

THE ROLE OF LOCAL PUBLIC ADMINISTRATION IN BUILDING UP SOCIAL ECONOMY IN ROMANIA

Alina Georgiana PROFIROIU¹

Constantin Marius PROFIROIU²

Tudorel ANDREI³

Introduction

Domestic social public policy is a significant factor of the governmental system at the local level. The costs that can be sustained by local authorities, as well as possibilities of extending social economy at the local level as a viable solution for traditional instruments aimed to secure the advances in local economy should be considered when defining and applying social protection mechanisms.

The traditional social protection instruments promote a direct financial or material support delivered by state institutions or local communities to specific categories of individuals. In contrast, social economy provides the inclusion of individuals with financial difficulties and a feasible option for building up local communities in the context of economic crisis.

As Nicolaescu (2011) remarked „The lack of literature about social enterprises and the way in which these regional differences and social – economic contexts manifest plays an important role in the recording of some relevant comparative data. ...Therefore, the existing differences within social enterprises from different regions of the world are, in part, reflections of the regional social – economic context. „

However, Kerlin (2009) have shown how the regional specific factors may form differently the concept of social enterprises, including its users, the organizational forms, the legal structure and the support environment. He has demonstrated that „in Central and Eastern Europe, social enterprises were rekindled

¹ Ph.D. Associate Professor, Faculty of Administration and Public Management , Academy of Economic Studies from Bucharest, Romania, alina_profiroiu@yahoo.com

² Ph.D. Professor, Faculty of Administration and Public Management , Academy of Economic Studies, Bucharest, Romania, profiroiu@gmail.com

³ Ph.D. Professor, Faculty of Cybernetics, Statistics and Economic Computation, Academy of Economic Studies, Bucharest, Romania, andreitdorel@yahoo.com

by a strategic retreat of the state after communism had fallen down. Here the strategic retreat of the state was more dramatic and was not supported by the civil society already weakened by the communist period. Moreover, the transition towards a market economy led to great increase in unemployment. The international community responded to this crisis with an increased grant of foreign aids, as well as with different sets of political recommendations. A small number but increasing of Europeans from the Center and the East, social reformers, grouped themselves in social enterprises as a viable solution and they received support from international sources for their developments.

In this context our study aims to investigate the size and the features of social economy in Romania in order to identify the ways to engage the local public administration in expanding it.

As Arpinte et al (2011) mentioned „the concept of social economy is thus a paradox for the reader and for the researcher, and many times it is not even mentioned in the literature . As Cace & all (2011) have noticed „despite the fact that there is no wide acceptance of the concept of social economy, there is a persistent involvement in the economic activity which fits the broadest definition of social economy – economic activity neither controlled directly by the state nor by the profit logic of the market, prioritizing the social well-being of communities and marginalized individuals over partisan political directives or individual gain”.

There are combinations between juridic, economic and sociologic criterias which allow us to bound and structure the champ of social economy organizations (Vienney, 1994).

Generally, the Social Economy term was projected as the space between the private accumulation of profit-oriented and public-oriented production of goods and services to the community. Over 11 million Europeans (6% of the population) are working in the social economy sector including social enterprises. In Europe, about one out of four is social enterprise business and in Belgium, Finland and France, just one out of three.

Over and beyond its quantitative importance, in recent decades the Social Economy has not only asserted its ability to make an effective contribution to solving the new social problems, it has also strengthened its position as a necessary institution for stable and sustainable economic growth, matching services to needs, increasing the value of economic activities serving social needs, fairer income and wealth distribution, correcting labour market imbalances and, in short, deepening and strengthening economic democracy(CIRIEC , 2008).

From the perspective of Muhamad Yunus (2010), “social enterprise involves an individual initiative with social impact, which can be an economic activity, a charity and a business with or without profit. "Social entrepreneurship is one of the sectors with untapped potential of our unique market," said Michel Barnier, Commissioner for Internal Market.

Moreover, states were selected based on the degree of recognition of the Social Economy (SE) concept and in accordance with the methodology used in the CIRIEC study⁴(2000). In this context, the EU countries are classified in relation with the acceptance of the SE concept into the following groups:

- countries with the highest degree of SE concept acceptance, such as: France, Italy, Portugal, Spain, Belgium, Ireland and Sweden;
- countries with a medium level (relatively) of the ES concept acceptance, such as: Cyprus, Denmark, Finland, Greece, Luxembourg, Latvia, Malta, Poland and the UK;

⁴. CIRIEC(2000)- Businesses and organizations of the third system. A strategic challenge for employment

- countries with low or no recognition of the SE concept, such as: Austria, Czech Republic, Estonia, Germany, Hungary, Lithuania, the Netherlands and Slovenia.

As an activity, the *Social Economy* (SE) is historically linked to grass-roots associations and co-operatives, which make up its backbone. The system of values and the principles of conduct of the popular associations, synthesised by the historical co-operative movement, are those which have served to formulate the modern concept of the SE, which is structured around co-operatives, mutual societies, associations and foundations (CIRIEC , 2008).

Social economy demonstrates that it can be a viable tool that helps ensure inclusive labor markets for people with disabilities because currently there are operating in Romania a total of 490 authorized protected units (APU) which employs 1370 people with disabilities (www.anph. en).

Given that the state proved to be a poor manager of subordinated structures, the social economy through its traditional and innovative forms, might intervene where the state has failed in its traditional mechanisms to address socio-economic issues of inclusion social provision of social services (including health and education) and environmental protection.

Effectiveness of the Social Economy at the community level can be assessed through the social inclusion size. Adding social protection measures for certain categories of persons, by their inclusion in social economic activities could be an effective measure to increasing social inclusion. From this perspective, the re-allocation of additional funds for social economy from the social protection fund should be considered as a mechanism supporting social economy.

The employment opportunities of the people receiving social protection within social economy activities should take into account the following: MIG size, the social support size, and the distribution of relative poverty rate, inequality in income distribution, etc..

Methodology

In order to set up a regional strategy for social economy development , we recommend to analyse some aspects as:

- State of social economy actors
- Financial mechanism to support the social economy in Romania
- Level of development of each Romanian region , measured according to the GDP size and GDP per capita
- Level of activities concentration on counties within each development region
- Features of regional labour market, taking into account unemployment rate , active and employed population, activity rate
- The financing capacity to support social economy activities of public and private actors.

Romanian authors(Sandu.D, Voineagu V., Panduru Filofteia) have developed an index of commune's development (IDC) which consisted in 10 indicators regrouped in 4 categories:

- housing infrastructure (water , gas, housing size);
- public resources: own local revenues , capital expenditure , housing , environment and public development expenditure ;
- individual and family economic capital , estimated by number of vehicles per capita ;
- human capital according to the age, estimated by life expectancy at birth, infant mortality rate and mean age of the population over 14 years

As Dumitru Sandu(2011) noticed “the configuration of social regional disparities results by aggregating of values of Local Social Development Index (IDSL) by counties, communes of the same county, cities of the same county, historical regions and development regions”.

Our research is based on a corpus which combines statistical data released by the National Institute for Statistics(NIS), as well as data aggregated date carrying out from questionnaire survey of people engaged in social economy activities .

Data collected and calculated indicators were focused on the evolution of number of social economy organizations and on the features of each Romanian development region according to it's GDP and rate of poverty , inequality in income distribution.

The survey was carried out in late 2011 both by classical way and on-line. The majority of interviewed persons (60.4% of 48 persons) were from localities with a large number of social assisted persons (more than 300). The grid of questions include two main themes:

- Defining a social profile al localities in order to identify social economy activities which could contribute to its economic and social development and assure a reducing number of persons depended of social aid ;
- Identifying the causes that contribute to framing of these persons into this social assisted persons group

Social economy actors in Romania

As Cace & all(2011) argued „Social economy still is a contested term. Thus, despite the variety of practices that can be conceived as belonging to it, different agents involved in the social economy and observers of the social economy do not agree as to the meaning of the concept”.

The Minister for Labour , Family and Social Protection (MMFPS) identified the following categories of traditional corporate social economy in Romania(MMFPS, 2011):

- nonprofit organizations engaged in economic activity, regardless of scope, or within their companies;
- Mutual Aid organizations (CAR) organized as nonprofit organizations of pensioners or employees;
- credit unions;
- First level cooperative societies governed by Law 1/2005: Craft, consumer, recovery, agriculture, housing, fisheries, transport, forestry, etc..

Besides traditional forms of social economy it is an increasingly felt presence of modern organizational forms, innovative social economy, namely:

- authorized protected units - according to the DGPPH website, from 1st of July 2011 there were 490 UPA which employed a number of 1370 persons with disabilities;
- micro-enterprises and SMEs;
- companies;
- NFIs.

The social economy in Romania meet both structures and are working with or for vulnerable persons or groups - such as, for example, associations and foundations that aim to improve the living conditions of disadvantaged groups and structures activities which are not directly related with such groups, but the

social side manifesting collective character, democratic functioning - such as, for example, employee unions.

Cooperative Society in Romania is an autonomous association of individuals and / or legal entities, as appropriate, based on their expressed consent constituted by them, in order to promote the economic, social and cultural needs of cooperative members, being jointly owned and democratically controlled by its members in accordance with cooperative principles.

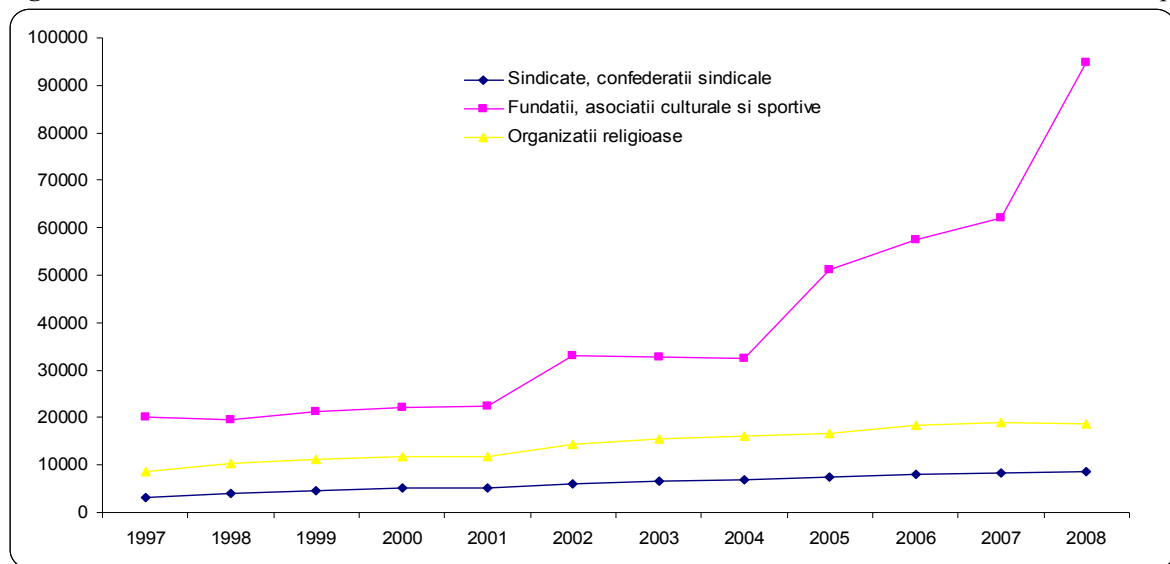
Romanian system of social protection issues, namely social benefit spending by MMFPS representing 2.86% of GDP in 2010 without this leading to a better quality of life, high levels of dependency, meaning that of the approx. 8.3 million persons are helped or assisted financially by the state, 1.8 million are employed, not attending any school or other training courses and do not suffer from any disability etc., putting pressure on finding solutions to social and economic imbalances in Romania.

In Romania, there are functioning:

- 2,000 cooperatives
- 3,000 unions of employees and retirees and
- 20,000 other NGOs active in all areas of the national economy. Of these, more than 3,000 organizations achieved steady economic activities; meet the criteria to be classified as social economy enterprises, many workshops created protected units for employment of persons with disabilities and about 2,000 providing social services and employment, including work integration of disadvantaged people in Romania.

The actors involved in the social economy activities have direct and indirect implications on the social economy. These categories of actors ensure regulation or physical conduct of activities in the social economy. Within category of entities operating in social economy , we could mention associations, companies with special regime, cooperatives of various types, such as credit, consumer, agricultural, etc.; Associations of pensioners, other categories of actors.

Figura1. The evolution of the number of foundations, cultural associations and sports



Source of data: National institute for Statistics (INS)

There are a large number of foundations and associations in Romania: In 2008 there was a cultural or sporting association foundation to approximately 226 people and in the same year the number of people in a religious organization was about 1150.

For further analysis it should be followed to what extent are evenly dispersed their development departments and regions where the project is implemented;

Another important aspect to be pursued in the territorial distribution of foundations, associations and religious organizations is to assess their involvement in the social economy. In this regard, we consider it appropriate analysis at county level and correlation statistics such entities indicators characterizing economic and social development of each county. For this analysis should be considered statistical measures to characterize the quality of life in each county, the quality of the labor market, the size of the social economy business entities etc.. An important tool for the evaluation of important aspects of the social economy and the work of various organizations is statistical questionnaire. In this sense, information can be obtained at: entity profile, number of employees, number of members, workload, projects undertaken, the profile of social economy activities, etc.

Between 1997 and 2008 the number of self –employed persons increased as compare to the family associations. If in 1997 the ratio between self- employed persons and the family associations was 1.9, it increased to 5.5 in 2008. This trend has been due to the increasing number of self –employed persons during this period by 50% and reducing number of family associations by almost 50%. It outlines the importance of increasing supply of self-employed persons in activities such as Transport, Other Services and Industry.

Legal and financial mechanisms to support the social economy in Romania

In Romania, there are legal provisions that support the development of social economy:

- Government Decision nr.1434 / September 2, 2004 on the duties and framework of organization and functioning of the General Directorate of Social Assistance and Child Protection (DGASPC) with subsequent amendments amends DGASP powers in that it contributes to promoting development of social economy and social economy initiatives forms. "in order to promote the active inclusion of people in difficulty, Directorate-General may, on its own or in partnership, and with the approval of the Bucharest county council, departments having responsibility for providing advice and assistance to promote and support the social economy initiatives and monitoring the activities of social economy. "
- Government Decision approving Regulation no.90/2003 - framework for the organization and functioning of public social service, as amended and supplemented, amends the duties of this office, stating that they support, alone or in partnership initiatives social economy. "(art. 3, paragraph. (2), b, letter k).

Fiscal and financial framework does not directly support social economy enterprises, but includes measures that its can get according to specific form of organization. Some examples may be:

- non-profit organizations conducting economic activities directly or through companies are exempt from profit tax economic activities up to 15,000 Euros per year provided that the exemption does not represent more than 10% of total income exempt from corporate income tax;
- exemption from tax on reinvested profits for operators in SE;
- exemption from tax provided that at least 75% of the relief obtained is reinvested restructuring or acquisition of technological equipment, machinery, plant or arrangement of work and jobs protected for UPA;
- employers who have more than 50 employees are required to employ at least 4% people with disabilities under the law. Otherwise, they had two options : either they paid monthly to the state budget an amount representing 50% of the gross minimum wage in the country

multiplied by the number of jobs where it haven't been hired people with disabilities, or they purchased products or services produced by disabled persons hired in authorized protected units, on a partnership basis, in an amount equivalent to the amount owed to the state budget, as provided in subparagraph. a);

- exemption from customs duties, authorization, VAT operations and products, tax exemptions in the law for authorized protected units (APU);
- small and medium enterprises (SMEs) can benefit on public procurement in the sense that they have 50% off for criteria related to turnover, guarantees participation and performance;
- tax and reduce the amount of rent paid for the premises rented from local authorities CAR.

Social economy development strategy in the south of the country must be defined differently for the Bucharest - Ilfov in the contrast to the other three development regions (South-East, South-Muntenia and South-West) types of activities of social economy in the region Bucharest - Ilfov may be different compared to those developed in the other three regions, because both demand and supply of social economy are different.

Statistical data related to economic development and labor market of each region

The knowledge the national and local labor market should play an important role for the implementation of some measures destined to ensure the social economy development.

National date regarding GDP evolution in Romania's regions have allowed us the following remarks:

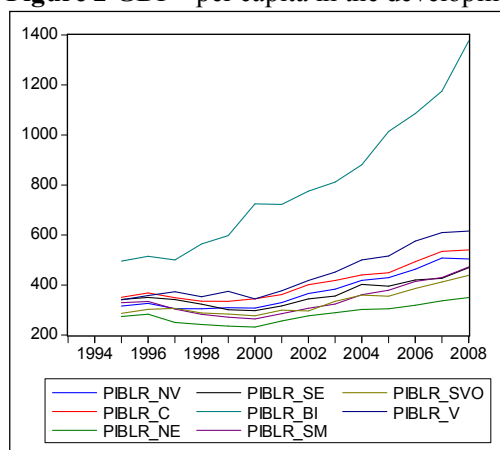
- Available data about GDP growth in Romania's regions allows the following comments:
- Bucharest-Ilfov region is the most important contribution to the achievement of Romania's GDP. In 2008, this region was made a quarter of Romania's GDP;
- In 2008 more than 38% of GDP - Romanian site was obtained in two regions: Bucharest - Ilfov and South - Muntenia;
- In the periods 2001 - 2004 and 2005 - 2008 there were significant increases in the eight regions. However it should be noted that in the North - East were recorded the lowest values for average annual growth rate;
- During the period 1995 - 2008 it has increased the gap between the most developed region of development (Bucharest - Ilfov) and the poorest developing region (North - East);
- Over time GDP concentration increased into specific regions. To reduce the negative social effects of this trend, the social economy can be an important lever.

Table 1.GDP structure on development regions between 1993 – 2008 (%)

Year	Nord – West Region	Centre Region	Nord – East Region	South – East Region	Bucharest – Ilfov Region	South – Muntenia Region	South – West – Oltenia Region	West Region	Extra-regions	Total
1993	12.4	12.3	13.3	12.9	14.0	16.2	8.8	9.8	0.2	100
1994	11.7	12.2	12.6	12.4	15.3	15.2	10.6	9.8	0.2	100
1995	11.9	12.3	13.6	13.2	15.1	15.2	9.1	9.3	0.2	100
1996	11.9	12.4	13.6	13.1	15.1	14.9	9.3	9.4	0.2	100
1997	11.7	12.4	12.6	13.4	15.4	14.2	9.9	10.3	0.2	100
1998	11.9	12.1	12.6	13.0	17.6	13.4	9.5	9.9	0.2	100
1999	12.1	12.1	12.3	12.1	18.7	12.9	9.3	10.5	0.1	100
2000	11.7	12.2	11.8	11.6	22.1	12.2	8.9	9.4	0.1	100
2001	11.8	12.1	12.4	11.7	20.7	12.5	9.1	9.7	0.1	100
2002	12.1	12.3	12.5	11.9	20.6	12.5	8.3	9.8	0.1	100

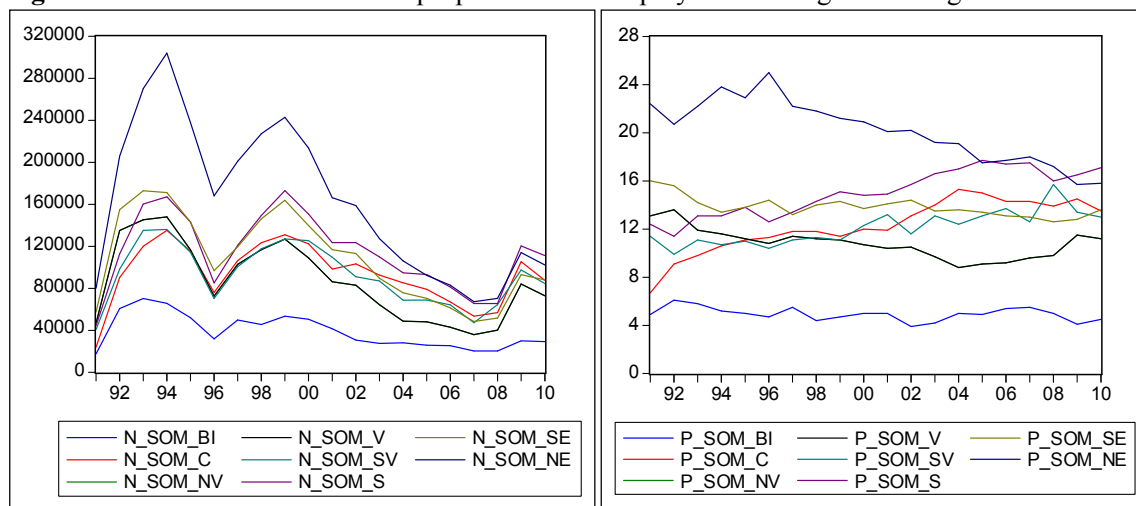
2003	12.0	12.2	12.4	11.6	20.4	12.4	8.9	10.0	0.1	100
2004	12.1	11.8	11.9	12.1	20.4	12.7	8.8	10.2	0.1	100
2005	11.9	11.5	11.5	11.4	22.6	12.8	8.3	10.1	0.1	100
2006	11.8	11.7	11.2	11.2	22.5	12.9	8.3	10.4	0.1	100
2007	12.2	11.9	11.1	10.6	23.0	12.5	8.3	10.3	0.1	100
2008	11.3	11.2	10.7	10.9	25.4	12.7	8.1	9.7	0.1	100

Figure 2 GDP - per capita in the development regions in the 1995 – 2008 period



Another important aspect to be taken into account in the development of social economy is the gap created between the development regions in Romania. There is a tendency in the country to outline the two extreme categories of regions with development workload. The first category includes regions Bucharest-Ilfov and the West that have created new opportunities of growth of GDP, on the other hand are the North - East, South - East and South - Muntenia with a low growth rate of business.

Figure 3 Evolution of the number / proportion of unemployed in the regions during 1991-2010.



The graphs above have revealed relatively similar trends in the number of unemployed in the regions:

- In all regions, the maximum number of unemployed in the period under review was reached in 1993;

- A relative decrease in the number of unemployed persons was recorded in 1995, followed by a period of growth to the level of 1999;
- The period 1999 - 2008 marked a decline in the number of unemployed;
- In 2009 there was an increase in the number of unemployed in all eight regions.
- Bucharest has the smallest share of the unemployed.
- The largest share of the time period unemployment is highest in the region Nord - Est.
- During reduced the concentration of unemployed certain regions.
- The annual average unemployment rate for each of the eight regions in the period 1991 - 2010 is different.
- An increase in the number of unemployed during the reference period was recorded in the South - Muntenia. In this region the average annual growth relative was almost 5%.
- There is a strong dependence between regions in relation to the evolution of unemployment from one year to another.

Table 2 Comparing earnings of each region with the Bucharest-Ilfov region

	BI	C	NW	W	SW	S	SE	NE
1991	1	0.97	0.99	1.06	1.00	0.97	0.99	0.94
1992	1	0.96	0.95	1.03	1.03	0.98	1.00	0.91
1993	1	0.93	0.92	0.99	1.01	0.94	0.97	0.88
1994	1	0.84	0.83	0.93	0.95	0.86	0.91	0.80
1995	1	0.88	0.86	0.94	0.95	0.88	0.93	0.82
1996	1	0.87	0.83	0.90	0.92	0.87	0.91	0.79
1997	1	0.84	0.84	0.84	0.90	0.86	0.91	0.79
1998	1	0.79	0.76	0.78	0.87	0.83	0.87	0.75
1999	1	0.69	0.68	0.72	0.75	0.72	0.73	0.64
2000	1	0.72	0.69	0.74	0.82	0.75	0.79	0.67
2001	1	0.70	0.69	0.76	0.81	0.76	0.78	0.68
2002	1	0.72	0.71	0.77	0.84	0.78	0.78	0.72
2003	1	0.75	0.75	0.81	0.85	0.79	0.80	0.73
2004	1	0.75	0.75	0.81	0.82	0.79	0.79	0.74
2005	1	0.68	0.69	0.73	0.75	0.73	0.72	0.68
2006	1	0.69	0.69	0.72	0.76	0.74	0.72	0.68
2007	1	0.68	0.68	0.71	0.73	0.70	0.70	0.68
2008	1	0.64	0.62	0.67	0.70	0.67	0.66	0.64
2009	1	0.67	0.66	0.70	0.72	0.71	0.69	0.66

Data on earnings by region have allowed us the following comments:

- At the beginning of the transition period there were significant differences between regions in relation to the average wage earning;
- In 1991, the average net wage in the western region was 6% higher than in Bucharest - Ilfov region. During the transition period the ratio was reversed, so that in 2009, earning in the region is 30% lower than in the Bucharest – Ilfov region
- In 1991 average earnings in the other six regions was more than 6% lower than in the Bucharest - Ilfov, in 2009 was 28-36% lower;
- The other seven regions, except for the Bucharest - Ilfov, recorded throughout the transition relatively equal earnings;
- The average wage earning increased during 1995 - 2009 in all development regions at average annual rates of between 2 and 4.2%

Table 3 Evolution of annual expenditure on social protection unemployed compared with 1995

	BI	C	NW	W	SW	S	SE	NE	Total
1996	98.6	150.3	92.3	104.4	120.2	161.9	92.6	94.7	112.6
1997	43.9	151.2	191.0	416.9	260.6	167.7	130.4	113.3	151.2
1998	78.9	178.2	150.7	286.1	184.1	164.3	109.8	151.8	146.6
1999	60.6	148.8	172.2	298.7	187.8	134.0	140.7	135.3	138.9
2000	119.7	125.3	123.1	195.4	114.4	128.3	119.0	98.4	122.4
2001	111.3	118.8	92.1	155.3	98.6	118.4	99.9	100.0	110.2
2002	123.2	103.8	99.8	156.6	122.7	117.0	134.6	105.2	114.2
2003	136.2	120.1	135.8	241.1	137.6	134.6	207.7	119.3	142.2
2004	96.0	161.9	186.4	419.5	148.4	164.4	205.1	136.8	165.6
2005	76.4	165.5	184.8	373.7	131.4	127.3	127.8	142.5	144.6
2006	72.2	164.8	204.0	377.1	137.5	126.5	129.1	153.1	147.7
2007	60.4	176.5	233.3	358.0	158.8	128.8	138.0	152.3	152.6

- These data have conducted us to the following conclusions:
- Bucharest - Ilfov Region revealed unique characteristics compared to other regions. In this region there was a decrease of three variables. This situation is explained by the greater opportunities that exist in the labor market in this region;
- In other regions there has been a significant increase in total expenditure on social protection of the unemployed;
- In the North East region it has seen an increase in total expenditure on social protection, but the real growth of unit costs on an unemployed decreased by a few percent.

Formulation of proposals for social economy development within a region can not be achieved without putting into question a number of social features - the evolution of the unemployment rate, changes in net earnings and size unemployed social protection expenditure.

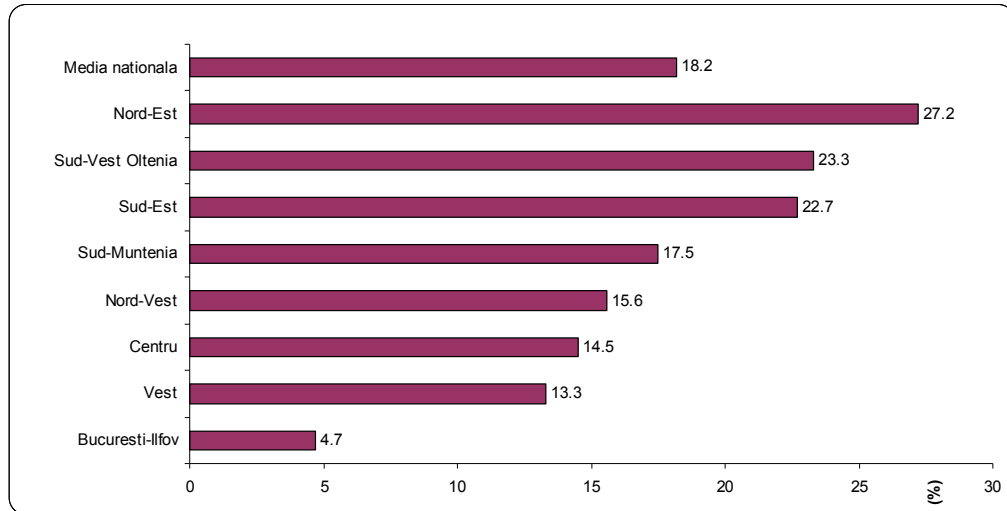
The social economy should provide a solution to promote social inclusion for groups of people in economic difficulty. At the level of corporate and national level it can be calculated a number of statistical indicators to characterize the distribution of income between members of society and condition of life. In this regard, three important aspects of human development have been envisaged: assessing poverty in a community the size inequalities between categories, health status and level of education of the population. At the national level have been calculated 10 primary indicators and 8 derived indicators. The 18 indicators are divided into two categories: **primary** (defined poverty rate threshold of 60% of median income, index of income inequality, persistent poverty rate, median deficit ratio, coefficient of variation of employment rates, long-term unemployment rate, the share of in jobless households, proportion of young people aged 18-24 years who have left school early, life expectancy at birth, percentage of persons in the upper and lower quintiles appreciate their health as bad or very bad) and **derived** (Dispersion around the poverty line, poverty rate anchored at a threshold time; poverty rate before social transfers Gini coefficient, persistent poverty rate threshold of 50% of median income; very long-term unemployment rate, the share of 25 -64 years with low levels of education). Depending on the level of aggregation of the 18 statistical indicators can be assessed on a national, regional and county.

Relative poverty rate⁵ is the share of the poor in the total population. To complete this definition, it should be noted that a person is considered in poverty if the adult disposable income is less than 60% of the median income. Poverty rate was higher in Romania in relation to the European average. Based on economic difficulties, the national poverty rate has been around 20%, much higher than the EU average equal to 15%. The share of the poor has been higher among people in rural areas compared to urban areas.

⁵ Dimensions of social inclusion in Romania, NIS, 2009

The poverty rate has been much higher in rural areas compared to urban areas. In rural areas it has been over 30% and 10% in urban areas. More than 70% of poor people live in rural Romania.

Figure 4 The poverty rate in the eight regions



There have been significant differences between the eight regions in relation to the relative poverty rate. Relative poverty rate is much higher in development regions that have been closed or reduced production capacity in industry, construction, etc.. The highest level of poverty has been in the North - East, where there has been a value of over 27%. The lowest level has been recorded in the economic region most economic developed. Thus, in the Bucharest - Ilfov, relative poverty rate has been 4.7%, its lowest level. In general, poor category included more women than men. Thus, in 2009 the poor were estimated 2009.9 1907.8 female and male poor people. Inclusion of persons in the category of poor people have largely depended on occupational status. Distribution of persons with poor occupational status has been as follows: 40% providing self-employment, 20% are retired, 25% are inactive, 8% are unemployed and 7% are employed.

There is a different distribution of poor people by age in Romania, as in EU. In general, the most affected by poverty are young people, the poverty rate is highest in the age group below 16 years, which has been more than 25%. The lowest poverty rate has been for the age group between 50-64 years is less than 12%. Based on the statistical data recorded, we can say that young people are more vulnerable to poverty, compared to other categories of persons. In general, the poverty rate is higher among people who come from families who have children or elderly dependents. Most affected by poverty are families that are composed of 2 adults and 3 or more children. More than 47% of these families are on the verge of poverty.

In Romania there are significant differences between the eight regions in relation to the relative poverty rate. This is much higher in development regions where production capacities were closed. The highest level of poverty is evident in the North - East, where there is a value of over 27%, while the lowest recorded in the economic region most developed economic environment, namely Bucharest - Ilfov where the rate relative poverty is 4.7%. Regarding the distribution of poor occupational status, the situation was as follows: 40% perform activities on their own, 20% are retired, 25% are inactive, 8% are unemployed and 7% are employed. In Romania, as EU there is a different distribution of poor people by age. In general, the most affected by poverty were young people; the poverty rate were highest in the age group below 16 years, which was more than 25%. The lowest poverty rate in the age group between 50-64 years

was less than 12%. Based on the data available, we concluded that young people were more vulnerable to poverty, compared to other categories of persons. With regard to people with disabilities, according to the Directorate General information People with Disabilities (DGPPH) of the Ministry of Labor, Family and Social Protection, their number nationally was 690,469.

During the period 1990 - 2010, life expectancy has increased nationally and in the eight regions. Both nationally and in eight regions, life expectancy was higher for the female population more than the male population. Except for the Bucharest – Ilfov region, the other three development regions in most year's life expectancy was lower than the national average.

On the whole 1994 - 2010 periods the average daily number of beneficiaries of social aid canteens nationwide fell by almost 52%.

Nationally the number of employed decreased by 16.4% over the period 1992-2008. Only at the Bucharest - Ilfov region has been an increase in employment, while the other seven regions there were significant reductions. Largest reduction of almost 25% was recorded in the South - Muntenia.

The evidence has conducted to some comments on the persons profiles that can be stimulated to engage in the social economy:

- rural people should be involved in social economy activities. Another advantage of carrying out activities of social economy at the local level have referred to the high potential of application of these products by the rural people;
- development of economic activities should be implemented with the large participation of the self-employment persons. These are generally people who have been experienced in economic activities and their income is relatively low;
- in these activities should be attracted young people who have early left the school and had difficulties in finding a job. This approach could ensure higher levels of social inclusion and could reduce social security costs at the medium and long term. Equally, such an approach can help to increase persons' ability to socialization, persons within an age which have proven to antisocial behavior;
- Due to the cause that those women are more vulnerable to poverty, economic activities should be developed social economy in which they are drawn;
- The retired persons have generally higher incomes than other people belonging to vulnerable groups or in relation to other social categories. According to this situation , it could be developed by vulnerable groups some social economy activities that would provide services for the retired persons..

Result of Social economy survey and discussion

After conducting a statistical survey in the institutions / organizations in the southern counties of the country, the following results have been occurred:

- Even in the towns with few inhabitants there were large numbers of socially assisted persons. 14.3% of the respondents in towns with more than 3,000 people have reported that over 300 people are social assisted persons. This situation have occurred in common for the most cases with agricultural profile of economic activity. However, there was a considerable number of socially assisted persons too in areas with a large number of people.
- The overall number of people receiving social assistance have increased with the number of inhabitants in the village. This was mainly due to the following causes: on one hand, it was

economic profile of these settlements , on the other hand , during the transition period, it have closed many industrial production capacity, construction, in these places etc..

- For any type of locality should be noted that the females were more likely to place themselves in the category of socially assisted persons.
- In general, socially assisted persons from among those who have an age greater than 45 years. Overall share of socially assisted increases with age group. This situation is explained by the fact that people who have an older age and become unemployed find a new more difficult job.
- People receiving social assistance were in most cases those with a lower level of education. In general, people with high school, vocational school and university calls generally less social aid.
- In some places there are people who belong to ethnic groups that are more vulnerable to the category assisted social inclusion - Roma people are the most vulnerable to being included in the socially assisted persons.
- Almost 60% of socially assisted persons took care of 3-5 dependent persons. Frequently dependent persons were children. In almost 85% of cases, socially assisted persons had at least one dependent child. There are a quite a number of cases where the person has in social assistance a disabled dependent person.
- The main factors that determine the position of people in the category of socially assisted persons were reduced number of jobs, low training, low interest in work and various forms of disability suffered by the persons concerned.

Economic developments contributed to an increase in socially assisted persons, loss of jobs, the closing of the Company have contributed to the increasing number of socially assisted persons; worsening medical condition, the uncertain economic situation, the lack of a stable job led to maintaining the category of socially assisted persons The results revealed a high capacity of local authorities in the implementation of projects. In half of the cases reported , it were carried out projects in the field of social and labor. The above results highlighted local interests to develop and implement projects in the field of social and labor. The results revealed a low enough interest of individuals for participation in the implementation of projects in the field of social and labor.

The results showed that the population is an important part of people without basic information on important aspects of the social economy. Thus, 10% of people said he had not received any information on this area, and another 15% felt that the information is reduced. The above results highlighted the importance of organizing information campaigns on the social economy.

Most areas in which to conduct social economy are agriculture and manufacturing. Assessments conducted reveal a favorable opinion on the development of social economy in Romania. 45.8% of respondents consider that the social economy greatly contributes to local development.

Conclusions

Social economy will secure an efficient support in decreasing expenses with social protection and prevent the set up of socially excluded communities. A significant expansion and diversification of activities carried by NGOs within the social economy area has been recorded in the Eastern European countries due to the decreasing role of the state in the economy. Romania has been confronted significant differences among the regions considering the level of economic development. This situation could argue a different approach of the mechanisms aimed to widen social economy on a regional level.

Acknowledgement

This paper is the result of Project “RIES - Social Economy Network Incubators - A Strategic Approach of the Human Resources Development (ID: 53606)”, funded by European Social Fund, within Human Resources Development Operational Program. RIES Project’s objective has been to develop specific initiatives of social economy, helping the disadvantaged, social economy specialists, operators and providers of social services for these groups to play an active role in improving the living conditions of disadvantaged groups and the level of development of their communities.

Bibliography

1. Arpinte, D., Cace, S. and Cojocaru, S.,(2010): ‘Social Economy in Romania: Preliminary Approach’, 2010, *Revista de Cercetare și Intervenție Socială*, vol. 31, pp. 64-79.
2. Cace Sorin, Arpinte Daniel, Cace Corina, Cojocaru Stefan (2011)- The Social Economy : An integrated Approach, *Transilvanian Review of administrative Science* , No 33E/2011, pp49-66
3. CIRIEC(2008) -Chaves Rafael , Monzon Campos Jose Luis - The Social Economy in the European Union, CIRIEC N° 2008/02, Belgium
4. Kerlin J (2009): *Social enterprise : A global perspective* , University Press of New England , Lebanon
5. Muhamad Yunus, *Dezvoltarea afacerilor sociale*, Curtea Veche, Bucharest, 2010
6. MMFPS (2011) Research Report on ES in Romania in comparative European perspective developed within Social economy project innovative model for promoting active inclusion of disadvantaged people (Raport de cercetare privind ES în România din perspectiva europeană comparată realizat în cadrul proiectului Economia sociala-model inovator pentru promovarea incluziunii active a persoanelor defavorizate, București), Bucharest
7. Nicolaescu Victor - Social Enterprises in the contemporary Socioeconomic context , *Journal of Social Economy* , No1/2011 , pp.96-115
8. Sandu Dumitru- Social Disparities in the Regional Development and Policies of Romania, *International Review of Social Research*, University of Bucharest, Volume 1, Issue 1, February 2011, 1-30
9. Vienney Claude – *L’conomie sociale* , Editions La Decouverte, Paris , 1994

10.Sandu, D., Voineagu, V. Și F. Panduru. (2009) *Dezvoltarea comunelor din România*. INS, FSAS-UB, Bucuresti,<http://sites.google.com/site/dumitrusandu/DezvoltareaComunelorDinRomania2008a.pdf?attredirects=0> (consultat septembrie 2010).

***Law no. 540/2002 on the mutual aid organizations of the retired persons, published in the Official Journal of Romania, no. 723 from October 3, 2002.

***Law no. 135/2003 regarding the modification and amendment of Law no. 122/1996 on the legal regime of mutual aid organizations of the employed persons, published in the Official Journal of Romania, no. 267 from April 17, 2003.

***Law no. 566/2004 on agricultural cooperatives, published in the Official Journal of Romania, no. 1236 from December 22, 2004.

***Law no. 1/2005 on the organization of cooperatives published in the Official Journal of Romania, no. 172 from February 28, 2005.

***Law no. 448/2006 on the protection and the promotion of rights of people with disabilities, published in the Official Journal of Romania, no. 1006 from December 18, 2006.