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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**Abay Analistas Economicos y Sociales
1. Introduction
2. The concept of social utility within the analysis of the impact of SE entities
3. Assessment of the Socio-economic impact of SE
4. An application to the Spanish Case
5. Conclusions and future lines of research
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 PROJECT

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

- Traditional impact analysis
  - GDP contribution
  - Employment contribution
  - Direct, indirect and induced impact on the Economy (IO analysis)

- Impact through generation of social utility
  - Impact of SE values on society, besides the contribution to GDP and employment.

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 HYPOTHESIS**

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

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

- **Social cohesion:** Employment of persons with difficulties in accessing to the labour market. Women over 45; people over 55, with disabilities, at risk of social exclusion or with low qualification.
- **Territorial cohesion:** Creation of economic activity and employment in the rural areas. Rural entrepreneurship, generation of economic activity. Diversification of economic activity, production structure adjusted to rural strengths and needs. Generation of sustainable employment.
3. Assessment of the Socio-economic impact of SSE

2. How do those differences affect society?

**WORKING HYPOTHESIS**

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

Social Economy Entities

Alternative scenario

Profit-seeking capital firms

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 HYPOTHESIS
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

<table>
<thead>
<tr>
<th></th>
<th>Workers&amp;family</th>
<th>Employers</th>
<th>Public Sector</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women over 45</td>
<td>Increase in income due to employment</td>
<td>Subsidies and other cost-reducing policies</td>
<td>Contributions to SS, pensions and personal income taxes</td>
<td>(Intangible)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Quality of employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable working conditions</td>
<td>Retainment of income due to shorter periods of unemployment</td>
<td>Subsidies and other cost-reducing policies</td>
<td>Contributions to SS, pensions and personal income taxes</td>
<td>(Intangible)</td>
</tr>
</tbody>
</table>
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

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)

<table>
<thead>
<tr>
<th></th>
<th>Social Economy</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women over 45</td>
<td>15.3</td>
<td>11.5</td>
</tr>
<tr>
<td>Workers over 55</td>
<td>13.8</td>
<td>9.2</td>
</tr>
<tr>
<td>Workers with disabilities</td>
<td>31.8</td>
<td>0.16</td>
</tr>
<tr>
<td>Workers with low qualification (group 10)</td>
<td>32.3</td>
<td>12.5</td>
</tr>
</tbody>
</table>
### 4. An application to the Spanish Case

#### 2. How do those differences affect society?

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

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

Example: Workers with disabilities

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

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

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

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

<table>
<thead>
<tr>
<th>Monetary assessment (ths €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Employers</td>
</tr>
<tr>
<td>Public sector</td>
</tr>
</tbody>
</table>

### Workers
- Wage: 1,596,800,632
- Personal tax: 91,778,837
- Contrib SS: 101,402,590
- Total Bonifications: 1,403,619,204

### Employers
- Bonifications: 113,928,696

### Public sector
- Tax collection: 91,778,837
- SS income (net for bonif.): 189,176,733
- Subsidies: 261,384,787
- Direct: 19,570,783
- Indirect: 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

- 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.
- 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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