

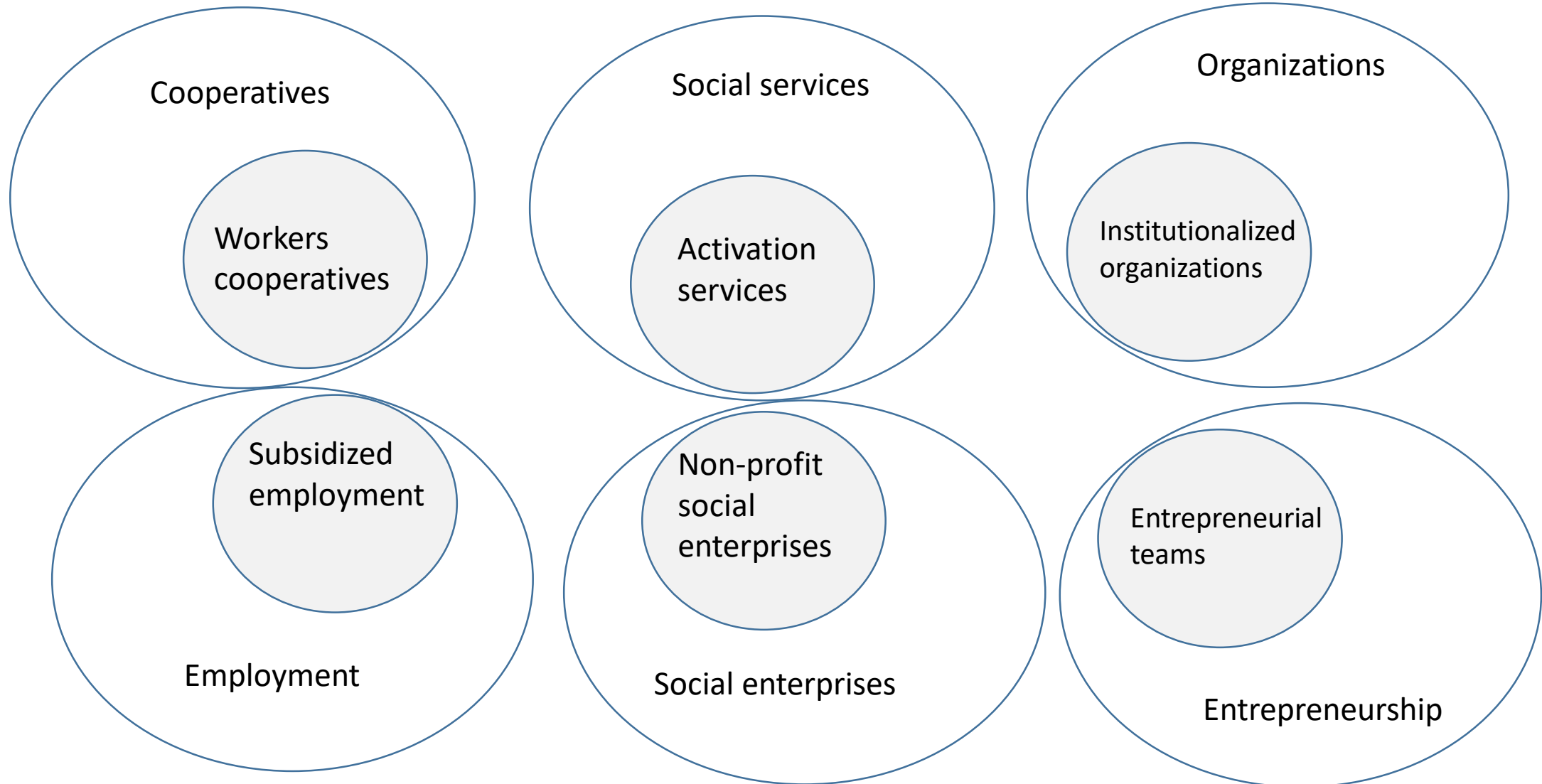
Private interests, mutual benefit goals and public aims: the case of social co-operatives in Poland

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Presentation outline

- Defining social cooperatives
- Monitoring vs research program
- Monitoring of social cooperatives: research objectives and methods
- Quantitative results: development of the sector, social performance, economic performance
- Qualitative research topics
- Building theoretical framework for interpretation
- Some insights from behavioral and evolutionary economics

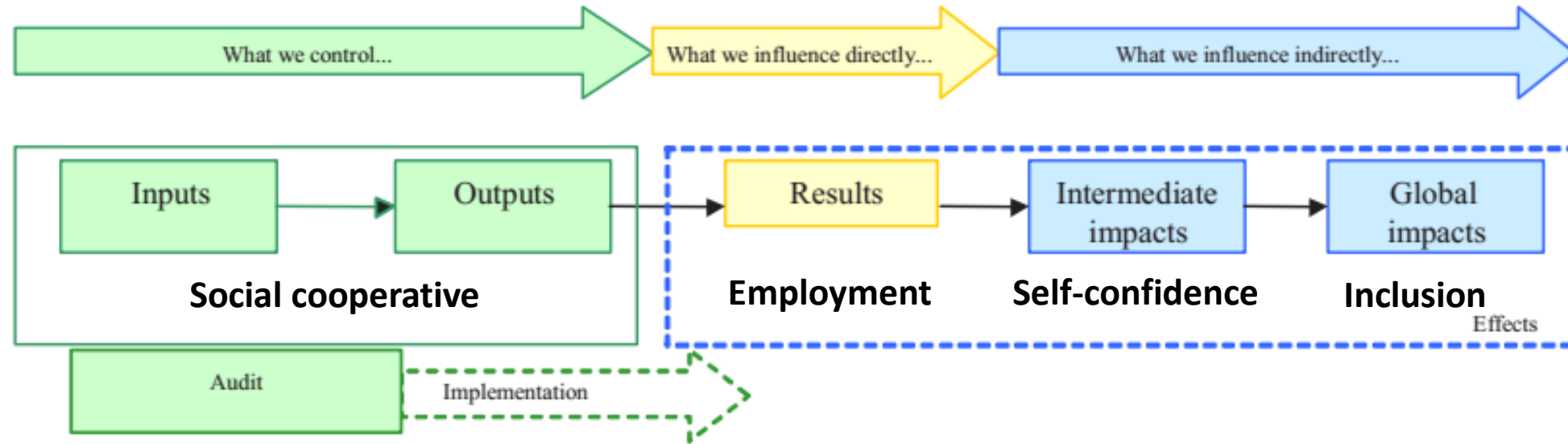
Defining social cooperatives



Seven characteristics of social cooperative

1. **Cooperative organization** – democratic management, cooperative principles
2. **Workers cooperative** – founders and members are workers
3. **Entrepreneurial team** – number of founders should be not less than 5
4. **Non-profit social enterprise** – explicit ban on distribution of profit between members-workers
5. **Activation services** – social and occupational inclusion as non-economic objective
6. **Temporary subsidized employment** – jobs in social cooperatives are subsidized for a first year of functioning plus grant for equipment
7. **Institutionalized organization** – separate piece of legislation: act on social cooperatives

Monitoring vs researching social cooperatives

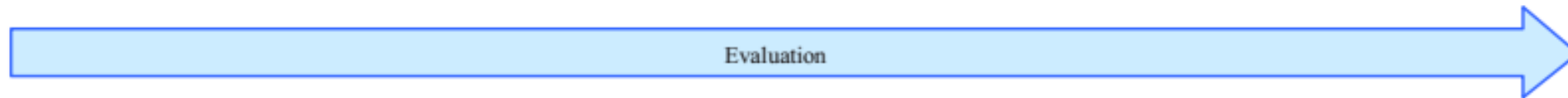


Ensuring the i) reliability and integrity of information, ii) compliance with policies, iii) safeguarding of assets, iv) the economical and efficient use of resources, and v) the accomplishment of established objectives



Is assessing progress... a research program?

Assessing progress in implementation for management purposes



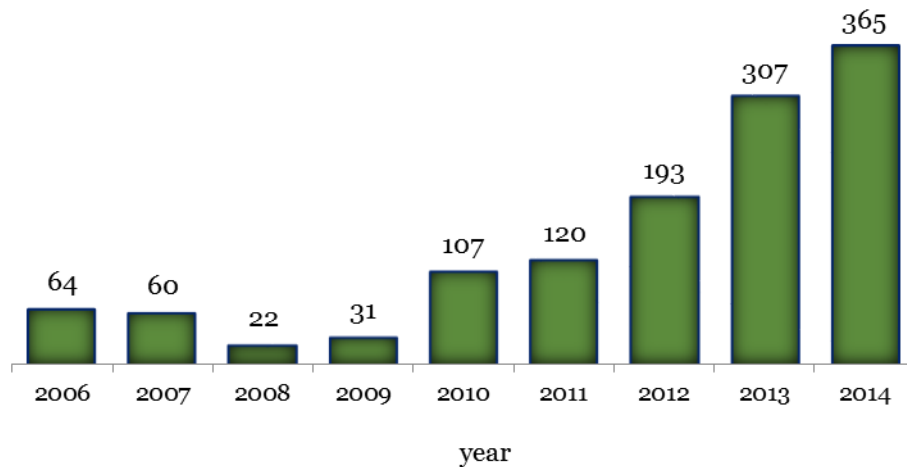
Judging an intervention on the basis of results and impacts at the level of addressees

Monitoring of Social Cooperatives 2014: research objectives and methods

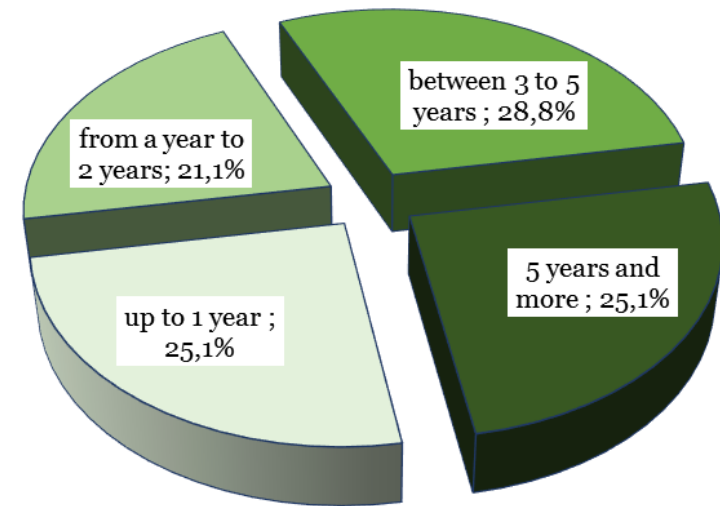
- Main goal: setting up a monitoring scheme, that provides comprehensive and reliable information on development of social cooperatives' sector, including:
 - efficiency of public support to social co-ops
 - economic and financial performance
 - employment
 - AND creation of social value to the benefit of their members and local communities
- Main challenge: how to combine the measurement of economic and social results of social co-ops?
- Research methods: mainly quantitative (administrative records and a survey) *plus* focus groups interviews

Monitoring of Social Cooperatives 2014: development of the sector

Number of social cooperatives established in following years



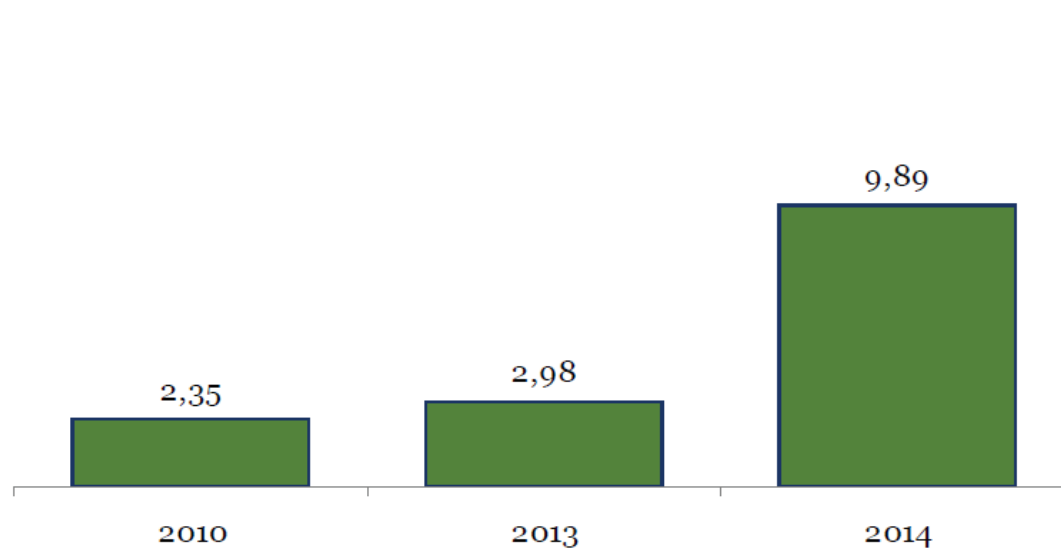
Structure of social cooperatives by time of performance at the end of 2014



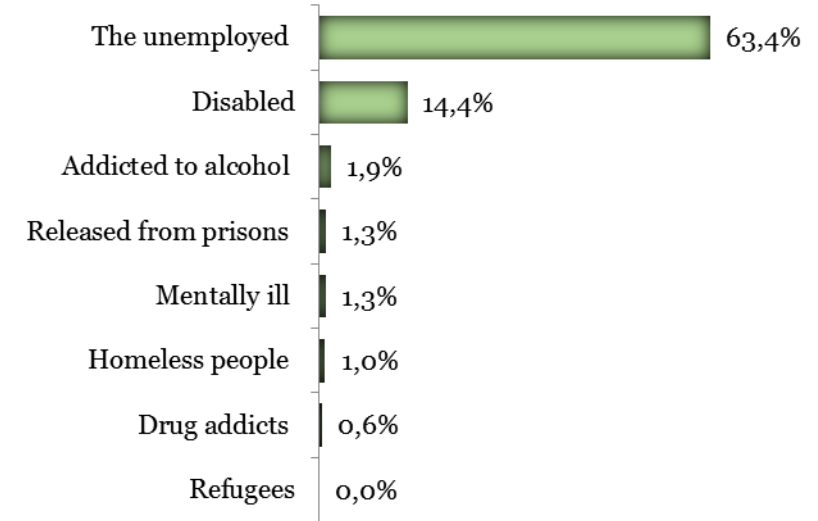
Source: the National Official Business Register (pl. REGON) data

Monitoring of Social Cooperatives 2014: social performance

Average number of social actions conducted in selected years



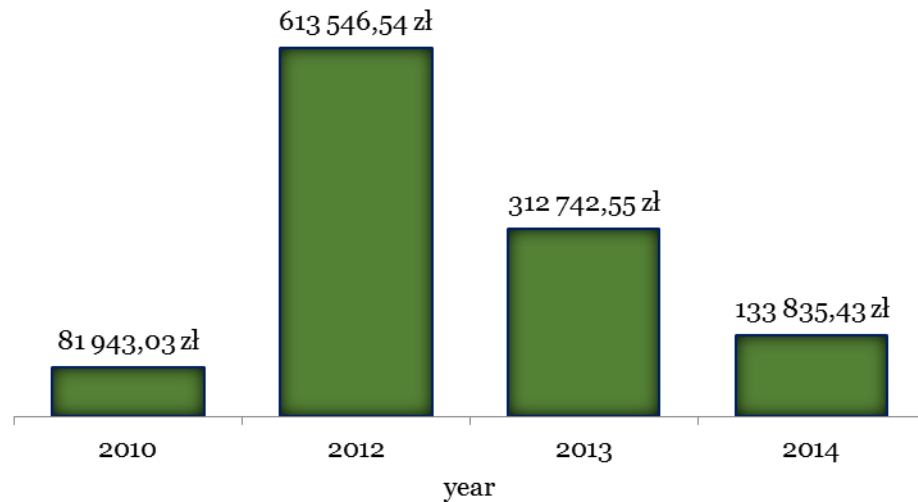
Participation of the disadvantaged groups in total number of people employed in social cooperatives in 2014



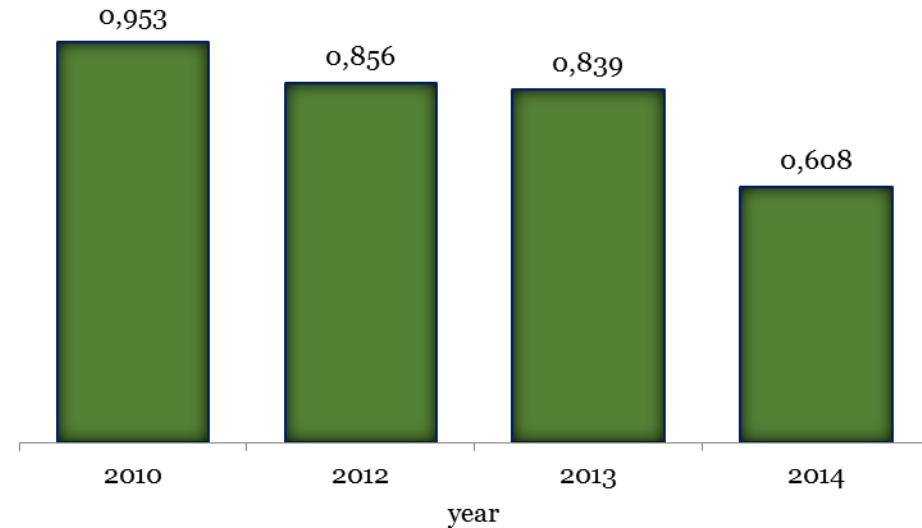
Source: *The Monitoring of Social Cooperatives 2014 survey data*

Monitoring of Social Cooperatives 2014: financial performance

Average turnover in selected years



Average market revenue to total revenue index in selected years



Source: The Monitoring of Social Cooperatives 2014 survey data

Main topics explored in focus groups interviews with members-workers

- First set of topics
 - Searching for external financing sources
 - Cooperation with public authorities and public offices responsible for social and employment services
 - Social and occupational inclusion and other social services delivered by social cooperatives
- Second set of topics
 - Management (e.g. strategy) and its structures (board, general assembly)
 - Differences in engagement of the workers-members
 - Observance of cooperative principles
 - Sense of joint ownership and shared responsibility
- And the third: discontinuation of social cooperatives

In search for understanding: from neoclassical framework to where?

- Neoclassical explanation of public intervention, its limits and nonprofits existence
 - Market-failure (public goods, market power, information asymmetries)
 - Government failure (self-interested voters, politicians, bureaucrats)
 - Marginal role of non-market and non-governmental worker-cooperatives as inefficient economically and organizationally
- Two promising ways to escape from neoclassical cage (Borzaga et al. 2011)
 - Behavioral economics
 - Social preferences
 - Intrinsic motivations
 - Evolutionary economics
 - Firm as coordinating device geared toward satisfying private and/or group and social needs
 - Organizational routines which play the same role as genes in biological evolutionary theory

Main research perspectives in behavioral economics

Old behavioral economics:
bounded rationality, satisficing,
multi-goal firm (Herbert A. Simon)

New behavioral economics:
experimenting with homo economicus,
predictive irrationality, choice architecture
(Daniel Khaneman, Richard Thaler)

Alternatives to homo economicus: homo
reciprocans, ultra social animal (social
preferences: altruism, reciprocity,
fairness, trust)

Behavioral economics in research on social coops: advantages

- **Better understanding of main actors or stakeholders** (members-workers, members-managers, customers....) as rationally bounded, socially motivated and multi-goal oriented
- **Better prospects for application in cooperative practices and policy for stimulating cooperation**

Proposals for an introduction of behavioral perspectives in research on social coops:

Level of analysis	Proposals
Individuals and small groups (micro)	<ul style="list-style-type: none">• Introduction of satisficing instead of maximization• Introduction of mixed preferences (self-interest and social)• Explanation of the emergence and functioning of social coops in terms of cooperating teams of heterogeneous individuals
Individual organizations (mezo)	<ul style="list-style-type: none">• Introduction of explicit multi-goal orientation (hybrid organizations)• Explanation of inter-organizational cooperation with mixed preferences
Macro	<ul style="list-style-type: none">• Applied behavioral science (choice architecture) in designing policy for social cooperatives

Main research perspectives in evolutionary economics

research of a process and dynamics (`steady change`)

understanding of a change (novelty and innovation)

complexity of a change

limited cognitive capacities of individuals

Foss 1994, Hodgson 2012

Evolutionary economics in research on coops: advantages

- an insight into understanding of emergence and development (**coops as a special case of organizational evolution**)
- focus on production of surplus to the satisfaction of private and social needs (**coops as a multi-stake holder governance systems**)

Borzaga, Depedri, Tortia 2011

Proposals for an introduction of evolutionary perspectives in research on social coops:

Level of analysis	Proposals
Individuals	<ul style="list-style-type: none"> • introduction of intrinsic motivations • explanation in terms of group selection • introduction of learning processes
Individual organization	<ul style="list-style-type: none"> • explanation of the emergence of firms in terms of routines
Intra-organizational	<ul style="list-style-type: none"> • concepts of institutional complementarities

Bauwens 2013

Summary

- Social cooperative as a new multidimensional and multidisciplinary research object
- Administrative monitoring of social cooperatives should be separated from true research program
- Quantitative and qualitative empirical data about social cooperatives are on the rise
- Behavioral and evolutionary economics frameworks are promising new ways for generating research programs focusing on social cooperatives
- New theoretical frameworks should be tested against neoclassical theories with their concepts of maximization and failures

Thank you for your attention

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