

New legal environment of the Greek Social and Solidarity Economy: Impediments and opportunities for the development of the sector

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One of my main arguments that I have put forward in my writings in order to explain some features of the development of social entrepreneurship in the greek context is first the notion of the cartel party system (a notion introduced by Richard and Mair) and secondly the argument that in Greece a weak civil society confronts and deals with a weak state.

That is not to say that organizations of the social economy don't spring up as expressions of the needs of civil society. But it is to say that when we speak of social economy in Greece we have to stress from the outset, that many problems that arise in the development of social economy in Greece are affected from the characteristics of the "cartel party system". It is not here the place to elaborate more on this notion, but I point out that the main feature of the system is that the state ceases to represent the society and becomes a tool for the reproduction of the party system. A few of the consequences that are of interest for us here, is the lack, on behalf of the state, of long term planning, indifference for evaluation of implemented policies, indifference of measuring the social impact of the implemented policies. The central feature of all policies are oriented to the reproduction of the power of the party and not for the interest of the society (although sometimes fulfill needs of it). As a consequence, corruption and clientalism are rampant, as well as absence of the rule of law, or rather, a lax implementation of laws.

Dealing with the emergence of social entrepreneurship and having the vantage point of being head of the social economy registry for almost four years, I would like to point out some common patterns that affect both affected the development of the cooperatives in Greece as well as the new emerging forms of social entrepreneurship.

First, the fact that the multiplication of agents of social economy are an outcome of state's initiatives in the sector. For instance, it is well documented that, back in 1915, the initiative for the development of agricultural cooperatives was mainly due to the persistence of three ...intellectuals who formed a cooperative. Then followed an "enlightened" general secretary of the relevant ministry, who promoted the introduction of a cooperative law. Thus, Cooperatives in Greece emerged not as a mature demand of farmers or out of an agricultural movement but as an expression of the government's desire to create new means for facilitating implementation of agricultural policies. Even the fact that the law was happily perceived by the farmers was not due to a "cooperative"

spirit. One, among many, factor was that this specific form of organization provided a handy means for loans (Patronis,2004, Kappogianis, 2009). Of course there were other motives too, as fighting the usury that was widespread in rural areas, provision of cheaper fertilizers and seeds for the peasants and in some cases claiming a dominant position in certain agricultural products markets.

The history of cooperatives in Greece teaches us another lesson. Continuous and steady intervention by the cartel party system has led to their bankruptcy, with dozens of legislative interventions oriented in controlling their function and their leadership.

The same pattern, that is that after the introduction of a law we have a booming in certain legal forms of social economy's organizations, can be traced also in the case of social enterprises.

Here let me call your attention to a cautious note from a UNRISD report, but also by the representative of the ILO. Namely that “ a sudden burst of SSE formation in response to the promise of incentives or regulations often result in organizations that exist more on paper than in practice” and is an indication of a rather fragile development of social economy.

In the case of social enterprises, many are the researchers that stress the fact that the activity regarding social entrepreneurship owes a lot more to European structural funds than to endogenous collective initiatives. (Ziomas,2002, Ketsetzopoulou,2010, Chrysakis,2002).

But let us see the historical developments. At first it was the European initiative of mental health deinstitutionalization, which provided the base for the formation of the social cooperatives of limited liability, the first social enterprises in Greece. The law 2716/1999, provided the space for the formation of the first social enterprise form in Greece. The name of it: KOISPE. This initiative together with the implementation of the Equal initiative formed a group of supporters for the promotion of social entrepreneurship. The group was comprised by researchers, structural funds employees and graduates of the National School of Public Administration that worked in the Ministry of Labour. And, the irony of the history, in 2004, it was again an “enlightened” General Secretary, that provided the green light in order for the promotion of social economy to become state policy.

Of course in Greece time is needed in order for a declared policy to start be implemented. For the law 4019/2011 to be introduced, it took dozens of interventions by Commission's officers, dozens of greek studies and social economy tools funded mostly by the Equal initiative, interventions from the Ministry's officials and a provision for a line for social economy funding in the structural funds for the period 2007-2014.

It is generally accepted that the introduction of law 4019/2011 was the crucial factor for the development of social entrepreneurship in Greece (Nasioulas 2016, Geormas, 2016). In its explanatory statement the law declared that its aims were (Kassavetis, 2013):

- a) To create new employment and provide inclusion in the labour market for vulnerable groups.
- b) To promote the covering of social needs, especially through the enhancement of social and solidarity economy and social innovation.
- c) The promotion of local development and social cohesion

Law 4019/2011 had the following results regarding social economy in Greece. First and foremost, it introduced to a wider public the notion of social economy and social entrepreneurship, helping thus the visibility of the sector and increasing the awareness of the identity of the sector. It introduced a new form for social entrepreneurship, the Social Cooperative Enterprise (KOINSEP). After the introduction of the law hundreds of seminars, conferences, debates and meetings took place, creating thus a public sphere where issues pertaining social economy and social entrepreneurship were discussed, elaborated and explained.

Another crucial result of the law was that of formation of the Social Economy Registry and the registration of more than a thousand social enterprises in it. That, in practical terms, meant that more than seven thousand people got acquainted with what social economy is as well as with the proceeding of setting up and in some cases manage a social enterprise. Thus, the provision of a form of social economy, the Social Cooperative Enterprise (KOINSEP), seems that has helped extremely the people that have had stakes in social economy, to take the initiative and form social enterprises. It is as the law provided civil society with a blueprint for action.

A fourth outcome has to do with results on the ground. The number of the registered may be extraordinary but many of these enterprises were either inactive or closed down pretty soon.

Moreover, some authors stress the fact that the social enterprises that have been created fall into the category of entrepreneurship out of need and they don't belong to the innovative social entrepreneurship (Geormas 2016, Glaveli & Geormas 2018). Nasioulas points out that the social impact of the KOINSEP that were formed was meagre (Nasioulas, 2016, Nasioulas, 2013) and that their creation was motivated by the idea that was cultivated of easy access to European structural funds. In addition, two other reports, one conducted by the British Council and the second in the framework of a research by the Aristoteleian University, both found that 80% of the respondents declared as their main motive in order to pick up KOINSEP as a means of enterprise to find employment for themselves (Aristoteleio, 2015, BC, 2017).

In addition, data from the registry show a great discrepancy regarding the fields that KOINSEP are active compared to European experience. An example has to do with the

fact that although the will of the legislator was the activation of social entrepreneurship in the field of social inclusion, only a handful such KOINSEP have been created from 2012 till today. Unfortunately there has not been a research to study the reasons. Yet, out of my personal experience from the social economy registry as well as discussion with main actors in the field of disability, I could mention four reasons. First, forming a social inclusion KOINSEP needs more social motivation, passion and personal devotion to a common social vision, than the other types of KOINSEP. And these traits are lacking, or, to be more accurate, can be found in low quantities, in the field of social entrepreneurship in Greece. Secondly, setting up a social inclusion KOINSEP needs more organizational skills compare to a KOINSEP that is activated, for instance, as a social grocery store. Thirdly, and strangely enough, there have not been special programmes for the promotion of the inclusion KOINSEP, and that shows, that from a government perspective, social inclusion KOINSEPs have not been considered as a policy priority. Fourthly, the sector of disability organizations is skeptical of how social entrepreneurship will be treated by successive governments, and, given the facts on the ground, rightly so. The fact that the law changed after four years of implementation and that there are discussions for the amendment of the new law, after two years of implementation, does not provide for a stable legal environment that these people need.

Let us see the critic that was addressed towards the previous law 4019/2011. First, there is a critic that the law didn't define social entrepreneurship and that the notion of social economy was conflated to the notion of social entrepreneurship, conflating thus other forms of social economy actors to the KOINSEP. Secondly, it is claimed that the law had a sectoral approach in the sense that it focused on the promotion of employment. Finally, its favorite promotion of social entrepreneurship was in the areas of social inclusion of vulnerable persons, social care and local development, and it didn't present a coherent alternative economic model for all sectors of the economy.

Regarding the critic against the law, permit me to point out here, that a critic for the concrete results of law was not addressed by the ones who presented these arguments. But more on this at the end of my presentation.

Secondly, although it is true that a well articulated definition of the social entrepreneurship was not mentioned in the law, and that social entrepreneurship was conflated with the term of the social cooperative enterprises, all the traits of social entrepreneurship were presented both in the case of social enterprises as well as in the case of presenting the criteria in order for the other social economy organizations to be included in the Social Economy Registry.

Thirdly, the law had in no way a sectoral approach, for the KOINSEP were able to be activated in, literally, every economic sector. It is true that social inclusion and social care were mentioned specifically, but no special motives were provided for the development of these sectors.

I think that the critic should have taken into account other issues, that secondarily had to do with the law itself. And these issues had to do with the formation of the Social Economy Fund at first, which although it was mentioned in the law, the change of the minister canceled its institution.

Secondly, there are the issues that have to do with the regulation of the field, and the cultivation of the ethic of cooperation. And, thirdly, an more crucially by the fact that the law was not strictly implemented.

In 2016, law 4430/2016 on social and solidarity economy was introduced. The reasons for its introduction, as they were stated in the explanatory statement of the law, were to define the sector in a more appropriate and correct way, to broaden the scope of social economy beyond social care and inclusion, to make visible that KOINSEP was simply only a form of social and solidarity economy and not THE form, and to present a new legal entity, the workers cooperatives.

The explanatory statement used strong statements such as that the law will provide the capability for the productive, social and ecological rebuilding and it will upgrade the position of the workers in the Greek context. Moreover, the law stresses the need for the creation of an enabling ecosystem for social and solidarity economy. The law had the ambition to function as a legal framework for all the agents of social and solidarity economy.

At some points the new law seems to show an uneasiness. Especially when it stresses things such as that social and solidarity economy is the alternative model for doing things. I will not comment extensively on this, I just mention the motto by Henry Hagen that “Cooperative enterprises build a better world, but cooperatives cannot – and must not - save the world” (ILO, 2012). My fear is that overburdening the sector might lead to its implosion.

I will stay in one aspect of the law that are of special interest to me, for I am sure that other speakers of this table will deal with other issues.

It is true that the law took into account many of the issues that I have mentioned as problems for the development of social economy in Greece. The law has provisions regarding accountability and regulation of the organizations of social and solidarity economy. A new unit is created in order to deal with accountability and law enforcement. It announces a legal framework for volunteers, an issue that many suspect as informal work in the case of Greece. It reiterates the need for a social economy fund, and, in general has an overall perspective for the formation of an enabling ecosystem for the social and solidarity economy.

There is though a contradiction if we consider what Munkner has pointed out, namely the fact that organization law needs to be stable, reliable and lasting (Munkner, 2005).

In this sense it is positive that the form of KOINSEP is maintained in the new law, yet there is a problem that a law has changed after four years of implementation.

And now let me refer to the issue of the identity of the sector.

Many are the Greek scholars that also point out that there is an urgent need to boost collectivity and cooperative consciousness. (Ziomas, 2104, Geormas, 2014). For, a of major weakness of the social and solidarity sector in Greece is the low cooperative identity of the people involved in the social and solidarity organizations. And, unfortunately, the law doesn't mend such issues. I do believe that, contrary also to what an ILO report suggest for the case of Greece, the number of the members must increase to seven, a proposal that was made also by the Equal network ten years ago. And this is a crucial reason in order to promote a true cooperative identity in the social and solidarity economy in Greece. Greece is a specific case and it must be treated as such. Greece presents similar features with some Balkan states. As scholars point out referring to the cases of Romania and Bulgaria, cooperative identity is low and in addition social economy organizations still need guidance and capacity building to strengthen their internal governance structures and perform their activities in a professional and responsible manner (Hadzi-Miceva & Bullain, 2007,215).

And this should also be the case for the Worker's Cooperatives, the new entity that the law instituted. In addition, the provision of the law that KOINSEP and worker's cooperatives with the minimum number of members are able to elect, instead of a board a "manager", must be canceled.

A law that provides exemptions from the rules, is a law that undermines the identity of the sector. Co-operatives should be obliged to remain within the type-specific organizational model and should be discouraged to deviate from this model. I want to stress the fact that these exemption to the rule, that is the fluctuation of membership and the multiplication of the exemptions from the rule are features that can be found also in the new law on agricultural cooperatives as well as the new law on energy communities.

Another issue that has to do with identity and cooperative practice is the education of the members. This is an issue that is not addressed by the law. It is of crucial importance in the greek context, a minimum standard of cooperative education to be available to the members of the KOINSEP and Workers Cooperatives.

Moreover, the law should introduce a clause that 10% of the profits of every organization of the social and solidarity economy should go to the Social Economy Fund, in order to help funding of such initiatives. Such a provision will strengthen the sharing of the identity of the sector. Moreover, it will mobilize the organizations of the sector, for if they want to get funding they should be able to demonstrate their social impact. Parallely, the law must cancel the distribution of profits to the workers as a bonus.

Finally, a crucial issue related with the identity of the sector is accountability and checks. As Adam-Kavoulakos-Kalogirou point out in a recent excellent study on the law 4430/2016 “the ability of the field [of social and solidarity economy] to exercise effective and mutual inspection presupposes a certain level of self-maturity and collective structuration. When this is absence, as it is the case of Greece, where the field of social and solidarity economy only recently shows a dynamism, it is obvious that time is needed for the necessary adjustments so as to form the appropriate mechanisms of mutual inspection. (Αδάμ, Καβουλάκος, Καλογήρου, 2018). Until that happens, the role of the Social Economy Registry is crucial, in two ways. First, during the procedure of the registration an impact assessment must be submitted from every potential member of the Registry. Secondly, in the yearly inspection of the member in order to maintain the social economy organization label, we should follow the Italian example. It is well known that Italian social enterprises are obliged to submit yearly a detail report regarding their social activities. Thus, a crucial issue for the development of social economy in Greece is that the law(s) that refer social economy agents- must guarantee a control mechanism which will scrutinize the social nature of the finality of the social economy actors.

I would like to conclude by stressing the fact that one of the main issues, regarding the social entrepreneurship in Greece is that of its weak and fragile development. Being developed amidst a severe economic crisis, it has been used, occasionally, as a means of entrepreneurship of need. Of course, this is not to say, that there are not authentic expression of social economy’s organizations that are formed as KOINSEP. On the contrary. My proposals and my worries for the future development of the sector, take into account especially such cases. In order for the future development of the social economy in Greece to reflect the basic principles of social economy, that is cooperation, solidarity, democratic control, care for the community, the cooperative dimension of the sector must be strengthened. Transparency, accountability, impact assessment and inspections are necessary means to safeguard this. The rest will follow from the workings of the field itself.

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