

# SOCIAL ECONOMY AND VOLUNTEERING BEFORE THE COVID-19 PERIOD

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## **ABSTRACT**

The social economy in the countries of the European Union includes a number of natural persons and organizations that bring them together in social economy entities. The social economy is that part of national economies that constantly provides new possibilities of organizations to implement social innovations in economy. Selected findings on the statistical data of the development of the social economy are the basis for its application in today's world society. The modern development of the social economy has also brought about the activity of the population. Formal and informal volunteering has become part of people's lives in modern society. The system of national accounts defined the content of the social economy from the institutional context for use in nation states as well as the international comparison of statistical data on the social economy. Knowledge of the social economy from the point of view of international documents brings the possibility of their application in the pandemic and post-pandemic period of COVID-19. The usage of development dynamics of new technologies of internet platforms might provide a directed amount of information on the application or practicing of social economy when establishing new social enterprises or transforming existing firms into social economy ones.

**Keywords:** social economy, social enterprise, the COVID-19 crisis, technological development

## **Introduction**

The economic model of the state composing of traditional private sector and public sector that was popular in the 20th century has proven to be insufficiently functional to solve the social economy problems of the state. At the beginning of the 21st century it was obvious that there still are big marginalized groups of inhabitants who require specific social and economic

regulatory measures in order to improve their social statuses and are collectively called social economy.

Social economy is being defined as a composition of economic production activities, distribution and consumption of the socially beneficial service for the society as such or for an unlimited group of physical persons, disadvantaged or vulnerable persons. Social economy has also been called solidarity economy (Plavčan, 2022).

The 20-ties of the 21st century are dented by the COVID-19 period. The frustration of inhabitants born about their health concerns and unclear state policies throughout the continents require functional activities of states.

The aim of this study is to intensify the knowledge on the history and development about social economy in the international context. The main emphasis is on human resources in the social economy and voluntary activities as part of social economy. Part of the aim of this article is to present the social economy and its reflection in the pandemic and post-pandemic time characterized by COVID-19 by using internet platforms from the international point of view.

The knowledge of the new technology development in the field of internet platforms and about the innovation internet markets hints at the benefits resulting from its usage if compared with the conventional market in this segment of economy (Plavčan, Funta, 2020).

We rely on hypothesis that generally, there is not enough information on the social economy system and on possibilities that it might provide to disadvantaged and vulnerable physical persons, but also to small and mid-sized enterprises, whose business activity is in the state of decline. The research problem of the article is the accumulation of knowledge about the social economy and volunteering from available resources for their application in practice.

### **The development of social economy in the 20th century**

In the literature, the social economy has been often connected with the third sector organizations (Shragge and Fontan, 2000). Even thoughts on its development from the legal, economic and other point of view have been connected with the third sector what might be influenced by the historical development of the social economy organizations. The modern view on social economy is connected with its new task, where it has proven able to find solutions to current social problems and needs of citizens relating to failures of market and state.

The term “social economy” is not yet terminologically established in the foreign literature written in English. To describe social economy following terms are used: social economy, solidarity-based economy, work integration social economy, market-oriented social economy (Defourny, Favreau and Laville, 2002). Furthermore, the terms: alternative economy, plural

economy and intermediate economy are being used. In foreign literature written in French, often following terms are used: *économie sociale et solidaire*, *économie plurielle*, *l'autre économie* (Laville and Cattani, 2006, Laville, 2007).

The significance of social economy in today's comprehension has started to be introduced in the second half of the 1970-ties in France, after The National Liaison Committee for Mutual, Cooperative and Associative Activities – CNLAMCA has been established and associated organizations representing cooperatives, mutual companies and foundations. Under the umbrella of The European Economic and Social Committee – EESC, the European conference of cooperatives, mutual companies and associations has been held in 1977 and 1979. The CNLAMCA has prepared and published the Social Economy Charter in 1980 that introduces the definition of social economy as a group of organization that do not belong into public sector and implement special regime of ownership and profit distribution, while using surpluses to extend organization and to improve its services for its members and for the society (Monzon, 1989).

### **Social economy in the system of national accounts**

In the field of social economy the national accounts' systems play a significant role for statistic and registration purposes. These provide data enabling international comparison and harmonization of legal documents in this area. Currently, there are two most important national accounts' systems in place, being: The System of National Accounts – 2008 SNA, where the United Nations – UN have provided national accounting regulations for all of the accounting units in the states around the world and The European system of accounts – ESA 2010. The System of National Accounts provides national accounting regulation for all the states of the world. The European system of national and regional accounts only applies to European Union member states and is fully compliant with the System of National Accounts, except for small differences.

The System of National Accounts – SNA is an internationally agreed standard composition of recommendations on how to formulate economic measures so that these are compliant with strict accounting conventions based on economic regulations. The recommendations have a form of definitions, classifications and accounting rules that together create an agreed standard to measure such positions as gross domestic product, the most often stated indicator of economic performance. The accounting frame of SNA enables that the economic data is formulated and presented in a way that is fitting for the purposes of economic analysis, decision and policymaking. (The United Nation, 2009).

The system of national accounts defined the content of the social economy from the institutional context. He created the possibility to monitor statistical data on the social economy in the structure of subjects of the social economy and their use for the international comparison of statistical data on the social economy.

Table 1: Paid employment in persons in social economy according to the kinds of organizations in the European Union member states 2014/15

State	Cooperatives	Mutual Societies	Associations Foundations	Total Social Economy	Total Paid Employment*	Percentage %
	a	b	c	d (a+b+c)	e	d/e*100
Austria	70474	1576	236000	308050	4068000	7,57
Belgium	23904	17211	362806	403921	4499000	8,98
Bulgaria	53841	1169	27040	82050	2974000	2,76
Croatia	2744	2123	10981	15848	1559000	1,02
Cyprus	3078	n	3906	6984	350000	2,00
Czech Republic	50310	5368	107243	162921	4934000	3,30
Denmark	49552	4328	105081	158961	2678000	5,94
Estonia	9850	186	28000	38036	613000	6,20
Finland	93511	6594	82000	182105	2368000	7,69
France	308532	136723	1927557	2372812	26118000	9,08
Germany	860000	102119	1673861	2635980	39176000	6,73
Greece	14983	1533	101000	117516	3548000	3,31
Hungary	85682	6948	142117	234747	4176000	5,62
Ireland	39935	455	54757	95147	1899000	5,01
Italy	1267603	20531	635611	1923745	21973000	8,76
Latvia	440	373	18528	19341	868000	2,23
Lithuania	7000	332	n	7332	1301000	0,56
Luxembourg	2941	406	21998	25345	255000	9,94
Malta	768	209	1427	2404	182000	1,32
Netherlands	126797	2860	669121	798778	8115000	9,84
Poland	235200	1900	128800	365900	15812000	2,31
Portugal	24316	4896	186751	215963	4309000	5,01
Romania	31573	5038	99774	136385	8235000	1,66
Slovakia	23799	2212	25600	51611	2405000	2,15
Slovenia	3059	319	7332	10710	902000	1,19
Spain	528000	2360	828041	1358401	17717000	7,67
Sweden	57516	13908	124408	195832	4660000	4,20
U. Kingdom	222785	65925	1406000	1694710	30028000	5,64
TOTAL EU-28	4198193	407602	9015740	13621535	215722000	6,31

Note: n – not available

\* Paid employment, ages between 15 and 65 years.

Source: CIRIEC (2017). Table 7.1., 7.2.

Own calculations.

The organizations performing production activities in economy of every state are associated in five groups – according to the National Accounts’ systems, being: non-financial companies, financial corporations, public administration, households as consumers and as enterprises and non-profit institutions serving households. Social Economy organizations are present in economic fields in various forms and their integration underlies the fulfilment of particular criteria, one of them being association with the social economy field. In the System of National Accounts – SNA 2008, the social economy organizations belong to the sector of non-financial companies and financial companies in the form of associations and foundations and cooperatives (see the Table 1). Common features for social politics organizations in various states are mainly democratic administration, transparent economic activity, accounting, and fulfilment of social mission.

Table 2: The share of the kinds of organizations on the total paid employment in persons in social economy in the European Union member states 2014/15

State	Cooperatives	Mutual Societies	Associations Foundations	Total Social Economy
	%	%	%	100%
Austria	22,9	0,5	76,6	308050
Belgium	5,9	4,3	89,8	403921
Bulgaria	6,6	1,4	33,0	82050
Croatia	17,3	13,4	69,3	15848
Cyprus	44,1	0,0	55,9	6984
Czech Republic	30,9	3,3	65,8	162921
Denmark	31,2	2,7	66,1	158961
Estonia	25,9	0,5	73,6	38036
Finland	51,4	3,6	45,0	182105
France	13,0	5,8	81,2	2372812
Germany	32,6	3,9	63,5	2635980
Greece	12,7	1,3	85,9	117516
Hungary	36,5	3,0	60,5	234747
Ireland	42,0	0,5	57,5	95147
Italy	65,9	1,1	33,0	1923745
Latvia	2,3	1,9	95,8	19341
Lithuania	95,5	4,5	0,0	7332
Luxembourg	11,6	1,6	86,8	25345
Malta	31,9	8,7	59,4	2404
Netherlands	15,9	0,4	83,8	798778
Poland	64,3	0,5	35,2	365900
Portugal	11,3	2,3	86,5	215963
Romania	23,1	3,7	73,2	136385
Slovakia	46,1	4,3	49,6	51611

Slovenia	28,6	3,0	68,5	10710
Spain	38,9	0,2	61,0	1358401
Sweden	29,4	7,1	63,5	195832
U. Kingdom	13,1	3,9	83,0	1694710
TOTAL EU-28	30,8	3,0	66,2	13621535

Note: n – not available

Reference: CIRIEC (2017). Table 7.1.

Own calculations.

The analysis of the statistic indicators has provided also these findings: The highest share of organizations in the legal form of cooperatives from the total amount of organizations in social economy in the European Union member states, has Lithuania (95,5%), followed by Italy (65,9%), Bulgaria (65,6%), Poland (64,3%), Finland (51,4%) and Slovakia (46,1%). Whereas the lowest share in this statistic indicator is witnessed in Greece (12,7%), Luxemburg (11,6%), Portugal (11,3%), Belgium (5,9%) and Latvia (2,3%). The highest share of organizations having a legal form of association or foundation from the total amount of organizations in social economy in the European Union member states has Latvia (95,8%), followed by Belgium (89,8%), Luxemburg (86,8%), Portugal (86,5%) and Greece (85,9%). The lowest level as for this statistic indicator has Slovakia (49,6%), Finland (45,0%), Poland (35,2%), Ital (33,0%) and Bulgaria (33,0%).

### **Voluntary activities as part of social economy**

Volunteering is a basic expression of the civic participation and democracy. It plays an important role in various fields, exceptionally for education, youth, culture, sport, environment, health, social care, consumer protection, humanitarian help, development policy, research, equal opportunities and external affairs. European values, such a solidarity and anti-discrimination contribute to the development of our societies, as stated in the document of the European Council called: Proposition of the Council decision on the European year (2011) of volunteering (European Council, 2009)

The most significant fields, in which the volunteering is being used, are youth, education and technical training, employment, social policy, external affairs and international development, sport and environment.

Volunteering is a significant part of social economy not only in European Union, and is of great importance also for the economies of the individual states, but also for the life quality of their citizens. It is a typical example of social solidarity of the state towards the citizens and towards each other. The findings on volunteering in the European Union member states presented in

this study are based on the statistical data from Eurostat from the module EU SILC ad-hoc 2015 on social and cultural participation on the material deprivation along with other information also contains variable measurement of social engagement and participation of people older than 16 years (Eurostat, 2015).

Volunteering is being conducted in two forms. Formal volunteering are activities organized by an organization, formal group or a club. It also includes unpaid work for charity or religious organizations. Informal volunteering concerns mainly help provided to other people, including family members, who do not share one's household. Here we speak about cooking, shopping, cleaning for others, taking care of people in hospitals, taking lonely people for a walk, help to abandoned or wild animals and further voluntary activities e.g. cleaning of the town streets, forests etc.

Table 3 Formal and informal volunteering in the European Union member states in 2014/15 (people aged 16 and over)

State	Formal Voluntary Activities		Informal Voluntary Activities	
	% volunteers from population	Share of people aged 25 – 64 from volunteers in %	% volunteers from population	Share of people aged 25 – 64 from volunteers in %
Austria	28,3	26,3	28,3	29,8
Belgium	20,4	24,7	20,8	21,5
Bulgaria	5,2	4,4	6,3	7,1
Croatia	9,7	6,2	17,2	19,9
Cyprus	7,2	6,2	2,6	3,0
Czech Republic	12,2	11,8	16,6	17,4
Denmark	38,7	40,8	41,8	44,7
Estonia	16,4	13,0	25,5	27,7
Finland	34,1	34,4	74,2	80,3
France	23,0	27,5	23,3	24,1
Germany	28,6	33,1	11,4	10,6
Greece	11,7	10,8	14,4	15,4
Hungary	6,9	4,8	7,8	8,1
Ireland (n)	29,0	28,2	37,6	39,4
Italy	12,0	11,4	11,2	12,1
Latvia	7,3	5,0	28,3	31,5
Lithuania	16,3	12,7	16,3	17,7
Luxembourg	36,7	38,4	30,3	31,0
Malta	8,8	12,6	0,9	1,0
Netherlands	40,3	38,7	82,5	86,6
Poland (n)	13,8	12,2	50,6	55,1
Portugal	9,0	6,2	20,5	23,0
Romania	3,2	1,6	3,2	3,1

Slovakia	8,3	7,9	18,8	19,8
Slovenia	30,4	30,7	54,6	57,7
Spain	10,7	11,6	10,6	11,5
Sweden	35,5	35,4	70,4	73,8
U. Kingdom (n)	23,3	29,1	19,2	18,5
TOTAL EU-28	19,3	21,3	22,2	23,3

Note: n – not reliable

Reference: Eurostat (2015). Table 1  
Own calculations.

The analysis of the statistic indicators (Table 3) has brought the following findings. People engaging the most in the formal voluntary activities in the European Union member states were citizens of Netherlands – 40,3% of the overall population. This statistic indicator has furthermore shown the following in descending order: Denmark – 38,7 %, Luxemburg – 36,7 %, Sweden – 35,5 % and Finland – 34,1 %. The lowest values as for this statistic indicator were shown in Slovakia – 8,3%, Latvia – 7,3 %, Cyprus – 7,2 %, Hungary – 6,9 %, Bulgaria – 5,2 % and Romania – 3,2 %. When speaking of the participation of persons aged 25 – 64, these statistic indicators has shown that the following countries ranked highest as for formal voluntary activities: Denmark – 40,8 %, Netherlands – 38,7 %, Luxemburg – 38,4 %, Sweden – 35,4 % and Finland – 34,4 %, the lowest value of this statistic indicator have Cyprus – 6,2 %, Latvia – 5,0 %, Hungary – 4,8 %, Bulgaria – 4,4 % and Romania – 1,6 %.

As for the informal voluntary activities in the European Union member states, mainly concerning mutual help between the citizens in order to ease the daily life of those who really need it, the most engaging were people of Netherlands – 82,5 %, further ranks in descending order belong to the following: Finland – 74,2 %, Sweden – 70,4 %, Slovenia – 54,6 % and Poland – 50,6%. The lowest values of this statistic indicator were shown in Hungary – 7,8 %, Bulgaria – 6,3 %, Romania – 3,2 %, Cyprus -2,6 % and Malta – 0,9 %.

As for the participation of the people aged 25 – 64 from the total amount of volunteers engaging in informal voluntary activities, the highest rank was taken by Netherlands – 86,6%, Finland – 80,3 %, Sweden – 73,8 %, Slovenia – 57,7 % and Poland – 55,1 %. The lowest values of this statistic indicator were achieved in Hungary – 8,1 %, Bulgaria – 7,1 %, Romania – 3,1 %, Cyprus – 3,0 % and Malta – 1,0 %. These data indicate high level of solidarity between the citizens of Netherlands, but also in northern states Finland and Sweden that take highest ranks in this kind of charts. Similarly, the informal voluntary activities are spread in some states in Central Europe, mainly in Slovenia and Poland.

### **Reflection of social economy on society in the period of COVID-19**



In the conditions of socially, culturally and economically closed society during the period of COVID-19, the important technological tool for the dissemination of the knowledge on social economy is internet and internet services. In the context of this paper, we refer to many internet services as to internet platforms. Providers of these internet services understand it as normal that the main part of their activities is being done on the internet or by means of internet (online). The internet platforms provide the opportunity for producers to offer their products or services online and enable their contact with their costumers. The internet platforms are therefore usually active and mediators, but do also offer their services (Funta, 2020).

In a pandemic and post-pandemic period, when national measures to prevent the spread of COVID-19 are in place, more active intervention by intermediaries within Internet platforms would be expected. It should take the form of offers for information support for people and organizations who are actively involved in the social economy in various ways. It is about helping volunteers to help the elderly who, at a time when their free movement was restricted, did not stay away from their homes and needed food and various services. Similarly, providing information on opportunities to receive assistance for other social groups, e.g. Single mothers with children and the like. In this context, more active participation of state authorities in the dissemination of information on support for volunteers via internet platforms was expected in the past period at a time when the free movement of persons was restricted. This was generally based on information on how to apply for financial contributions at the time of the pandemic, and there was a lack of information on the possibilities of providing different services for different social groups.

We do not consider information provided on the social economy system and on possibilities that it provides to disadvantaged and vulnerable physical persons, but also to small and mid-sized enterprises to be sufficient. The enterprises are currently in an unfavorable state, as we are witnessing crisis of the world, European and national economics, but also because of incorrect economic measures of the governments. The media campaign and the usage of development dynamics of inovative technologies in the field of internet platforms and innovation internet markets might provide a directed and sufficient amount of information on the creation, application or practicing of social economy when establishing new social enterprises or transforming existing firms to social economy area.

## **Conclusions**

We have presented a proposition to apply the social economy knowledge and on the possibilities of its dissemination during the pandemic and post pandemic COVID-19 period. The results of analyses of the statistic indicators have indicated a relatively strong influence of social economy

on the economies of the individual European Union member states. The structure of organizations in social economy is created mainly by organizations having legal forms of cooperatives, associations and foundations, whereas their activity and presence in the individual member states result mainly from traditions and possibilities given by the legal order. The irreplaceable spot in social economy have voluntary activities, where more than 100 million of persons in the European Union member states engage. The most active group, as for volunteering is the age group of people aged 16 – 65, therefore people of productive age.

We presume that the demand after economic, social, integration and other possibilities provided by social economy will currently and in the future be growing. The potential of social economy for the society and for the individuals in the period of COVID-19 rests upon higher thrust of public, resulting from comprehensible social goals, provision of the propositions to change entrepreneurial strategies and tactics of small and mid-sized enterprises and traders, but also on the offer to adapt the activities of business to the needs of customers in many areas of services that have significantly been changed during the period of COVID-19.

The sufficiency of information on social economy and on its possibilities when establishing new social enterprises or enterprises with social impact and when transforming existing small and mid-sized enterprises into social economy ones, may lead to the directed growth of awareness, which is to be done by means of new technologies available via internet platforms. The significance of communication support may be done by means of business-counselling centers' network or by means of incubators for starting social enterprises, so Šebestová (2019). Such as the economic growth is not always determining for the quality of education, but still is significantly influenced by school policy priorities of the state, so does the social economy require implementation of functional measures for the field of social economy, especially during the period of COVID-19 (Plavčan, 2019).

In connection to the elaboration of the research problem, this study has accumulated knowledge on social economy that has provided particular measure proposals for the transformation of small and mid-sized enterprises into social economy ones, as well as for the usage of internet platforms in context of the international and Slovak law to disseminate the knowledge on social economy.

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