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Current and future roles in the social economy and the COVID-19 crisis

Obecne i przyszłe role w ekonomii społecznej a kryzys COVID-19

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Abstract. "The social economy" has played an important role in addressing and mitigating the short- and long-term economic and social impacts of the COVID-19 crisis. In the short term, social economy actors helped emerge from the crisis by providing innovative solutions to strengthen public services to complement government action. In the longer term, social economy organizations can help transform the post-crisis economy by promoting inclusive and sustainable economic models. Relying on decades of experience, its peculiarities and fundamental principles, the social economy can inspire models for social innovation and a sense of business operating in a market economy.

The aim of this article is to show how the social economy is mitigating the effects of the COVID-19 crisis and how governments are responding to these problems, as well as to show how the pandemic has caused numerous changes in economic activity and the way companies operate.

The main conclusions of the article are: the social economy helps recover from COVID-19, the social economy helps to transform societies in crisis, the social economy inspires the mainstream economy to achieve a social goal. Policy makers support the political economy in its transformation.

Keywords: social economy, crisis, COVID-19, business model, transformation

Abstrakt. „Ekonomia społeczna” odegrała ważną rolę w rozwiązywaniu i łagodzeniu krótko- i długoterminowych skutków gospodarczych i społecznych kryzysu wywołanego COVID-19. W perspektywie krótkoterminowej podmioty ekonomii społecznej pomogły wyjść z kryzysu, dostarczając innowacyjne rozwiązania wzmacniające usługi publiczne w celu uzupełnienia działań rządowych. W dłuższej perspektywie organizacje ekonomii społecznej mogą pomóc w przekształceniu gospodarki pokryzysowej dzięki promowaniu integracyjnych i zrównoważonych modeli ekonomicznych. Opierając się na dziesięcioleciach doświadczeń, swoich osobliwościach i fundamentalnych zasadach, ekonomia społeczna może inspirować modele innowacji społecznych i poczucia biznesu działającego w gospodarce rynkowej.

Celem niniejszego artykułu jest pokazanie, w jaki sposób ekonomia społeczna łagodzi skutki kryzysu COVID-19 i jak rządy reagują na te problemy, a także jak pandemia spowodowała liczne zmiany w działalności gospodarczej i obsłudze firm.

Główne wnioski płynące z artykułu to: ekonomia społeczna umożliwia wyjście z COVID-19, ekonomia społeczna pomaga przekształcać społeczeństwa w kryzysie, ekonomia społeczna inspirowała ekonomię głównego nurtu do osiągnięcia celu społecznego, politycy wspierają ekonomię polityczną w jej transformacji.

Słowa kluczowe: gospodarka społeczna, kryzys, COVID-19, model biznesowy, transformacja

Introduction

The COVID-19 crisis has exposed weaknesses in individuals, societies and economies, calling for a rethinking of how economic and social activities are organized. The crisis requires strong responses based on solidarity, cooperation and responsibility. Social economy organizations (associations, cooperatives, mutual societies, foundations and social enterprises) whose business models are built around such principles can help transform post-crisis economies and societies. This article explores the role of the social economy and its actors in the COVID-19 crisis. It further explains the current challenges facing the social economy and highlights selected policy instruments and recommendations to assist social economy actors in their efforts to ‘repair’ and ‘transform’ societies.

The following theses were adopted:

1. The social economy is mitigating the effects of the COVID-19 crisis and complementing government responses.
2. The COVID-19 pandemic has resulted in numerous changes to economic activity and the way society functions.

The following research questions were formulated:

1. How can the social economy help with economic recovery from COVID-19?
2. How can the social economy help transform societies in crisis?
3. How can the social economy inspire a mainstream economy to achieve a social goal?
4. How can policy makers support the social economy in its transformation?

Literature review

The OECD report from July 2020 presents key facts and information about the area of the social economy, such as (OECD, 2020b, p. 2):

- the social economy includes associations, cooperatives, foundations, mutual and social organizations of enterprises. There are 2.8 million social economy entities in the European Union, representing 6.3% of EU employment, but their impact goes well beyond these numbers. Social economy entities are mostly found in such sectors of the economy as health and education,

banking and communal services. Some are small non-profit organizations but others are large international companies;

- a distinguishing feature of the social economy is its focus on economic practices that are sustainable and inclusive: by meeting social (i.e. social and/or environmental) needs; organizing economic activities based on local roots, as well as using participatory and democratic management; and by working closely with other economic actors and relevant stakeholders;
- the need for the social economy has never been greater. Social economy organizations have become a trusted partner operating at the forefront of the crisis in response to urgent sanitary and social needs. However, they are also facing the consequences of a blockage, as well as other traders, including falling revenues. Certain legal forms of the social economy (such as associations or foundations) may be an obstacle to access to government support measures available to companies during a crisis;
- the COVID-19 crisis requires a rebalancing of efficiency and resilience across the economy. Traditionally, the goal of the social economy has been to ‘fix’ social problems (such as homelessness, exclusion from the labor market and other forms of social exclusion experienced by vulnerable people). However, the social economy can play a much greater role in the post-COVID-19 phase to inspire transformation towards a more inclusive and sustainable economy and society;
- the social economy has proven to be a pioneer in identifying and implementing social innovations and alternative ways of organizing economic activity. These innovations were often mainstreamed later and adopted by the rest of the economy (such as fair trade, organic food movements, or ethical finance). These innovations have contributed to the socio-economic transformation and will be needed in the post-COVID-19 world;
- social economy organizations also have the potential to expand social innovation in response to pressing environmental and social needs and challenges. They do this by focusing on social impact and working with local stakeholders (citizens, civil society, policy makers, entrepreneurs, scientists) to promote the use of new practices. Concrete policy measures, in the form of a legal framework and resources, are necessary to support these new forms of social experimentation and cooperation;
- recommended policy actions by national and local government authorities include:
 - define a shared vision for the future to “rebuild better” and ensure social economy organizations are actively contributing;
 - developing an action plan to move towards a more sustainable and inclusive model of social development with a clear role for the social economy;

- promoting practices and cooperation in the field of social innovation, including through funds to support experimentation and innovation, as is the case for technological innovation;
- to continue diversifying the financial resources available to social economy organizations by updating the legal framework and public programs;
- creating and sharing tools to deliver social impact data that are not burdensome but can document progress and identify those that have the greatest impact.

Social economy organizations put social and environmental issues at the center of their business model, putting social impact first over profit maximization. They are guided by the mission of serving the common good, protecting the general interest and increasing the well-being of individuals and communities by organizing their activities differently (see figure 1).

Social economy organizations implement specific business models with two elements: they address social needs and are organized differently from the main economic actors.



Fig. 1. The essence of the organization of the social economy

Source: Young, 2007, pp. 271-290

Social economy business models are unique in many respects (OECD, 2020b, p. 4):

- **mobilization of multiple resources** – social economy organizations can mobilize different types of resources (sales revenues, public subsidies, donations, volunteering) from different sources (public sector, enterprises, foundations, individuals). By gathering a variety of followers around your designs, they enhance their sustainability. Their ability to mobilize financial and non-financial resources from various sources can be explained as the dual mission of the social economy (economic and social), which is appreciated by different actors for the various benefits it brings (public and collective benefits, direct individual benefits, indirect benefits) (Young, 2007, pp. 271-290);

- **application of sustainable operating practice** – social economy organizations implement sustainable practices that respect the primacy of human needs and are a natural ecosystem in the environment;
- **adopting coherent and democratic governance** – social economy organizations involve and empower various stakeholders in their decision-making processes. Such governance models facilitate informed decisions about economic and social impact and increase the degree of democracy in society;
- **are locally anchored** – social economy organizations usually operate at the local level and are particularly well suited to respond quickly to problems that arise in their local areas;
- **they facilitate collaboration and social innovation** – social economy organizations expand the potential of collective social innovation through collaboration with local stakeholders (citizens, society, policy makers, entrepreneurs and researchers). They experiment with new and collaborative ways of working to develop site-based solutions based on shared goals and complement the strengths of different types of actors.

By sharing common principles and practices, social economy organizations show a wide variety in terms of legal form, size, reach and sectors. The field brings together non-profit and profit-oriented entities, with the former focusing more on the social component, while the latter being more economy-oriented. Most of the social economy actors are small and medium-sized, but there are also many examples of large actors and groups of social economy organizations that are able, in some cases, to compete with multinational enterprises. Social economy organizations operate in a wide range. While they are traditionally involved in the delivery of social services and healthcare, social economy organizations are present throughout the economy (OECD, 2020b, p. 4).

The social economy is an independent major economic and social entity that has proved resilient to the crises of the past. There are 2.8 million social economy entities in the European Union, which correspond on average to 6.3% of employment in the EU. The social economy was resilient to the economic downturn following the 2008 Global Financial Crisis. In countries such as Italy and Belgium, employment in the public and private sectors fell sharply in 2008-2010 shortly after the crisis, while employment in social enterprises actually increased (11.5% increase in Belgium and 20.1% increase in Italian cooperatives social) (European Union, 2016, pp. 7-45). In France, between 2000 and 2014, employment in the social economy was significant with continued growth (25%), while employment growth in the private sector was much lower (6%) (Recherches & Solidarités, 2015, pp. 2-10).

Although estimates vary, there are 2.8 million traditional Social Economy Organizations in the EU-28, employing around 6.3% of the EU workforce (or 13.6 million jobs) (CIRIEC, 2017).

The scale of the social economy varies greatly from country to country, in part due to the different degrees of its development as well as differences in measurements. The international CIRIEC study shows that in 2015, while employment in the social economy accounted for between 9% and 10% of the workforce in countries such as Belgium, Italy, Luxembourg, France and the Netherlands, for countries such as Slovenia, Romania, Malta, Lithuania, Croatia and Slovakia accounted for less than 2% of employment. In Canada, social enterprises employ about 0.2% of the workforce, with considerable variation between provinces (OECD, 2018). In Korea, 39,195 workers were employed by social enterprises in 2016, representing 0.15% of total employment (OECD, 2018). In the UK, social enterprises contribute \$ 60 billion to the UK economy and employ 5% of the national workforce (OECD, 2018).

Materials and Methods

Social Economy – Consequences of the COVID-19 Crisis

Historically, the value of cooperation and solidarity has grown in times of crisis. In recent public health epidemics, including the current one, financial crises including 2007-2008 and natural disasters such as the 2004 tsunami, cooperatives and wider community economic organizations have played a key role in rebuilding their communities. Social economy organizations are particularly effective at targeting and integrating vulnerable groups into society, thereby bridging some of the gaps left by the state and the market. This is because they are locally anchored and their main purpose is socially driven.

The COVID-19 crisis has enabled the social economy to demonstrate its true capabilities and strengths in dealing with market and state failures.

Economic theory dictates that in a perfectly competitive economy, the market is the most efficient mechanism for delivering goods and services. However, the market “fails” when the conditions of pure and perfect competition are not met, namely when the nature of the goods and services is not purely private (i.e. collective goods), when information does not circulate perfectly (information asymmetry) or when there is a concentration of actors (oligopoly, monopoly). These situations can lead to transaction imbalances, the exclusion of the most vulnerable people from economic transactions, or insufficient consideration of collective interest, negative externalities and insufficient care for the interests of future generations. In certain circumstances, the state provides a public solution, for example in the case of the production of collective goods (Ben-Ner, 2006, pp. 6-18). The social economy is another way to solve the market problem (Noya, Emma, 2007, pp. 3-15). As they are not driven by profit maximization, social economy organizations are able to use these resources to favor social goals (e.g. not exclusion through differential prices, the production

of collective goods, an increase in positive externalities and a reduction in negative) (Borzaga, Tortia, 2007, pp. 5-25). Social economy organizations also present signals of trust (social mission, integrative management, non-profit character, closeness, presence of volunteers) that make them more credible or capable of producing collective or trusted goods in order to reduce opportunistic behavior (Steinberg, 2006, pp. 8-23). They can also act as a counter-power, gathering the interests of the weaker in the market (e.g. consumer cooperatives) (Spear, 2000, pp. 507-523).

The state produces goods and services through public enterprises, administrations and agencies to correct market failures (e.g. collective goods) and/or because it results from collective choice keeping some areas out of the law of supply and demand (e.g. depending on the country – healthcare, education, public transport, public radio and television, utilities, banks). However, in some circumstances the state “fails” to take over this productive role due to: bureaucratic inefficiency, budget constraints, lack of coordination between different sectoral policies and voter interests which guide government elections. Social economy entities are recognized as natural partners in complementing public activities, especially in the production of collective goods (Noya, Emma, 2007, pp. 3-15). They are perceived as more flexible, offering innovative and diversified approaches that: respond to heterogeneous requirements, cope with lower production costs and are able to mobilize additional resources (sales revenues, donations, volunteering, sponsorship, etc.) (Borzaga, Tortia, 2007, pp. 5-25).

The social economy responded rapidly to the urgent social needs arising from COVID-19, helping to mitigate the effects of the crisis. A recent UK social enterprise survey confirmed that, despite the great difficulty in keeping many social enterprises active, 96% of respondents said they were actively supporting their community, staff or beneficiaries in dealing with COVID-19 along with managing a social enterprise. The main activities of the social economy in OECD countries included:

- providing a range of key health and social services. In medicine, the capacity to support the influx of patients was increased, and in an organization such as SOS Medecins in France, the pressure on the healthcare system was eased. This service provided by a physician as a home visit for those who needed medical help and examination, reducing the number of unnecessary hospital visits. In Great Britain, during the crisis, more than 30% of all national community care and other healthcare services were provided by social enterprises (SEUK, 2020);
- adapting their activities to the needs of those in need during the crisis. Many social actors have adapted their activities to the current needs (e.g. food, health, assistance) of vulnerable and isolated communities or to provide permanent employment for vulnerable people. Organizations such as La Cantine pour tous in Quebec, Canada, which previously provided healthy food for children in schools, have worked with partners to provide

- 1,500 meals a day to satisfy the hunger of vulnerable groups such as the elderly in a blockade in Canada. Progetto Quid in Italy has shifted its business from sustainable fashion to reusable mask production and continues to employ women, providing them with income opportunities. Such initiatives backed the government with the provision of essential services (such as food delivery, health services or social support for the elderly and isolated), but these services were delivered in a responsible manner;
- developing partnerships with local authorities to help deliver services and mitigate the immediate impact of the crisis, especially for the most vulnerable groups. Establishing credible partnerships between social economy organizations and governments to help mitigate the effects of the crisis, especially at the sub-national level (regions and municipalities), which is often responsible for critical aspects of containment measures, health care, social services and local economic development. Many municipalities were under pressure to provide assistance to at-risk groups, including large sections of the elderly population. For example, the Swedish Association of Local Authorities and Regions and the Swedish Civil Situations Agency have entered into an agreement with social economy organizations to help elderly people and other risk groups to buy food and collect medicines during the COVID-19 crisis. This partnership helped ensure the delivery of essential services to all 290 Swedish municipalities, many of which are located in rural areas;
 - helping governments to cope with crises through concrete bottom-up solutions. Social economic actors are experts on what works and what does not, on a grassroots level, and are driven by a desire to improve the socio-economic system for the better, which makes them a valuable source of information. Many governments have organized events to identify new solutions to the problems of COVID-19. In Germany, on March 20-22, 2020, a hackathon (“we against the virus”) was organized by the German federal authorities in cooperation with social economy organizations. 40,000 participants worked on projects that solved one of the 48 different challenges of the COVID-19 crisis. After two days of coding and teleconferencing, more than 1,500 projects were proposed. The social economy, like other actors, has taken advantage of the opportunities offered by digitization to mobilize stakeholders and help deliver goods and services.

Social economy and its role in transforming society after the crisis

Over the past two decades, the social economy has stepped up its efforts to “transform” society by implementing innovative and value-based economic practices and models that are built around a social or civic goal. In addition, the social economy has created new alliances involving citizens, policymakers, SMEs, universities

and other stakeholders focused on socially innovative projects that support local economies and communities. Social economy organizations have identified and developed niche opportunities and consequently unlocked new sectors which were then used by traditional enterprises. Social economy organizations are pioneering alternative ways of creating, capturing and sharing value, as well as developing collaborative, circular and integration-based practices and models. By successfully demonstrating these alternative ways of doing business, social economy organizations inspire other economic actors to act differently, “mainstreaming” these practices. Examples including organic and local food or fair trade products that are currently in mainstream supermarkets.

Social economy organizations can help transform society and the economy by:

- **exploring alternative business models and inspiring sustainable and inclusive practices** – social economy entities emerged in sectors where traditionally the mainstream economy was dominant. In Europe, Renewable Energy Community Initiatives (REScoops) play a large role in the energy transition by supporting renewable energy sources and promoting citizen energy systems. Cooperative supermarkets (such as Park Slope Food Coop in New York, La Louve in Paris or BEES Coop in Brussels) are member-owned grocery stores where consumers also own their cooperative. This turns the traditional store owner-consumer relationship and local and organic food promotion results into affordable prices for the local community, as well as encouraging local participation and empowerment. Non-profit cinemas (Cinéma Beaubien in Montreal or Les Grignoux in Liège) offer cultural offerings beyond the traditional mainstream offerings by supporting art and independent films without excluding commercial (local) films in order to sustain the business model. Rather than focusing on profit maximization, these organizations provide a local cultural institution that fosters social cohesion, community-accessible events, educational activities for schools, local employment and the promotion of local culture in their communities;
- **unlocking new sectors** – social economy entities identify economic opportunities in niche sectors, show the economic potential of the sector and help structure this sector of activity. In Belgium, social economy organizations have pioneered the development of the textile recycling sector since the 1960s, combining the development of the sector’s ecological credentials by selling the best cuts and worst cuts for other purposes such as insulation, as well as running an induction program that creates and maintains employment for people in difficulty. These organizations work together as federations to improve textile collection and exchange best practice. The success of these entities in the development of this sector is evidenced by new economic entities entering this field, including private entities focused on profit, strengthening the sector and increasing competition;

- **provision of services in remote areas and territorial revitalization** – the social values of economic actors, such as being local and serving their members or communities, make them valuable partners for revitalizing territories or developing activities that are less attractive to major economic actors. Electricity and telecommunication cooperatives played, among others, significant role in the 1930s transforming the rural economy of the United States. The Mondragon cooperative group is a partner in revitalizing and maintaining employment in the Basque Country after the Spanish Civil War in the second half of the 20th century. While the social economy actors associated with the COVID-19 crisis have also played an important role in delivering services in remote areas. For example, in Italy, some cooperatives provided free delivery services to seniors in remote areas, in the US, associations supported the government by providing meals to students in a limited number of rural schools closed due to COVID-19 (OECD, 2020b).

The social economy can benefit society both during and after the COVID-19 crisis in four areas:

- **the economy** – the social economy contributes to economic development, in particular local economic development, by stimulating economic activity and creating jobs, in particular for disadvantaged people, who are often excluded from the labor market, contributing to GDP growth. Social economy organizations introduce responsible practices as well as sustainable integration models;
- **society** – the social economy contributes to social cohesion, especially at the local level, by reducing inequalities by providing goods and services to the less well-off, and by developing social capital and a sense of community by involving citizens in their activities, including in various ways (e.g. as volunteers or members of cooperatives and associations);
- **citizens** – natural persons. The social economy is also beneficial at the individual level as it provides basic services, often in support of government services, especially for most vulnerable groups. It gives citizens the opportunity to participate in local projects that positively contribute to society;
- **territories** – social economy organizations are deeply rooted in the territory in which they operate, which facilitates the rapid mobilization of local stakeholders to meet urgent needs. These organizations are also important players in local and regional economies as they create local jobs, reduce economic and social disparities in cities and rural areas, and revitalize communities.

The social economy can transform post-crisis economic and social systems by inspiring social and environmentally friendly practices among economic actors and by scaling social economy business models. Scaling strategies for social economy actors such as cooperatives and corporate social organizations increase social impact

and take into account the duplication of efforts in new geographic areas to reach new target populations, and enable individuals and groups to actively participate in social innovation processes (OECD, 2020b, p. 13).

The main problems of the social economy caused by the COVID-19 crisis

As with traditional large and small enterprises, many social economy entities have been hit by the COVID-19 crisis and are struggling to function during this period. However, unlike many SMEs, social economy organizations often provide essential services and help prevent the future negative effects of the crisis by working with the poorest communities and employing those often furthest from the traditional labor market, especially vulnerable groups.

The risk of the COVID-19 crisis is that many social economy actors, who have used all their resources in response to emergencies, may not be able to continue operating in the future due to short-term liquidity problems. As various studies show, most social economy organizations indicate that their situation will worsen without further government support. Differentiation should be made between social economy organizations whose main source of income is commerce; revenues (sale of services or goods) and more dependent on public subsidies. The latter group is the least likely to see the expected high drops in turnover in the coming year.

Like businesses in general, some types of social economy organizations experience a decline in activity. A Korean survey shows that social enterprises expected their situation to worsen due to reduced cash flow (85.1% of respondents), falling sales (83.7%) and disruptions in personnel management (49.5%) (International Labor Organization, 2020). In France, a study by an association of integration enterprises showed that 95% of their business activities were affected by the COVID-19 crisis, and WISEs will lose around 27% of their projected income for 2020 (Ernst and Young, 2020, pp. 5-22). In New Aquitaine, France, around 75% of social economy organizations have reduced their activities, and 45% report a loss of turnover of at least 50% in March and April 2020. In the same region, 70% of social economy organizations reported that the COVID-19 crisis threaten their viability and that for one in three organizations it did so immediately (Duforestel, 2020). In Belgium, the crisis has hit the social inclusion sector in the work of enterprises, 85% of jobs have reduced their activity to 40% of normal abilities (EASPD, 2020). In the UK, 59% of the social enterprises that responded to the survey showed an expected decline in demand for their business due to COVID-19, with 36% expecting an increase (SEUK, 2020).

The economic impact of the COVID-19 crisis on social economy organizations varies greatly, depending on a number of factors, including the sector of activity, as well as the size, age, mode of operation and financial structure of the organization.

The COVID-19 outbreak has had a significant impact on social economy actors, forcing them to adapt the way they operate to ensure cash flow and identify new opportunities (such as the production of face masks).

Many social economy organizations have had to revise their business/operating models, and for some, shut down some of their activities to ensure the financial stability of their organization. Some of the reasons why the impact on social economy entities was greater than on companies in general due to this crisis, in particular considering its scale and nature, are (OECD, 2020b, p. 15):

- **limited cash/security reserves** – most social economy entities do not have large cash reserves due to the structure of their financial model, often having reserves for only a few months. For example, social economy organizations that rely heavily on public funding are not able to accumulate large cash reserves as public money is usually earmarked for specific goals/activities and must be used in full. Cash reserves are often only possible when the organization obtains income from other sources (sales and/or donations). Even when such reserves are possible, social economy entities may favor the achievement of their social goal over the substantial accumulation of reserves;
- **difficulty accessing specific skill sets** – many social economy organizations do not require or have developed the same advanced skill set as similar private sector organizations, such as financial forecasting, internationalization, and digital communication skills;
- **an operational model depending on the volunteers** – actions taken by many governments in connection with the COVID-19 crisis have often prevented volunteers from continuing their community support. Social economy organizations have had to find new ways to attract volunteers to ensure that their core operations are maintained during and beyond the crisis;
- **no access to government support programs due to the specific legal framework** – social economy organizations have different legal forms or status, from non-profit organizations that cannot distribute profits to their members and founders (e.g. associations or foundations) to organizations that can distribute some of their profits (e.g. cooperatives or social enterprises). This variety of legal forms and status has made it difficult for some social economy organizations to gain access to government support programs.

Results and discussion

Table 1 summarizes the main measures applicable to the organization of the social economy since the onset of the COVID-19 crisis. Initially, the focus was on surviving and strengthening such organizations, and then supporting the development of the social economy in its changing role.

Table 1. Summary of the main policy responses supporting social economy organizations during and after the COVID-19 crisis

Sources	Urgent response phase (usually the first weeks)	Consolidation phase (usually the first months)	The transformation phase (during and after COVID-19)
Financial support	Financial support for social welfare organizations includes their fixed costs through subsidies and available loans (some programs supporting companies in the field of general economy or social economy in particular)	Further facilitate access to finance through a loan guarantee scheme	Access to grants and loans for social economy organizations with an emphasis on development new business models, experiments for the community innovation and scaling
Postponement	Payment postponement	(taxes, health insurance)	
Access to market		Public procurement to engage social economy as a provider of the exceptional circumstances (masks, care, consulting activities)	Public procurement schemes that integrate additional social clauses and greening
Labour Market	Maintenance programs for the unemployed, organizations employees during the crisis	work and support to enable welfare and economic protection	
Business Development help	Providing information on general business development, available support programs as well as COVID-19 guides for the employer	Support to develop the skills necessary for adjusting operations through online building capacity, for example teleworking, production adjustments	Developing tools to help social economy organizations evaluate their impact
Cooperation in promotion	Creating tools for cooperation with social economy organizations through an online discussion that inspires action	Better coordination between different government initiatives and development of new partnerships to discover novel solutions and social innovation	Involving the social economy in strategic discussions by switch to a more exclusive and sustainable local development model; developing a dedicated strategy and action plan
Improving visibility		Improving visibility through promotion local purchase	Social economy sector campaigns
Relation to security	Distribution of funds for the chosen entities	Individual protection sectors for social economy	

In the first weeks of the crisis, government efforts focused on ensuring the survival of social economy organizations and developing new key partnerships for the delivery of basic services. Most countries have used an approach that includes at least one of the following (OECD, 2020b, pp. 17-18):

- financial support to cover fixed costs through grants and readily available loans;
- deferral systems for taxes, social security contributions and rents for public space;
- job retention and support programs for the unemployed;
- providing information on support systems;
- collaboration tools;
- distribution of personal protection equipment.

The measures and instruments in the consolidation phase promote organizational changes and offer assistance in adapting activities to new realities. Governments implement the following initiatives to support social economy organizations (OECD, 2020b, p. 19):

- continuing the process of facilitating access to finance for the social economy;
- promoting market access;
- providing the necessary skills for the organization of the social economy;
- better coordination between different government agencies;
- increasing the visibility of the social economy.

Social economy actors and policy makers will need to work with other stakeholders (including academia, civil society and private sector organizations) to achieve this transformation. To help the social economy play its transformative role, policymakers need to consider the following policy options (OECD, 2020b, pp. 20-21):

- providing financial resources to social economy organizations that promote social issues, innovation and alignment of business models/activities;
- increasing public procurement programs with an emphasis on sustainable and inclusive public procurement;
- developing a shared vision and promoting cooperation with the social economy;
- further increasing the visibility of the social economy by developing a tool to help organizations assess their impact and share data and best practices.

Conclusions

The COVID-19 pandemic has caused numerous changes to economic activity and the way society functions, bringing the role of the social economy to the fore. Social economy organizations have proved to be an important element in mitigating

the effects of the pandemic. The current situation gives impetus to making bold, bold decisions to build a more sustainable and connected future. A set of policy measures is needed to help social economy organizations survive in the short term and help shape our societies in a more sustainable and inclusive way for the future.

The social economy can help economic recovery by:

- mobilizing many resources;
- application of sustainable operating practices;
- adopting joint and democratic governance;
- facilitating collaboration and social innovation.

The social economy can help with social transformation in crisis thanks to:

- providing a number of key services related to health and social services;
- adapting its activities to the needs of people in need during the crisis;
- developing partnerships with local authorities to help deliver services and mitigate the immediate impact of the crisis, especially for those groups most at risk from COVID-19;
- helping governments to deal with crises through concrete bottom-up solutions.

The article demonstrates and proves that the social economy is mitigating the effects of the COVID-19 crisis and complements the government's response that the COVID-19 pandemic has caused numerous changes to economic activity and the way society functions.

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