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Social Policy and the Social and Solidarity Economy

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Abstract

Discourse on the relationship between social and solidarity economy (SSE) and social policy has a long pedigree. Social policy, understood as a means to correct the dysfunctions of the capitalist economy, has an elective affinity with SSE, which subordinates the economy to the social, often expressed as "economy embedded in social relations". Welfare pluralism often frames the discourse on this relationship in which voluntary and self-managed initiatives play a significant role in shaping social policy or a welfare state. However, if understood as a means to secure the long term circumstances of the continued accumulation of capital SSE (Pierson 1998), social policy or a welfare state may not have much common ground with SSE as a means of transformation of economy and society. The interaction of SSE organizations and enterprises (SSEOs) with social policy also reflects these normative tensions. This entry explains social policy discourse and practices in both developed and developing countries concerning the evolution of SSE and the opportunities and challenges of SSE strengthening a welfare state or vice versa.

Keywords

social policy; welfare state; neoliberalism; public-private partnership; universal coverage; Kudumbashree

Introduction

The relationship between social and solidarity economy (SSE) and social policy as a specific system of collective intervention against the laissez-faire or, more typically, the welfare state, have attracted the attention of scholars, policymakers, and practitioners for a long time. Social policy, understood as a means to correct the dysfunctions of the capitalist economy, has an elective affinity with SSE, which subordinates the economy to the social, often expressed as “economy embedded in social relations” (Polanyi 1957). Welfare pluralism often frames the discourse on this relationship in which voluntary and self-managed initiatives play a significant role in shaping social policy or a welfare state. However, if understood as a means to secure the long term circumstances of the continued accumulation of capital SSE (Pierson 1998), social policy or welfare state may not have much common ground with SSE as a means of transformation of economy and society.

The interaction of SSE organizations and enterprises (SSEOs) with social policy also reflects these normative tensions. For instance, a new organization of society and relationship based on association and cooperation was promoted by social reformers such as Robert Owen (1771-1858), Charles Fourier (1772-1837), and Charles Gide (1847-1932) in the 19th century and early 20th century, and is considered an attempt to incorporate the cooperative principle into a new form of political economy or social policy to correct the laissez-faire (Celle 2016). Further, until the public sector assumed the responsibility and functioned as the primary agency to deliver services to beneficiaries, SSEOs played a critical role in helping people in need by providing basic social services such as education, health care, training, residence, counselling, etc. in-kind and cash support.

As welfare states grew in many countries, many International Conventions within the UN system, such as R127 - Co-operatives (Developing Countries) Recommendation, 1966 (No. 127) and R193 - Promotion of Cooperatives Recommendation, 2002 (No. 193), also emphasized cooperatives, a specific type of SSE, as an effective means of social policy at the global level.

When the welfare state retrenchment began, many SSE organizations and enterprises (SSEOs), together with other forms of not-for-profit organizations, were called upon as a critical player in the provision of social services to take the leading role in addressing social problems. Often conceptualized as the third sector or non-profit organizations, SSE also has constituted a part of a welfare mix or mixed welfare system, otherwise made up of the state, the market, and the informal private household spheres.

Therefore, we can understand the roles of SSE in enabling social policy and vice versa in social policy or welfare state regime changes, particularly in the context of welfare pluralism.

This entry explains social policy discourse and practices in both developed and developing countries concerning the evolution of SSE and the opportunities and challenges of SSE strengthening the welfare state or vice versa.

1. Social Policy and SSE

The social policy concept does not have a universally accepted clear definition. Its understandings and conceptualizations vary across the countries with diverse socio-economic and political conditions, social questions or problems, and political ideologies. The boundary of social policy as an academic discipline is not clear cut either. For the central questions, methodologies and approaches of social policy are not drawn from or shaped by specific logics defining disciplines, but dependent upon the nature of the social

question which the social policy aims to address. Therefore, like SSE, social policy as an area of academic investigation is a research field rather than a discipline in which scholars from different disciplines try to define, clarify, and provide solutions to specific social questions related to social services and social welfare. Social policy as a concept, therefore, is socially constructed, and its scope, subjects, and objectives are shaped by the interactions of diverse groups with different ideas, motivations, beliefs and values, resources and practices (Yi et al. forthcoming in 2022).

However, diverse definitions of social policy have two common elements: objectives or purposes and the means of social policy. The more comprehensive the purposes or objectives, the more diverse the means. Those definitions with a comprehensive purpose, such as planning for social externalities, redistribution, and equitable social benefits, especially social services, often have more means than conventional core social services such as personal social services. In contrast, those definitions with relatively limited purposes have a small set of means of social policy, mainly those of conventional core social services (Yi and Kim 2015).

SSE debates on its relationship with social policy are usually based on the understandings of social policy with relatively limited purposes, and focused on its contribution to conventional social services as a delivery agent. However, in the context of social policy with comprehensive purposes, particularly in a development context, we can find more linkages between social policy and SSE than those associated with a contribution to social services, such as its contribution to shaping and changing the nature of social policy.

The broad range of contributions of SSE to social policy development is particularly visible in development discourse and practice. Development models and strategies always have a social policy as a critical element, albeit with varying prominence. In particular, those models and strategies which could significantly reduce poverty and inequality invariably have had some forms of solidarity-based redistributive, productive, and protective and reproductive social policy programme as a complement to policies and institutions for industrialization and economic growth (Mkandawire 2004).

2. Channels Linking SSE with Social Policy

Perspectives that understand social policy as means of embedded liberalism or subjugating economy to the social structure and focus on diverse aspects of the contribution of social policy to the political economy such as democratization, social cohesion, resource mobilization, redistribution, production, protection, and reproduction allow us to identify more diverse linkages between SSE and social policy than those associated the delivery of social services.

For instance, when realized in economic relations and activities, the solidarity principle can be expressed as reciprocity, cooperation, and redistribution rather than competition and winner-takes-it-all. In this way, SSE's solidarity values help SSEOs reach the poor. Democracy and participation facilitate empowering the vulnerable, which consequently counters the welfare reform favouring the better-off. Prioritizing social objectives over profit motives, SSEOs tend to have more substantial-quality commitments than for-profit service providers. Thirdly, SSEOs rooted in local networks tend to be more responsive to the needs of beneficiaries. Fourthly, independent from the state and the market, SSEOs play a vital role in advocacy and contestation. The research also showed that SSEOs' entry into a social policy arena gave citizens more options and increased efficiency and efficacy in using resources. The values and principles of SSE, such as solidarity, cooperation, and democracy, provided a basis for a new model of cooperation between the state and SSE in the social policy field.

As the size and impacts of SSEOEs in the social service delivery grow, SSE with accumulated professional skills and knowledge also influenced the social policy formulation processes. When acting as delivery agencies, organizations and enterprises based on the SSE values and principles became strong advocates of the public nature of social services in civil society and acted as players to extend the public services to a broader community.

Participating in the social policy delivery, SSEOEs often promote values such as solidarity, autonomy, and democratic self-control and they incorporate them in social policy programme design and implementation.

Box 45.1: Incorporating SSE values in education policy reform in the UK

The case of the 2006 Education and Inspections Act in the UK demonstrates how SSE interacts with social policy in education, a key area to the productive function of social policy. The Act introduced the idea of the trust schools, which would remain funded by local authorities but establish a long-term partnership with outside groups, such as local businesses and charities, who would then become involved with the school's governance and leadership. Local activists and educators soon utilized this opportunity to develop and promote the cooperative based model for trust schools run by the cooperative values and principles of equality, equity, democracy, self-help, self-responsibility and solidarity, as well as the principles of education, democratic control, and community ownership became one of the fastest-growing sectors of the UK co-op economy. This co-op school movement is considered a bulwark against the increasing and relentless neoliberal forms of privatization of education (also see the entry “Education sector and SSE”)

Source: (Woodin 2019).

Box 45.2: SSE achieving universal coverage of health care in Rwanda

Community-based mutual health insurance schemes, which have been rapidly increasing in low and middle income developing countries since the 2000s, offers an interesting case of how SSE contributes to mobilization and redistribution of resources for national-level social policy. In Rwanda, the widespread community-based mutual health insurance schemes originate from the pre-independence years of faith-based NGO-run community mutual schemes. From 1999, the government promoted voluntarism and encouraged non-governmental actors to organize community-based health insurance (CBHI) schemes. Participation in CBHI schemes is voluntary. With organizational structures including general assemblies, the board of directors, surveillance committees, and executive bureaus to regulate contract relations between members and service providers, CBHI schemes establish contractual relations with healthcare providers such as health centres and hospitals to purchase health care services. Laws provided measures to minimize risks associated with health insurance such as adverse selection, moral hazard, cost escalation and insurance fraud. Technical and financial assistance from foreign donors and the international financial instruments for health, such as the Global Fund, was channelled to CBHI schemes. After its pilot phase of 2008, the government established a specific legal framework, making affiliation with health insurance in principle mandatory for Rwandan nationals and residents alike. CBHI members can access health care in any public and faith-based organization across the country. Population coverage increased from 7 per cent in 2003 to 85 per cent in

2008 and over 90 per cent in 2010. Access to health care also increased from 31 per cent in 2003 to almost 100 per cent in 2012. The increase of CBHI contributed to lifting Rwanda's overall health insurance coverage to 96.15 per cent as of 2012, including other health insurance schemes. Relying on community organizations at the grass-root level and partnering with local micro-finance schemes, the scheme offered comprehensive coverage to the poor. In this Rwandan case, the resources of SSEOEs rooted in the local areas such as finance, and networks and information on the poor and the vulnerable contributed to achieving the universal coverage of health insurance in a short time.

Source: (Yi, Sohn, and Kim 2018).

3. SSE's unique role in the context of neoliberal welfare reform

Since the late 1970s, in developed countries with relatively advanced systems of welfare service provisions or welfare states, challenges including fiscal constraints and inefficiency of centralized bureaucracy to address increasingly diverse needs and expectations of the citizens accelerated welfare reform agendas to the top of the national policy agenda. They facilitated the adoption of privatization or marketization as a reform policy. In developing countries, international financial organizations such as the World Bank and the IMF played a significant role in changing social policies. Questioning the quality of governance in developing countries, they promoted neoliberal reform of still very much immature social policies.

Neoliberal ideas gradually became the dominant norms and principles shaping the social policies of many developed and developing countries. Under the neoliberal principles, the redistributive function of social policy was treated as a source of market distortion. Government spending on social policy, with goals of redistribution in health, education, and pension, was reduced to market principles so as not to impose constraints on both the instruments and scale of macroeconomic policies. Under the fiscal constraints, central governments also delegated responsibilities and functions of welfare service provisions to local authorities.

The reduced role of the central government and increased role of local authorities in delivering social services was accompanied by changes in the views on the public and private sectors, notably, non-profit or voluntary sectors to which SSEOES belonged (see the entry "Social service and SSE"). The public sector became increasingly seen as a source of economic instability and inflation rather than a solution to welfare services. Instead, the voluntary sector has been spotlighted as an excellent substitute to fill the gaps that governments otherwise should have addressed (Kendall 2003, Deakin 2001). Not only prevailing views of the state as a source of the problem rather than a solution but also growing pressure from NGOs for popular participation helped to create an interface between social policy and the non-government sector, which was not integrated into macro-level government policies and mostly remained at project levels (Mkandawire, 2004).

The consequence is the increased role of the non-government sector in delivering social services, particularly in developing countries. For instance, in many countries in Africa, Asia and Latin America, public agencies to provide social services were either dismantled or changed into private agencies. Diverse forms of organizations entering this newly created public-private interface, i.e. implementation of social policy by the non-government sector, started to grow in size and influence in social policy discourse,

design, and implementation in this context of neoliberal reform. In these countries, up to one-third of health care services were provided by voluntary organizations in the 1990s (Hecht and Tanzi 1994).

SSEOs working in the social policy sector also grew in size and influence in this context (Rossel 2015). Many governments, in particular those in the developed world, have introduced or strengthened support mechanisms for the voluntary or non-profit sector. They include the introduction of payroll donation, the extension of tax advantages for registered charities, an increase of service contracts, expanding public sector subsidies to voluntary organizations, and empowerment of mediating institutions. SSEOs, which the government schemes treated as one type of voluntary or non-profit sector, started to grow in size and influence in the social policy arena, particularly in social service delivery.

SSE's role in shaping the social policy in this context of neoliberal welfare reform is particularly notable since the values and principles of SSE are qualitatively different from the market exchange principle pursued as a solution in the neoliberal welfare reform process.

The growth of SSEOs organized by people to defend or improve their livelihoods and the growing pressure from non-profit organizations, including SSEOs, for popular participation also shapes social policy at the national level. In the 1990s, when the market-oriented development strategies began to be challenged, often termed "Post-Washington Consensus" or "social turn", social policy and the state's role not as a problem but as a solution became reemphasized in the discourse of development strategies of developing countries. Sometimes even in rhetoric, donors' policies emphasized the need to work together with recipient governments to implement development projects. Donor institutions established new aid instruments such as budget support and sector-wide approaches to channel aid directly to recipient governments. In particular, between the 1990s and 2008, when the global economic crisis happened, social protection programmes such as conditional cash transfers rapidly increased in developing countries, albeit with significant variations in terms of coverage, quality, and sectors. In this process, donors and governments needed partners to deliver services with lower costs but high performance. Civil society actors who had accumulated knowledge and experience in local contexts became key partners for expanding various social policy programmes. In particular, SSEOs, with their organizational characteristics such as participation, solidarity, and democratic self-control, played a unique role in shaping a unique nature of the partnership for expanding the social protection programme compared to a non-profit voluntary or for-profit organization. The Kudumbashree, the poverty eradication and women empowerment programme implemented by the State Poverty Eradication Mission of the Government of Kerala, India, is an excellent example of how a government's social policy programme and SSEOs create synergies in improving livelihoods and empowering women politically and economically (See also the entry "Women's Self-Help Groups").

Box 45.3: Kudumbashree initiative: Creating synergies between SSE and Social Policy

The origin of the Kudumbashree initiative is traced back to a small pilot programme that sought to address poverty and women's empowerment through the organization of neighbourhood groups represented by a Resident Community Volunteer, primarily women, in Alappuzha municipality and Malappuram district, Kerala in the 1990s. As these groups increased, the Kerala local government organized them in a three-tiered women's community

network and registered them as an official organization. The Kerala government launched it in 1998 as a state-wide programme. As of September 2021, the Kudumbashree initiative has 294,436 neighbourhood groups with a total membership of 4,585,677. Kudumbashree membership is open to all adult women and limited to one membership per family.

The three-tiered network of women of the Kudumbashree functions in conjunction with the local self-government institutions to implement government initiatives for (i) "economic empowerment" such as micro-finance, micro-enterprises, collective farming, livestock farming, market development, and so on; (ii) "social empowerment" such as "destitute identification and rehabilitation", "rehabilitation of mentally challenged persons", and "children's programmes"; and (iii) "women empowerment" consisting of "gender self-learning programme" and "programmes for the elimination of violence against women" (<https://participedia.net/method/6314>.)

For women to join the Kudumbashree programme, they have to organize themselves as a Neighbourhood Group. This group is a basic unit of Kudumbashree, providing a forum for members to plan and act with principles of democracy and solidarity and, in many cases, act as cooperatives or social enterprises (Mukherjee-Reed 2015). The Neighbourhood Groups send elected representatives to the ward level Area Development Societies, and then Area Development Societies send their representatives to the village or community level Community Development Societies. The three-tiered system facilitating Kudumbashree members' participation in development planning and implementation is contiguous with the local self-governance system (the Panchayat Raj system) composed of three tiers.

One of the enabling factors to create synergies of SSEOEs included in the women's community network and Kudumbashree initiative is the institutions and policies of participatory planning processes, which had already been established in Kerala, such as the 'People's Planning Campaign' and Community Development Society. The government's social policies at both national and state levels, which are discussed, planned, and implemented by the Kudumbashree's and local governments' networks, have achieved successful outcomes in poverty eradication and inequality reduction, and empowerment of vulnerable and marginalized individuals and groups, particularly women. The case of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), a rights-based employment guarantee programme in rural areas established in 2005, demonstrates how these community-level women's organizations, one of the most significant SSE sectors in India, contribute to realizing the goals and objectives of MGNREGS. In Kerala, the government addressed two challenges in the process of implementations of MGNREGS: male workers' low interests in the works of MGNREGS whose wages were only a half of the workers' average wage; and the traditional exclusion of women – the potential workers of MGNREGS programme – from the public space. To address these problems, the government appointed the members of Kudumbashree affiliated with Area Development Societies as the programme supervisors of MGNREGS. Such an action for the appointment resulted in creating interesting dynamics to strengthen MGNREGS and the ecosystem of the SSE. Most of all, Kudumbashree women who are appointed as supervisors actively participate in planning the work of MGNREGS, and they mobilize their Kudumbashree members to participate in the MGNREGS work.

Regarding women's participation in MGNREGS, Kerala was ranked first according to surveys in 2011 and 2012. Second, the government trained these women programme supervisors to enhance their capacities to manage the projects. The elements of training to increase their capacities are associated with their various responsibilities. The maxim of

responsibilities includes: "identifying work opportunities, mobilizing groups for work, preparing estimates in consultation with the overseer or engineer, supervising work, providing amenities at the worksite, preparing and submitting muster rolls, and handling emergencies" (Mukherjee-Reed 2015, 307). With this active participation in the programme as supervisors or workers, Kudumbashree women found the opportunity to utilize infrastructure development work in MGNREGS for various projects of the Kudumbashree programmes. In particular, they could relate those rural infrastructure programmes to farming, such as Sangha Krishi (group farming), a part of the Kudumbashree programme. Under Sangha Krishi, the government provides 10 million acres of land to more than 44,000 collectives with more than 250,000 women farmers for agriculture. Kudumbashree women linked the MGNREGS works such as the reclamation of fallow land and the improvement of infrastructure to enhance productivity and consequently developed the group farming under Sangha Krishi into a new agricultural business (Varier 2016)

Source: (Yi, Sohn, and Kim 2018)

4. Challenges of SSE in the social policy sector

Despite its contribution to making social policy better, gradually increasing the involvement of SSE into social policy design and implementation poses various challenges to both social policy and SSE. In the longer term, when the government relies on social service delivery by the SSE sector without strengthening its capacity to design and implement social policies, it may run the risk of hollowing out of the welfare state, particularly weakening redistributive functions at the government level (Roberts and Devine 2003). As government funding for SSEOs grows, the government tends to establish mechanisms to make SE management and operation more bureaucratic and marketized, which may create the so-called institutional isomorphism. It raises the question of the very identity of the SSEOs, that is, whether SSEOs would have a capacity to preserve the very values that make them SSEOs. Although the centralist idea and culture has been somewhat weakened, it has not disappeared entirely in the social policy sector. There is an increasing trend to define the rules of the partnership between SSEOs and the public sector. It threatens the diversity and flexibility of SSEOs in responding to specific local needs. Finally, the overall framework in which SSEOs play a significant role in shaping social policy differently from marketization is based on the public-private partnership and a neoliberal idea, rather than public-SSE partnership. As dependence on the funding of the public sector pursuing values of competition and cost-benefit efficiency, SSEOs can risk being instrumentalized and co-opted by the public sector. A new paradigm of public-SSE partnership and its rules and standards needs to be established and strengthened for meaningful participation of SSE in social policy design and implementation (Bance 2018).

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