Working Conditions and Wages in the Social and Solidarity Economy

Kunle Akingbola
Lakehead University

Carol Brunt
University of Wisconsin-Whitewater

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Abstract

SSE are complex organizations. Due to the characteristics of the SSE workplace, the factors that underlie working conditions and wages are unique and reflect their operating realities. The challenges of the working conditions are particularly emblematic of the environment that characterizes the context of SSE. Mission, funding, and other internal, and external factors impact how and what SSE do to attract, motivate, and retain employees and volunteers. The working conditions and the related challenges have implications for the ability of SSE to respond to opportunities to achieve their mission and address threats to the survival of their organization. Working conditions are also fundamental to the community problem solving and social transformation roles of SSE. Thus, the opportunities for improvement highlight the priorities that are required for the attainment of the goals of the organization.

Keywords

SSE workplace; employees; volunteers; working conditions; workplace challenges; contract
Introduction

Social and solidarity economy organizations and enterprises (SSEOEs) are vibrant entities characterized by their focus on social and economic objectives. From the traditional nonprofits and cooperatives to unincorporated mutual associations, community groups, social enterprises and broadly defined social movement groups, the SSE is a broad umbrella coalesced around social and economic objectives (see the entry “Contemporary understandings of the SSE”). Irrespective of their specific mission, the SSE includes some of the top grassroots employers within their respective countries. Thus, the objectives of SSE, the diversity of organizations, and the players in the sector portend a unique context for the working conditions of employees and stakeholders of these organizations.

This entry explores working conditions and wage levels of SSE organizations and enterprises (SSEOEs) in different regions, countries, sectors, and sizes. As part of this objective, the entry highlights the challenges that small SSEOEs encounter in ensuring decent wages for their employees or members. A starting point may be the OECD’s report on job creation in the sector in 2013, it suggests that workers within SSE may receive lower pay and, in fact, work in perilous working conditions (OECD 2013, 13).

1. Characteristics of the SSE workplace

To explain the working conditions of organizations in the SSE, it is important to highlight four fundamental characteristics of the SSE workplace that recognize its complexity, the primacy of its human resources, the importance of interpersonal interactions, and mission commitment.

1.1. SSEOEs are complex organizations. The social and economic objectives of SSE organizations and enterprises (SSEOEs) implies that they hold multidimensional roles that are critical to the wellbeing of people and the effectiveness of core institutions in society. The roles of the SSEOEs, which have been categorized broadly as both expressive and instrumental (Frumkin 2002), benefit diverse demographic and interest groups in the community. Expressive roles include the services and activities of SSEOEs aimed at supporting internal stakeholders or participants, such as mutual associations and self-help groups. Instrumental roles, on the other hand, are services and activities of SSEOEs that benefit stakeholders external to the organization. Many forms of cooperatives and social enterprises are examples of SSEOEs that perform instrumental roles. However, it is common for many SSEOEs to perform both instrumental and expressive roles. The implications of the multidimensional roles require SSEOEs to: continuously interact with multiple stakeholders who sometimes have conflicting interests; navigate a more institutionalized environment that emphasizes social and cultural factors; and perennially manage resource dependency to support the mission and service delivery of the organization. The interactions and processes embedded in these roles are the major relationships that define the complexity of SSEOEs (Akingbola 2013). Since complexity underlies the environment of the SSE, it is relevant to the explanation of the working conditions of the organizations.

1.2. The employees and volunteers - i.e. the human resources of SSEOEs - are the most important asset of the organization. Irrespective of the type of SSE, the operations, effectiveness, and growth of the SSE depend significantly on the human capital provided by employees and volunteers. In many countries, the phenomenal growth of SSEOEs over the past four decades - spurred largely by emergent community needs - revitalized social
movement, downloading of services previously provided by the government, and new funding environments, accentuated the critical importance of employees and volunteers. While some of these factors may be more relevant to subsections of the SSE than others, the fact remains that employee and volunteer labour are not replaceable. Employees and volunteers are fundamental to the existence of many SSEOEs for their role in delivery of mission and essential services. Examples include supported social enterprises that are founded by people with disabilities and associations of informal sector workers.

1.3. The SSE provides goods and services, engaging in activities that typically require significant interpersonal interactions with inherent emotional components. In other words, managing interpersonal interaction and emotions are a core part of work processes in the SSE, including service delivery, stakeholder engagement, advocacy, and funding relationships. The interpersonal transactions and emotional commitment to the operations and activities of SSE have implications for the performance and outcomes that stakeholders expect from the SSE. On the one hand, employees and volunteers within the SSE must have the skills and abilities required to meet this essential job requirement and be able to work in an environment in which emotions and interpersonal transactions are important beyond what is written in a job description or role profile. On the other hand, the SSE must create and sustain a work environment that incorporates consideration and flexibility for interpersonal transactions to achieve the goals of the organization.

1.4. Employees and volunteers of SSE tend to have an inherent commitment to the mission and values of the organization. This means that SSE employees and volunteers are attracted to the social objectives of the organization which, in turn, highlight the importance of intrinsic motivation factors to them. This alignment between objectives and values among employees, volunteers, and stakeholders influence how the behaviour patterns play out in the working conditions of SSE. For example, SSE employees typically volunteer their time to participate in activities of the organization beyond the specific tasks in their job description.

Together, the four fundamental characteristics of the SSE workplace highlight the broad underlying contextual factors of the working conditions of SSE, irrespective of country, sub-sector, and organizational size. The characteristics are important to understanding not only the operating realities of the SSE, but also how employee and volunteer working conditions are an integral part of internal and external system and process issues that define work and employment in the SSE. As a result, working conditions and related challenges have implications for the ability of SSE to respond to opportunities to achieve their mission and address threats to organizational survival.

2. Components of working conditions and wages:

Working conditions are the core elements of work relationships determined by the social, psychological, and physical factors that influence the workplace and the interaction that employees experience at work. Regardless of the type of work, working conditions typically include the nature of employment, working hours, job characteristics, compensation, work interactions, physical work environment, and written and unwritten work expectations. The working conditions of SSEOEs are related to the characteristics that define the unique context of the organizations and social enterprises. Given that the knowledge, skills, and engagement of employees and volunteers are critical to organizational performance, the SSE must understand the importance of working conditions in driving employment relationships, which are essential to meeting organizational goals. It is therefore necessary to review the dimensions and trends in SSE working conditions.
2.1 **SSE work is labour intensive.** The labour intensive nature of working conditions stems from the fact that service delivery is a direct interpersonal exchange between the employee and the consumer. Since the services of SSE including economic and financial services are often personal and social in nature, the activities and operations are entirely dependent on employee and volunteer labour. Employees and volunteers routinely work and support clients beyond scheduled working hours. The intensive labour environment translates into heightened working conditions that leave little flexibility for employees and volunteers. Accountability is emphasized and enforced at the detriment of both the employee and organization wellbeing. Ultimately, achieving organizational objectives will not happen without competent and committed employees and volunteers.

2.2 **Compensation is low.** Employees within an SSE generally receive lower compensation compared to business and public sector organizations. Although the differential may be minimal or non-existent, the average compensation for managerial and professional categories of SSE employees are generally lower than those of their comparative categories in the other sectors. Low pay in SSEOEIs is a major factor in employee recruitment and retention challenges. British Council sponsored surveys conducted over the past five years find staff and volunteer recruitment pose operational challenges for SSEOEIs. The following examples illustrate the variance across surveyed countries: 17% of SSEOEIs in Thailand report recruitment challenges, 40% in Vietnam, 29% in Indonesia, 33% in Malaysia and 11% in Sudan (British Council 2021).

2.3 **Employees participate in decision making.** Whether explicitly or implicitly, the working conditions of SSEOEIs tend to present opportunities for employees and volunteers to participate in decision making in their organization (also see the entry “Partnership and co-construction and SSE”). Since most SSEOEIs are small and operate a close-knit workplace, there is an inherent opportunity for employees to participate in decision-making. Moreover, the practice is related to the values of the SSE that emphasize democratic and egalitarian principles. Based on this value orientation, SSE employees tend to provide inputs on varied organizational systems and processes including services, project and strategic planning, and governance. The opportunity to participate in decision making is a source of intrinsic benefit that reinforces the congruence of values between the employees and the SSE, thus enhancing the commitment of employees. The Association of Finnish Work encourages social enterprises to provide employees with an opportunity to participate in decision-making including in relation to working conditions (European Commission 2015, 83-4).

2.4 **Contingency (precarious) contract.** SSE generally offer jobs based on temporary and other forms of contingency employment contracts. The adoption of contingency staffing practices including part-time, casual, and temporary employment arrangements means that working conditions are tenuous at best. Employees often work on unstable contracts and are barely integrated within organizations before the employment contract ends. Employees do not get the opportunity to understand the mission and values of the organization. The revolving door of temporary and casual employees is a major factor in the significant employee turnover in SSE. Similarly, this working condition affects the quality of work life, health, and wellbeing of SSE employees. Contingency employment creates job insecurity and increases employee vulnerability, thereby
creating greater commonality between SSE employees and the clients using SSE services.

2.5 Informal working conditions. In many SSE organizations, especially unincorporated mutual associations, community organizations and social enterprises, working conditions are primarily informal. Employees in these organizations may not have written employment contracts, job descriptions and performance expectations. Often a lack of clear delineation between work and interpersonal activities make it difficult to differentiate between employees, volunteers, and stakeholders who are directly involved in organizational activities. There are no policies and procedures to guide the practices and processes of the SSE. The informal working conditions are generally related to the small size of many SSEEs. While informality is challenging from an employee perspective, job creation itself translates into positive community impact and economic benefits in many countries (British Council 2021).

2.6 Employment benefits are favourable. SSE typically offer competitive benefits that demonstrate a commitment to employee wellbeing (Chen, Ren, & Knoke, 2014). In some segments of the SSE, the range of employee benefits is comparable to those in the business and public sectors in countries such as Canada, U.S. and UK. Despite generous vacation and paid leave in some instances, only large SSEEs are likely to offer such compensation packages.

2.7 Voluntary labour. SSE depends on volunteer labour to complement staff in areas of service provision, organizational management and governance. For SSEEs, volunteers are an important source of human resources for the organization (also see the entry “Culture, sports and leisure sector and SSE”). Research shows that the contribution of volunteer labour to SSEEs is growing faster than that of employees (Baines et al. 2014). In addition, SSEEs rely significantly on the voluntary effort of employees to meet their operational and management needs. The role of volunteers in the co-production of outputs alongside employees and the interchangeability of these roles are key factors in SSE working conditions. Although co-production is a useful tool for the human capital pool available to SSE, the working conditions that it facilitates could be considered a challenge to the organization.

2.8 Labour cost. A major factor in SSE working conditions is labour cost. The SSE must continuously grapple with funding and revenue pressures that require them to manage and balance their need for qualified staff with the financial sustainability of the organization. Short- and long-term staffing plans are not possible, and training to equip the employees and volunteers with the knowledge and skills to perform on the job are generally beyond the available financial resources of the SSE. The constant and significant challenge of labour costs inhibit the ability of SSEEs to plan and implement policies and practices that have direct implications for working conditions of employees and volunteers. This challenge became apparent during surveys in 2016, in SSEEs in both Bangladesh and Pakistan which included team investment and capacity-building in their growth plans (British Council 2021). Since labour cost is a constant challenge, related workplace costs including cost of technology and resources that support work processes are out of reach. Labour cost is a factor in the increasing use of voluntary labour in some SSEEs.
2.9 **Accountability.** In response to environmental factors, especially funding and competition in social enterprises, SSE working conditions emphasize accountability. Accountability means developing, implementing, and evaluating organizational outputs and outcomes. These are typically tied to measures of organizational effectiveness and, therefore, the working conditions of employees and volunteers. Accountability requirements play out in multiple ways. From narrowing the focus of recruitment and performance management to displacing the skills highlighted in training objectives, accountability means organizations in SSE must stick only to measures of outcomes dictated by the funder and dominant stakeholder. Since accountability is an important source of social legitimacy for SSE, working conditions of employees and volunteers include the burden of responsibility to implement and evaluate imposed measures of service and program outcomes.

2.10 **Mission and values.** The mission and values of the organization underlie the working conditions of SSE. Job descriptions, work processes, interactions, and outcomes are predicated on the conflicting importance of concepts relating to the mission and values of the SSE. On the one hand, mission and values provide the reference point or base line for the type of working conditions that the SSE would implement and support in the organization. From this angle, the mission and values are a key part of the employment brand that is used to attract, recruit, and retain employees and volunteers. On the other hand, the mission and values can become an albatross for the organization if the mission is derailed or deemphasized by the realities of the complex operating environment. Similarly, employees and volunteers are likely to experience job dissatisfaction if the values of the organization are not reflected in the working conditions of the SSE. Thus, the mission and values of SSEOs are an inherently challenging component of the working conditions.

The pictures of working conditions and wages highlight the critical dimensions of employment relations in SSE. While the points explained above are the core overview of working conditions that are consistent across continents and countries, there are regional and national variations that are relative to the social, economic, and political context of the region. Components of working conditions and wages in SSE are summarised in Table 56.1.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Working Conditions</th>
<th>Challenges</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity (domain or operating environment)</td>
<td>Mission and values</td>
<td>Government</td>
<td>Revise regulatory frameworks to promote new funding relationships. Create new SSEOs separate from NPO structures.</td>
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<tr>
<td></td>
<td>Multiple stakeholders</td>
<td>Funding</td>
<td></td>
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<td></td>
<td>Multidimensional roles</td>
<td>Resource dependence</td>
<td></td>
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<tr>
<td>Staff and volunteers as critical asset (operational level)</td>
<td>Supports this characteristic:</td>
<td>Small workplaces</td>
<td>Changes to employment regulations encourage investment in improved working conditions.</td>
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<tr>
<td></td>
<td>● Employee benefits</td>
<td>Business professionalization</td>
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<td></td>
<td>● Volunteer labour</td>
<td>Funding and financial resources</td>
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<td></td>
<td>● Mission and values</td>
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3. Challenges in improving working conditions

The components of the working conditions and wages in SSE have inherent and dynamic challenges that the organization must address to improve employment relations and volunteer management. Each of the factors highlighted in the working conditions have challenges that are unique to the sector. However, it is important to highlight the following as major challenges to consider in the effort to improve working conditions.

3.1. Small workplace. SSEOs are typically small organizations. Irrespective of the country, most SSEOs are very small and therefore likely to have informal structures and organizational practices based on interpersonal factors. The small size of the SSEOE workplace also means there are limited human resource capacities and financial resources to support improvement of working conditions and risk management related to working conditions. For example, most SSEOs in the UK and Canada are unincorporated and those that are incorporated have less than 20 employees.

3.2. Business professionalization. The need to address the funding, accountability and competition challenges has resulted in a wholesale shift to business-oriented professionalization in SSE (also see the entries “SSE and co-optation, isomorphism and instrumentalization” and “Management of SSE organizations and enterprises”). This is creating tension and contradiction in the policies and practices of SSE. The advantages of the organizational mission and values that attract employees and volunteers are negated by business-like approaches that permeate working conditions. While efficiency goals and evidence-based management practices are important, business professionalization erodes the core psychological contract that is based on the mission and values. This transforms the orientation of SSE working conditions away from long-term sustainability to short-term survival-based intrapreneurial discretion (Canet-Giner et al. 2010).
3.3. **Funding and financial resources.** Social enterprises face particular challenges in improving working conditions and wage levels. A lack of access to funding, whether in the form of capital, grant funding or cash flow, poses significant challenges for organizations in achieving their social and economic goals (also see the entry “Financing for SSE”). These financial barriers also limit the ability of social enterprises to increase wage levels and improve working conditions due to limited investment and operational resources.

An example of such funding challenges is within Romania, where banking regulation classifies nonprofit social enterprises as high risk thus limiting access to institutional finance (European Commission 2015, 98). Further compounding the financial challenges is the definition of nonprofit organizations that prevents the distribution of profits and renders organizations unattractive to the majority of external investors, who might otherwise provide loans to SSE organizations (European Commission 2015, 94).

3.4. **Low compensation and lack of investment in human resource (HR) development.** The difference in salary between public, for-profit, and SSE employees is compounded relative to its comparable position. However, regardless of the scope of salary differences, the inability to offer competitive compensation is a major challenge to attracting and retaining employees. Low pay raises questions about the viability of SSEOsEs as supportive places of work.

Moreover, despite acknowledging existing challenges in staff and volunteer recruitment, few SSEOsEs invest in team development and capacity building. In Slovakia, employment regulations stipulate that, “At least 30 percent of financial resources gained from own activities that remain after paying all costs associated with own activities must be re-invested into creation of new job positions or into improving working conditions” (European Commission 2015, 117). However, this provision for organizational investment in staff and volunteers is not the norm.

3.5. **Government.** Social enterprises and their mutual counterparts have varying degrees of interaction with the government, a relationship that is critical to the organizational effectiveness of SSEOsEs. Government policies and programs are an important underlying factor in the working conditions of SSEOsEs. For SSEOsEs that depend on government funding, the relationship directly influences the structural challenges of the organization. Low pay and precarious employment are two relevant examples. The inability of SSEOsEs to plan and implement employment policies that reflect the unique characteristics of their organization is due, in part, to the lack of government legislation that correctly classifies many types of SSE. In many countries, a significant number of SSEOsEs are not incorporated or registered due to this gap in government classification. This in turn impacts the working conditions and employment relations of SSEOsEs.

The challenges of working conditions are particularly emblematic of the unique environment that characterizes the context of SSE. Together with the components of working conditions and wages, the challenges highlight the need to prioritize issues required for the attainment of organizational goals. Whatever SSE organizations undertake to address the challenges of working conditions and wages, these initiatives must integrate both external and internal environmental factors with the mission and values of the organization.
Concluding Remarks: Recommendations

The challenges of working conditions and wages in SSE are multifaceted and unique in many ways. However, there are numerous opportunities for organizations in the SSE to improve working conditions and mitigate the existing challenges and their impacts. The opportunities are presented here as recommendations for the sector.

**Reinforce the organizational mission.** The mission of the SSE is the most unique value proposition of the organization. It communicates the problem(s) the SSE intends to address and the people they want to serve. It is the most important factor underlying the working conditions of SSEOEs. By adhering to the mission, the working conditions are shaped by organizational policies and practices and guided by mission principles.

**Define strategy.** SSEOEs need to define a clear workplace or human resources strategy to guide the coordinated steps towards the achievement of their organizational objectives in relation to working conditions. The strategy should articulate the external opportunities and challenges, outline the internal resources to be allocated, and address the process of challenging any threats to the organization. By outlining a clear human resources strategy, the SSE is driving employee and volunteer motivation and commitment to the organization. Through the strategy, employees and volunteers understand the behaviours required to support organizational objectives and their role in the process of strategic implementation. Strategy links the performance of employees and volunteers to the outcomes and mission of the organization.

**Engage employees and volunteers.** Employees and volunteers are at the core of SSE working conditions. Moreover, as stakeholders who are attracted to the mission and values of SSE and essential to effective operations, it is imperative that employees and volunteers be engaged. In fact, SSE must encourage employees and volunteers to lead the process of developing workplace policies and practices and helping to effectively position the organization to address its challenges in the environment. Engaging employees and volunteers means enabling employees and volunteers to bring their input and learning from the frontline into planning and implementation of practices on working conditions.

**Enhance the skill set of managers.** The unique characteristics and context of SSEOEs require employees and managers to possess distinct skills specific to the SSE environment. The challenges of working conditions are an integral part of the context. Thus, the management talent pool must have the required knowledge and skills to effectively prioritize, adapt and manage SSE working conditions. Enhancing the skill set of employees and managers will equip SSEOEs with the necessary competencies to address the dynamic challenges of the working conditions.

**Optimize co-production.** SSEOEs should deploy the talent pool and promote seamless collaboration between employees and volunteers for service delivery and organization management. This should be done through co-production, by orienting employees and volunteers to develop interchangeability of mutual support roles. Co-production between volunteers and employees has the benefit of enhancing the human resources pool. It is an advantage that SSEOEs could leverage to mitigate the challenges posed by working conditions and replace the subtle but existing tension that arises with employees’ concerns that their roles could be substituted with volunteers.

**Enhance access to funding mechanisms.** SSEOEs would like to invest in their staff through capacity building programs and other initiatives as well as improved working conditions and wages. By enhancing access to funding mechanisms through a
A combination of recommendations, SSEOs can focus on overcoming hurdles posed by challenges of limited access to financial resources.

A revision of employment regulations into regulatory frameworks would ease the process of financial investment, facilitating the ability of investors to provide much needed capital to SSEOs. Encouraging nonprofit organizations to create separate social enterprises, operating at arms-length, is an option to enhance access to external investor loans. Revising employment regulations will require SSEOs to invest a percentage of profits towards improving working conditions.

Due to their basic characteristics, working conditions and wages are critical to the mission and effectiveness of SSE. Working conditions underpin how and what SSEOs do to attract, motivate and retain employees and volunteers. At its heart, these are fundamental to the community problem solving and social transformation roles of SSE.

Bibliography


