



Confederación Empresarial
Española de la Economía Social

THE SOCIO-ECONOMIC IMPACT OF SOCIAL ECONOMY VALUES AND PRINCIPLES IN SPAIN. ANALYSIS REPORT



2023

Executive summary



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Context and approach of the study

The contribution made to society by the Social Economy must be measured beyond the traditional macroeconomic figures.

The Social Economy faces significant limitations to making its contribution to society visible despite the growing acknowledgement of its contribution to sustainable and inclusive development. This is due to a lack of statistics that suitably reflect the activity of the Social Economy and, also, to the fact that its contribution goes beyond the boundaries of the economic realm, moving towards the field of social well-being, a more complex concept, especially in regard to measuring it.

The aim of this report is to quantify and make visible the differential contribution that the Social Economy makes to society as a whole.

This contribution is the result of the principles shared by Social Economy enterprises, linked to the **primacy of people and social objective over capital**. These principles make Social Economy to behave in a different way than commercial companies (whose only purpose is to maximize their economic profits) with impact on their staff composition, working conditions, production specialisation and geographic location. In turn, this differing behaviour significantly contributes to **social and territorial cohesion**, which goes beyond the contribution traditionally appraised using macroeconomic variables and moves towards the concept of social utility.

And to provide answers to three key questions by measuring this differential contribution.

Do Social Economy enterprises and entities behave differently than commercial companies? If so, how does this differing behaviour translate into benefits for society as a whole? And, finally, what is the monetary impact of these benefits?

Profile of the social economy entities analysed

The relative weight of medium-sized and large enterprises is higher in the Social Economy.

When it comes to observe the distribution of social economy enterprises and entities by size ranges, one important characteristic feature is their larger average size. As such, while 42.5% of all businesses (excluding the public sector) are micro-enterprises, this percentage in the Social Economy decreases to 33.8% (34.3% in the market or business sub-sector of the Social Economy)¹. At the other end of the scale, the weight of medium-sized and large enterprises is higher in the Social Economy (both the market or business sub-sector of the Social Economy and as a whole).

The level of relative development of the market or business sub-sector of the Social Economy varies widely by regions.

The weight of Región de Murcia, Andalucía, Comunidad Valenciana, Comunidad Foral de Navarra, País Vasco, Extremadura and Castilla-La Mancha in Social Economy employment is much higher than in the economy as a whole (excluding the public sector): from twice as much in Región de Murcia to 20% higher in Castilla-La Mancha. At the other end of the scale, the market or business sub-sector of the Social Economy is underdeveloped in Baleares, Comunidad de Madrid, Cantabria, Canarias, Galicia, and Cataluña. The results of the development benchmark for the Social Economy as a whole vary slightly compared to the market or business sub-sector of the Social Economy due to the larger or smaller relative presence of associations and foundations in each region; however, overall, the same regions make up the high - and low-development groups as for the market-oriented Social Economy.

¹ Social economy enterprises could be grouped into two subsectors: the market and the no market-oriented social economy enterprises according to the final destination of their goods and services. The former so called the market or business sub-sector of the Social Economy includes co-operatives, mutual societies, worker-owned societies, insertion companies, special employment centres based on a social initiative, fishermen's associations, agricultural transformation societies and singular entities created under specific rules governed by the principles established in the Law on the Social Economy. Meanwhile, the non-market sub-sector of the Social Economy includes foundations and associations carrying out economic activities.

The Social Economy is a key stakeholder in the care, social services, culture and education sectors

Social Economy entities are key stakeholders in the Spanish economy in the care and other social services sector, where they represent 43.0% of all private enterprises; similarly, 35.2% in the culture and leisure sector, and 26.0% in the education sector. The Social Economy is also significantly present in other sectors, such as agriculture (12.8%) or energy and water, where it amounts to 10.9% of businesses in the sector.

In the period 2017-2021, the relative weight of the Social Economy has increased in almost all regions and in most sectors of activity.

The very negative impact of the Covid-19 pandemic on the Spanish Economy and the first steps towards recovery in 2021 have marked the period 2017-2021. In this context, the **Social Economy performed more positively** than the economy as a whole (excluding the public sector) since **its relative weight in employment terms has increased in almost all regions and in most sectors of activity**. The **deepening of sectoral specialisation** already found in 2017 is one aspect worth highlighting as regards its evolution in this period, mainly in the care and other social services, education, culture and leisure, and the agriculture and fisheries sectors.

The differing behaviour of the social economy: do social economy entities behave differently than commercial companies?

Social Economy enterprises and entities (the market-oriented subsector and Social Economy as a whole) have been shown to behave differently than commercial companies. This translates into a very positive contribution to society as regards both social cohesion and territorial cohesion. Furthermore, by taking the measurements made four years ago as reference (Martínez et al., 2019), **the market or business sub-sector of the Social Economy has further extended its contribution to social and territorial cohesion across all the paths identified.**

The Social Economy contributes to social cohesion through inclusive economic growth and the reduction of inequalities.

1. **Inclusive job creation.** The Social Economy incorporates, to a much larger extent than commercial enterprise, groups of workers with specific difficulties to access employment, such as women aged over 45, people aged over 55, disabled people, people at risk or in a state of social exclusion, and low-skilled workers. Labour market participation for most of these groups of persons has increased across the economy in the past four years, with the Social Economy still displaying a positive difference compared to commercial companies, to an extent similar than 2017.
2. **Greater levels of job stability.** Job stability for waged workers is better in the Social Economy than in commercial companies, especially regarding the market or business sub-sector of the Social Economy. Compared to 2017, the difference in job stability has significantly increased, especially in the market or business sub-sector of the Social Economy.
3. **Less wage dispersion.** Wage levels are much more equal. This lower wage dispersion is mainly due to a greater restraint in the wages of top management and high-skill jobs. Furthermore, there has been an improvement in median wages over the past few years.
4. **Higher levels of equality in enterprises.** Women earn 24% more in the Social Economy than in commercial companies (9% in the case of the market or business sub-sector of the Social Economy), and wage differences compared to men are clearly smaller. Similarly,

there is more diversity in top management positions, with a higher presence of women and disabled people. Furthermore, there are more possibilities available to achieving work-life balance.

5. **A greater disposition to offer first employment opportunities.** More inclusive job creation in the Social Economy extends to people without prior job experience and, especially, to those who also belong to groups of people with lower employability levels.
6. **Extending the private supply of care, education and water management services.** The productive specialisation of the Social Economy in services to improve people's quality of life (such as, care and education services) and its commitment to environmental sustainability (such as, water management services) are a way of guaranteeing a better supply and wider variety of services.

The Social Economy contributes to territorial cohesion by giving rise to activity, employment and the supply of key services in rural areas.

1. **The Social Economy, and the market or business sub-sector of the Social Economy in particular, is mainly found in towns with a population under 40,000, creating jobs and activity.** The opposite is true for commercial enterprise, whose companies and the jobs they create are mostly found in large cities.
2. **Social Economy entrepreneurship levels are higher in medium-sized cities and rural areas** than in large cities, which is the opposite to what we find for commercial companies.
3. The Social Economy shows greater sectoral dispersion, which favours the **diversification of the rural economy**, of great importance to its competitiveness.
4. The Social Economy **improves competitiveness in the rural economies** by developing its economic potential, as in the case of its contribution to the different branches of the agrifood industry, and in a supply of care and educational services that are essential to stopping the loss of population.

The differing behaviour of the social economy: how does it translate into benefits for society as a whole? what is the monetary impact of these benefits?

In order to quantify the impact of the main principles that make the Social Economy different, the real scenario has been compared to an alternative, hypothetical scenario in which Social Economy enterprises “lose their principles” and start behaving like commercial companies. The comparison between the real figures of the Social Economy with alternative data (corresponding to commercial companies) can be quantified both in terms of employment and in monetary terms.

In terms of employment, Social Economy entities “losing their principles” would affect employment by making it:

1. **Less inclusive.** More than 181,000 workers belonging to groups of persons that find access to employment difficult would lose their job. This loss would be especially significant in the case of disabled people, low-skilled workers or people aged over 55.
2. **With lower levels of stability, increasing the number of people with one or more instances of unemployment.** Every year, close to 222,587 workers who until now had enjoyed periods of continuous employment in the market or business sub-sector of the Social Economy would go on to experience one or more instances of unemployment.
3. **With lower wages.** A group of approximately 272,500 workers, mainly women, people aged over 55 and disabled people, would have lower wages.
4. **With fewer equal opportunities in companies.** Approximately 232,982 women would suffer larger wage gaps compared to their male counterparts and there would be a reduction in **diversity in top management and high-skill positions.** Similarly, a more limited number (though significant in qualitative terms) of workers who are usually under-represented would lose their jobs in top management and high-skill positions.

5. **With a more limited and less diverse private supply of care and educational services.** Close to 76,820 jobs would be lost in the private care and other social services sector, as well as 52,745 jobs in education services, which would affect the level and diversity of supply in these areas.
6. **With less presence in rural areas.** Close to 74,000 jobs would be lost in rural areas, with approximately 192,000 people possibly relocating to urban areas. This job destruction would be clearly biased against women and people with mid-to-high qualifications.

In monetary terms, the “differential principles” of the Social Economy translate into a variety of direct and indirect net benefits, derived from avoiding the aforementioned losses.

1. The **total benefits** (direct and indirect) that Social Economy principles contribute to society are estimated to be around 11,023 million euros every year, of which 46.9% are linked to the employment of groups of people with difficulties to access the labour market, and 23.6% to greater job stability.
2. In terms of stakeholders, **the main beneficiaries are the households** of groups of persons with the greatest difficulties to access the labour market, who receive close to 7,000 million euros per year in net wage income. Secondly, the Public Administrations, whose benefit amounts to 3,348 million euros annually; and, finally, the enterprises themselves, who receive a net benefit of approximately 730 million euros per year.
3. **Direct benefits** to society (net income generated and received by one stakeholder or another) linked to social economy enterprises and entities amount to **9,973 million euros annually**.
4. **Indirect benefits**, which correspond to expenses not incurred thanks to the differing behaviour of the Social Economy (mainly in subsidies linked to instances of unemployment, both contributory and income support), amount to **1,053 million euros annually**.

