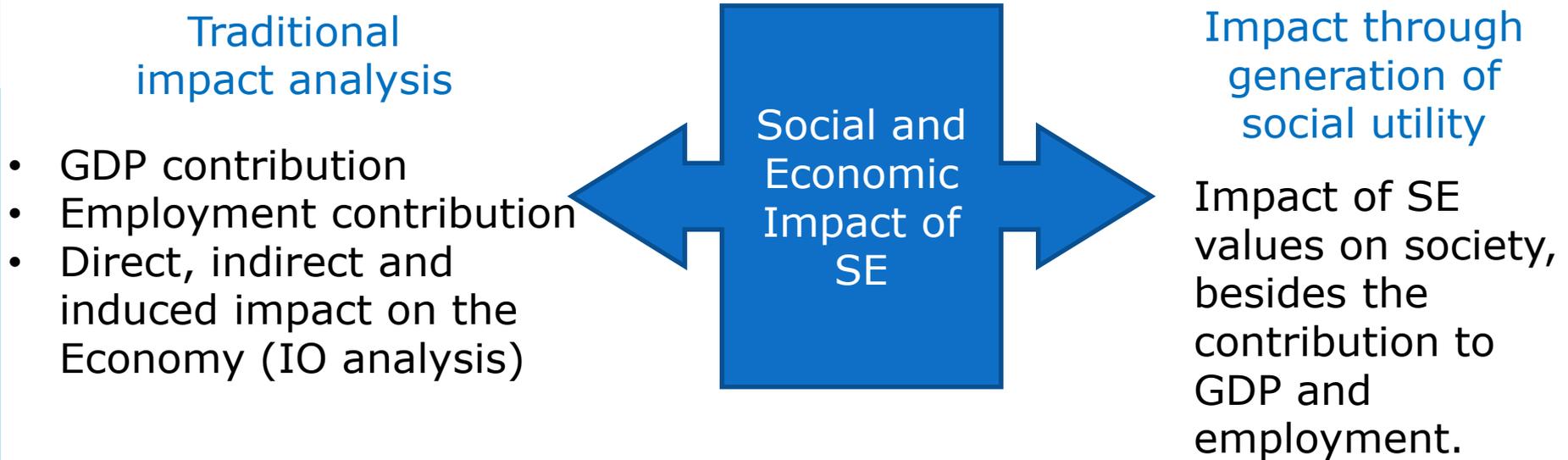
1. Introduction

OBJECTIVE OF THE PROYECT

Development of a methodology related to the **identification, assessment** and **monetary valuation** of the effects associated with the **differences in the behavior attributed to SE entities** compared with capital profit-oriented firms.

1. Do SE entities show a different behavior than capital profit-oriented firms? How can those differences be assessed?
2. How do those differences affect society?
3. Can that assessment be translated into monetary units?

2. The concept of social utility within the analysis of the impact of SE entities



What would be the loss for society if SE entities lost their “values”?

2. The concept of social utility within the analysis of the impact of SSE entities

Impact through social utility generation



Contribution to the reduction of social and economic inequalities fostering solidarity and sociability and contributing to the improvement of group conditions in terms of education, health, culture, environment and participation in society Gadrey (2006).

Contribution to **social** and **territorial** cohesion

- **Social cohesion:** Employment of persons with difficulties in accessing to labour market, quality of employment, equal opportunities, and supply of social services.
- **Territorial cohesion:** Creation of economic activity and employment in the rural areas, competitiveness of the rural economy, and retention of the rural population.

3. Assessment of the Socio-economic impact of SSE

1. Do SE entities show a different behavior than capital profit-oriented firms? How can those differences be assessed?

WORKING HYPHOTESIS

H0: SE Entities show a different behavior

METHODOLOGY

Comparison of behavior in terms of social and territorial cohesion items.



Statistical techniques for differences in distribution of activity and employment.

3. Assessment of the Socio-economic impact of SSE

Social cohesion	Territorial cohesion
1. Employment of persons with difficulties in accessing to labour market	1. Creation of economic activity and employment in the rural areas
Women over 45; people over 55, with disabilities, at risk of social exclusion or with low qualification.	Rural entrepreneurship, generation of economic activity
2. Quality of employment	2. Competitiveness of the rural economy
Stable working conditions, wages	Diversification of economic activity, production structure adjusted to rural strengths and needs.
3. Equal opportunities	3 Retention of the rural population
Diversity in management, equal labor conditions and career paths	Generation of sustainable employment.
4. Supply of key social services	
Contribution to economic activity in key social activities	

3. Assessment of the Socio-economic impact of SSE

2. How do those differences affect society?

WORKING HYPHOTESIS

H0: The loss of values will entail a reduction in social and territorial cohesion

METHODOLOGY

SE entities Vs SE entities with profit-seeking firms behavior.



Simulation exercise with counterfactual analysis.

Baseline scenario



Alternative scenario



Vs



Control group stratified by size and industry of firms

3. Assessment of the Socio-economic impact of SSE

3. Can that assessment be translated into monetary units?

WORKING
HYPHOTESIS

H0: The values shared by SE Entities entails a net benefit for society in terms of income

METHODOLOGY

Quantification of the effects in monetary terms by stakeholder

Quantification of the variables identified

Identification of effects on each stakeholder

Identification of the variables related to each effect

Identification of stakeholders: Workers and families, employers, public sector

3. Assessment of the Socio-economic impact of SSE

- ✓ Identification of effects on each agent

1. SOCIAL COHESION

1. Employment of persons with difficulties in accessing to labour market

	Workers&family	Employers	Public Sector	Society
Women over 45	Increase in income due to employment	Subsidies and other cost-reducing policies	Contributions to SS, pensions and personal income taxes	(Intangible)
:				

1. Quality of employment

Stable working conditions	Retainment of income due to shorter periods of unemployment	Subsidies and other cost-reducing policies	Contributions to SS, pensions and personal income taxes	(Intangible)
:				

3. Assessment of the Socio-economic impact of SSE

✓ Quantification of the variables identified

- **Results from simulation** exercise gives the quantification of the changes in number of firms and employment with the required level of disaggregation (rural/urban, by sex, by group of workers, by industry...).
- Results from the sample are **extrapolated to the population** of workers and firms in social economy.

✓ Quantification of the effects in monetary terms by agent

- Effects are estimated in **net effects**: benefits obtained by agent minus costs.
- The characterization of situations is based on **average/median values**, such as average wages (with the higher possible level of desegregation for each group/category considered) to estimate the increase in income mentioned as a social cohesion effect.
- In order to contemplate the diverse aspects related to each type of entity included in the SSE, calculations are made at the **maximum level of disaggregation** in that respect, and then aggregated. The same criteria is applied to specific groups of workers or contracts subject to public policies in terms of aids (subsidies, cost-reducing policies, etc.).
- There are effects with important **areas of intersection**, overlapping as regards to the agents and/or areas affected. Estimations have take account of that issue.

4. An application to the Spanish Case

Database

Continuous Sample of Working Histories, year 2009
(Social Security database sample of 1,2 million people).



Social Economy sample: 15,080 workers (6,361 firms)
Control group: 15,826 workers (6,978 firms).

1. Do SE entities show a different behavior than capital profit-oriented firms? How can those differences be assessed?

Social cohesion: Employment of persons with difficulties in accessing to labor market (% over total group workers)

	Social Economy	Control Group
Women over 45	15.3	11.5
Workers over 55	13.8	9.2
Workers with disabilities	31.8	0.16
Workers with low qualification (group 10)	32.3	12.5

4. An application to the Spanish Case

2. How do those differences affect society?

Contribution to social cohesion	number
<u>1. Occupation of groups with difficulties of access to employment (workers that would lose their job)</u>	<u>157,886</u>
Workers with disabilities	84,403
Workers at risk or in situation of social exclusion	1,622
Workers over 55 (without disabilities)	6,635
Women over 45 (without disabilities and less than 55)	3,664
Workers with low qualifications (not considered in the previous groups)	61,562
<u>2. Employment quality (nº of workers remaining with jobs affected)</u>	<u>173,174</u>
Employment stability	10,524
Full workday (desirable)	6,716
Better salaries	155,934
<u>3. Equal opportunities (nº of workers remaining with jobs affected)</u>	<u>271,598</u>
Diversity in management	4,148
Leaves for parental care	335
Equal career paths	267,115
<u>4. Supply of key social services (nº of firms that would disappear)</u>	<u>3,402</u>
Services for elderly and people with disabilities	958
Other key social services (education and other)	2,444

4. An application to the Spanish Case

3. Can that assessment be translated into monetary units?

Total benefits of the contribution of Social Economy enterprises to social and territorial cohesion (thousands of €)

	Employees	Employers	Public sector	Total
Social cohesion	2,260,070	159,888	984,829	3,404,786
1. Occupation of groups with difficulties of access to employment	2,154,813	115,307	801,808	3,071,929
Workers with disabilities	1,403,619	113,929	107,077	1,624,625
Workers at risk or in situation of social exclusion	34,684	1,379	6,743	42,806
Workers over 55 (without disabilities)	129,461	N.A.	107,220	236,681
Women over 45 (without disabilities and less than 55)	34,619	N.A.	39,155	73,774
Workers with low qualifications (not considered in the previous groups)	552,430	N.A.	541,613	1,094,043
2. Employment quality (not considering previous groups)	105,256	44,580	183,021	332,857
Employment stability	60,112	44,580	152,993	257,685
Full workday (desirable)	36,052	N.A.	24,447	60,499
Better salaries	9,092	N.A.	5,581	14,673
3. Equal opportunities	N.A.	N.A.	N.A.	N.A.
4. Supply of social and educational services	N.A.	N.A.	N.A.	N.A.
Territorial cohesion	329,520	N.A.	195,543	525,063
1. Size of the rural economy	329,520	N.A.	195,543	525,063
2. Competitiveness of the rural economy	N.A.	N.A.	N.A.	N.A.
3. Retention of the population	N.A.	N.A.	N.A.	N.A.



4. An application to the Spanish Case

Example: Workers with disabilities

a) People affected: **84,403**

Type of entity	% workers with disabilities by firm	Estimation on workers with disability in population in SE	Estimation of workers if SE behaves as CG	Difference
GC	0.16			
Social Economy				
Coop	0.62	1,826	455	1,371
WOF	0.31	270	137	133
Center for ARP	0.00	0	5	-5
Disability asoc.	89.88	3,344	6	3,338
EEC	99.09	58,309	91	58,217
Fishery asoc.	1.64	12	1	11
Mutualities	0.61	59	15	44
ONCE	86.00	21,332	38	21,294
Total	31.77	85,151	748	84,403

4. An application to the Spanish Case

b) Monetary assessment: **1,624,624,811 €**

	Coop	:	Total
People affected	1,371	:	84,403
Income concepts			
Average wage	19,765	:	18,552
Wage income	27,097,977	:	1,596,800,632
Personal income tax	1,913	:	1,074
Tax collection by G.	2,622,840	:	91,778,837
Contribution to SS by firms	8,102,295	:	201,702,839
Contribution to SS by worker	1,720,722	:	101,402,590
Total contribution to SS	9,823,017	:	303,105,429
Bonifications	5,964,853	:	113,928,696
Bonifications for firms	2,137,442	:	87,774,142
SS income (net for bonif.)	3,858,164	:	189,176,733
Subsidies	--	:	261,384,787
Pensions	-	:	87,506,131

	Monetary assessment (ths €)
Employees	1,403,619
Employers	113,929
Public sector	107,077
Total	1,624,625

Workers

Wage	1.596.800.632
+ Personal tax	91.778.837
- Contrib SS	101.402.590
	1,403,619,204

Employers

Bonifications	113,928,696
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Public sector

Tax collection	91.778.837
+ SS income (net for bonif.)	189.176.733
- Subsidies	261.384.787
<i>Direct</i>	19.570.783
<i>Indirect</i>	87.506.131
Total	107,076,914

5. Conclusions and future lines of research

Conclusions

- The focus on the concept of "social utility", in terms of social and territorial cohesion, allows for the **assessment of the possible contribution of the differentiating and intrinsic values** of the firms and other entities within the **social economy** in comparison with commercial firms.
- The results obtained in the practical application to the case of Spain stress out the **positive generation of social utility by Social Economy entities, which otherwise would not exist.**
- These effects have been valued economically, amounting to **4 billion euro annually, that would not exist if the activities were conducted by commercial firms.** Indeed, the number obtained can be taken as a lower threshold due to difficulties in the assessment of certain effects

5. Conclusions and future lines of research

Future lines of research

Our challenges

- More accurate identification of the effects related to territorial cohesion due to their complexity.
- Revision of the process for the collection of statistical information.
- Development of proxies for the assessment of intangible effects.

Policy maker challenges

- Make available disaggregation of key labor and economic variables by type of institution to identify SE entities.
- Include type of entity perspective in surveys.
- Include the social and territorial cohesion perspective in the design of policies.

Thanks for your attention

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