



M1 - Social Economy. The PROMISE framework: Tensions, Trade-Offs, and Impact

Course description:

In this module, learners will explore the fundamental concepts of the social economy, gaining a solid understanding of its definitions, principles and objectives. The PROMISE framework, its importance, components and various forms of implementation will also be addressed. Learners will analyse the tensions and trade-offs inherent in the adoption of this framework, discovering effective strategies to address them. In addition, the economic, environmental and social impacts of the social economy will be explored, including success stories and best practices.

Course Objectives:

- I. Understand the theoretical and conceptual foundations of the social economy, including its definition, principles and objectives.
- II. Analyse and evaluate the PROMISE Framework, understanding its importance and key components.
- III. Identify and understand the tensions and trade-offs present in the implementation of social economy practices, and develop strategies to address them effectively.
- IV. Assess the economic, environmental and social impact of the social economy, and recognise the benefits it can generate in terms of sustainability and community development.
- V. Analyse case studies and best practices in the implementation of the social and economy, including the use of technology and digitalisation to boost its adoption and maximise its positive impact.



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1. Concept and fundamentals of the social economy

1.1. Definition of Social Economy

The Social Economy (SE) is managed according to common characteristics, principles and values such as the primacy of the person and the social purpose over capital; voluntary and open membership and democratic management.

The aim is to meet people's needs within a framework of fairness and sustainability. Profits are reinvested in the creation and maintenance of quality workplaces, in the development of activities that follow the social purpose, or are distributed collectively according to the personal contribution of the members.

1.2. The principles and values of the SE are:

- Orientation towards the general interest, the **common good** and **positive social impact**.
- Non-profit or limited and transparent distribution of surpluses, linked to **people** and not capital.
- **Democratic** functioning and systems of governance, in decision-making and participation, which incorporate the different groups that make up the entity.
- **Feminist** social transformation and **gender equality**.
- Generation of stable employment, **fair** and **quality** labour relations and wage equity.
- **Environmental commitment**.
- Rooted in the territory and participation in the social framework.
- **Transparency** about the activity, the system of governance, management, distribution of surpluses and remuneration.
- Intercooperation with other SE initiatives.

1.3. Social Innovation and Entrepreneurship

Social innovation and entrepreneurship are crucial aspects of the social economy. They involve developing innovative solutions to societal challenges while generating positive social impact.

Social Innovation

Refers to the creation and implementation of new ideas, processes, or solutions that address social and environmental problems. It involves thinking creatively about how to tackle issues such as poverty, inequality, healthcare access, and sustainability. Social innovation can lead to the creation of new social economy ventures or the adaptation of existing ones to better meet emerging needs.



Impact and social transformation. The objective of social innovation must be to solve a social problem.

Cross-sectoral collaboration. Social innovation does not happen in isolation. There are often spaces where the private, public and other sectors work together.

Economic sustainability and long-term viability. Although the aim is to solve social problems, there is also an emphasis on self-sufficiency and results orientation in the financial strategy.

Type of innovation

In general, there are two types: **open innovation** and **closed innovation**.

The former is based on the fact that stakeholders are free to copy an idea and adapt it. The second is based on intellectual property, whereby the knowledge belongs to the author. The first type is usually more common.

Scalability and replicability. In this increasingly global world, it is important that social innovations can be replicated elsewhere and scaled up. Most environmental and social problems are global.

PROJECT: AWA - RIVER CLEANING SOAP



Figure SEQ Figure * ARABIC 1: A Peruvian woman with soap in her hand

In Peru, as in other regions of the world, the practice of washing clothes in rivers is still prevalent. Unfortunately, the soap used to wash clothes in rivers is often highly polluting as the water in which they wash their clothes is also the water they drink and use to water their fields and prepare their food.

It is precisely to reverse this situation that has led to the creation of Awa, the first soap composed of microorganisms capable of cleaning clothes and also of cleaning river pollution.

PROJECT: TOO GOOD TO GO

The purpose of their app is to connect users with businesses that have surplus food, so that quality food can be enjoyed instead of being wasted. Users get delicious food at a reduced price; businesses reach new customers and recoup costs; and the planet has less wasted food to deal with. A win-win for everyone!

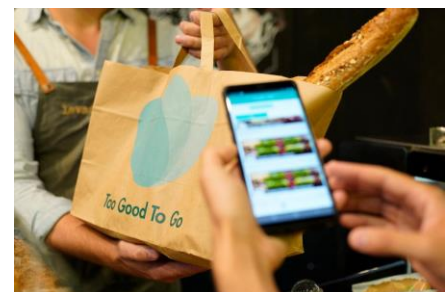


Figure SEQ Figure * ARABIC 2: An



Social Entrepreneurship

It is a model for social change that combines a mission to serve the world's most vulnerable populations with the principles of entrepreneurship and private sector practices to create a more just, equitable and sustainable world.

In this sense, the goal of social entrepreneurship is to generate profit in a social or environmental dimension, while at the same time generating economic profit.

Can a social entrepreneurship enterprise make a profit?

You may think that this type of entrepreneurship is utopian and almost impossible due to the fact that its structure is both for-profit and social welfare. However, we tell you that it is profitable!

Although its purpose is social, it is still a business. That is why it must be managed as such. In other words, by making coherent and controlled decisions, through proper administration, publicity and a good strategy.

Conduct a market study

Social and environmental problems are everywhere, however, you must validate that you can connect with people through your brand, product or service.

Remember the importance of sales

As in any traditional business, you must sell. Yes, you can accept donations, but remember that you are not dependent on them, so put your heart into your sales strategies.

Use everything in your power

Find people who are willing to help you, as brand ambassadors;

- use a good digital marketing strategy;
- define your brand to connect with real customers;
- research how big traditional companies are expanding;
- use your imagination!



2. Analysis of the PROMISE Framework

2.1. Description of the PROMISE Framework and Components

The PROMISE framework shows the multiple influences on a single business action. It was developed by Sterman, Jay and his colleague Roberto Rigobo, professors and economists at MIT.

The acronym PROMISE comes from each of the levels of the framework. It shows how people work with each other (personal/relational), in a company (organisational), influenced by the market and other institutions such as government and NGOs. Society (e.g. potential workers) and the natural environment (e.g. available resources) constitute an even broader set of constraints. The directions of influence work both ways, and each level affects the others.

2.2. Components and approaches of the PROMISE Framework

People & Professional Development: Underscores the significance of investing in the growth and development of individuals within the social economy. It acknowledges that a well-developed workforce is a cornerstone for achieving social and economic objectives.

Rewards, Recognition & Incentives: Recognizes that fair and meaningful rewards, recognition, and incentives are crucial for motivating individuals and teams. In a social economy context, these mechanisms can foster a culture of cooperation and social impact.

Organisation, Hierarchy, and Leadership Styles: Understanding the structure of the organisation, hierarchy, and leadership styles adopted is essential. It recognizes that in the social economy, more democratic and participatory leadership styles often align better with the core mission of addressing social and environmental needs.

Management System: Efficient management systems are crucial to effectively and efficiently manage operations, resources and processes within social economy organizations. The PROMISE Framework highlights the importance of robust management practices to ensure resources are used optimally to fulfil social and environmental missions.

Innovation and Critical Thinking: Encouraging innovation and critical thinking is crucial for social economy organisations. These entities often deal with complex societal challenges, and innovative solutions are fundamental to their success.

Strategic Future: In the ever-evolving landscape of social economy, having a forward-looking strategy is essential. The PROMISE Framework underscores the importance of strategic planning that aligns with long-term social and environmental goals.

Employee Experience: A positive employee experience is vital. Engaged and satisfied employees are more likely to commit to the social economy organisation's mission and objectives.

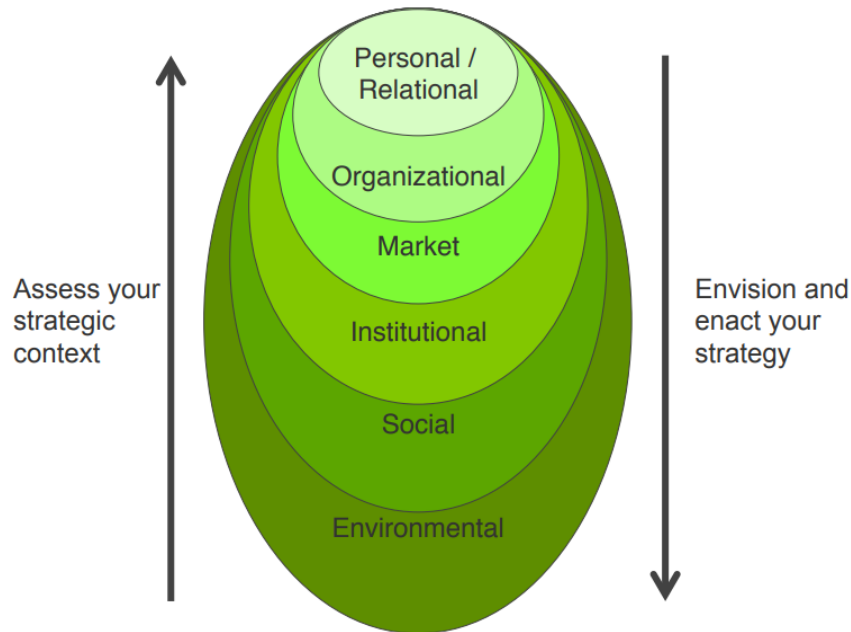


Figure 3: PROMISE framework

2.3. Explanation of the Tensions and Trade-offs present in the PROMISE Framework

While the PROMISE Framework provides a robust framework for achieving success in the social economy, it also introduces inherent:

People Development vs. Resource Constraints

A tension arises between investing in people's development and managing limited resources. Organisations must balance the need for skills development with financial sustainability.

Equity vs. Efficiency in Rewards

Ensuring equity in rewards and recognition may sometimes conflict with the efficient allocation of resources. Striking a balance is necessary.

Hierarchy vs. Participatory Leadership

Hierarchical structures may clash with the goal of participatory leadership in social economy organisations. Balancing these structures can be challenging.



Innovation vs. Stability

Encouraging innovation while maintaining operational stability can be a trade-off. Organisations must manage change effectively.

Short-term vs. Long-term Focus

Balancing short-term needs with long-term social and environmental goals requires careful strategic planning.

Employee Satisfaction vs. Organisational Goals

Prioritising employee satisfaction may sometimes require decisions that align less with the organisation's immediate goals.

3. Impact of the social economy

The social economy, with its unique principles and objectives, plays a significant role in shaping our societies and economies. Let's explore its impact across different areas:

3.1. Economic Benefits of the Social Economy

The social economy brings forth a range of economic benefits:

- **Job Creation:** Social economy entities such as cooperatives, social business, and non-profit organisations contribute significantly to job creation. They often focus on sectors that are vital for the well-being of the community, such as healthcare, education and training, and environmental conservation.
- **Local Economic Development:** This approach fosters economic growth at the grassroots level by investing in local businesses, infrastructure, and services.
- **Innovation and Resilience:** Social economy entities often innovate to address pressing societal challenges. Their solutions are driven by a commitment to social and environmental well-being, leading to the development of sustainable and resilient economic models. This innovation contributes to economic diversification and growth.
- **Social Value Creation:** The social economy generates economic value while also delivering social impact. Instead of solely pursuing profit maximisation, these organisations reinvest their surpluses to achieve social and environmental goals. This dual focus contributes to a more balanced and inclusive economic system.



3.2. Impact on Sustainability and Environment

- **Environmental Stewardship**

Social economy entities often prioritise sustainable practices and environmental conservation.

- Eco-friendly production methods
- Waste reduction
- Responsible consumption

- **Community-Based Environmental Initiatives**

Social economy organisations frequently engage communities in environmental initiatives.

- Tree planting
- Clean energy projects
- Waste reduction programs

- **Sustainable Supply Chains:**

Social business within the social economy often establish ethical and sustainable supply chains.

- Fair labour practices
- Environmentally friendly materials

- **Resilience to Climate Change:**

While promoting sustainable development and resilience-building initiatives, the social economy contributes to climate change mitigation and adaptation.

- Sustainable agriculture
- Disaster preparedness
- Green infrastructure projects

3.3. Social and Community Effects of the Social Economy

- **Social Inclusion:** Social economy organisations focus on addressing social needs and fostering inclusivity.

- Employment of marginalised or disadvantaged individuals
- Economic and social integration

- **Community Empowerment:** Involving them in decision-making processes.

- Cooperative ownership
- Participatory governance models

- **Local Development:** The social economy prioritises local and community development.

- Investment in community infrastructure, education, and healthcare
- Enhancement of overall quality of life
- Support for cultural preservation and heritage

- **Social Capital:** While promoting cooperation and solidarity, the social economy fosters the development of social capital within communities.

- Strengthening of trust, reciprocity, and social networks
- Positive impact on community resilience and well-being



4. Tensions and Trade-offs in the Implementation of the Social Economy

The transition towards a social and circular economy is crucial for sustainable development, but it is not without challenges. Let's examine the key aspects:

4.1. Identification of Tensions and Trade-offs in the Adoption of Social Economy Practices

Profit vs. Social Impact

Organisations often face the tension between maximising profit and maximising social impact. Striking the right balance between financial sustainability and fulfilling social missions can be challenging.

Short-term vs. Long-term Goals

Balancing short-term financial goals with long-term social and environmental objectives can be a trade-off. Investments in sustainable practices may have upfront costs but lead to long-term benefits.

Resource Allocation

Allocating resources to address immediate social needs or invest in circular economy initiatives may compete with one another. Decisions must consider which objectives take priority.

4.2. Examples of Tensions between Economic, Social, and Environmental Objectives

Examples of tensions between economic, social, and environmental objectives in the context of the social and circular economy include:

- **Product Design:** Designing products for circularity (e.g., easy recyclability) may increase production costs (economic tension) but reduce environmental impacts (environmental benefit).
- **Consumer Behaviour:** Encouraging sustainable consumer behaviour may require additional education and incentives (social effort) but lead to reduced resource consumption (environmental benefit).
- **Supply Chain Choices:** Choosing suppliers with strong social and environmental practices may involve higher costs (economic tension) but align with sustainability goals.



4.3. Strategies to Address and Mitigate Tensions and Trade-offs

Here is some advice on how to address and mitigate these tensions and trade-offs that organisations can employ:

1. **Integrated Decision-Making:** Organisations should adopt a holistic approach that considers economic, social, and environmental factors when making decisions. Integrated frameworks like the Triple Bottom Line (social, environmental and economic) can help balance these objectives.
2. **Innovation:** Encourage innovation in products, services, and business models to find solutions that align economic, social, and environmental objectives. Creative problem-solving can lead to win-win outcomes.
3. **Stakeholder Engagement:** Engage with stakeholders, including employees, customers, and communities, to understand their priorities and concerns. Involving them in decision-making can lead to more balanced and successful outcomes.
4. **Long-term Planning:** Develop long-term strategic plans that prioritise sustainability. While short-term economic sacrifices may be necessary, the long-term benefits in terms of social and environmental impact can outweigh these costs.
5. **Measuring Impact:** Implement robust monitoring and evaluation systems to track the impact of social and circular economy initiatives. Data-driven decision-making can help identify areas where trade-offs can be minimised.

5. Practical Implementation-Entrepreneurship Tool

There are 2,8 million social economy entities in Europe that employ 13,6 million people and which offer solutions to key challenges in our societies. Enhanced support to social economy not only creates jobs, but also allows organisations to increase their social impact across the EU. For this reason, the European Commission proposed in 2021, an Action Plan.

5.1. The Better Entrepreneurship Policy Tool

Entrepreneurship is important for innovation, job creation and growth. It can also strengthen social inclusion and tackle societal challenges through policies for Inclusive and Social entrepreneurship.



WHAT IS IT?

This is an online tool, designed for policy makers and other interested parties at local, regional and national level who wish to explore how public policy can:

1. Support youth, women, migrants and unemployed in business creation and self-employment.
2. Support the development of social business.

HOW DOES IT WORK?

- Stimulates thought-provoking reflection on inclusive and social entrepreneurship policies and programmes.
- Promotes learning through international good practices.
- Enhances inclusive and social entrepreneurship policy design and implementation.
- Targets a wide variety of stakeholders, such as policymakers, business associations and networks, chambers of commerce, finance providers.
- Operates in 24 languages.

WHAT IS AVAILABLE FOR YOU?

Take short self-assessments about the current inclusive and social entrepreneurship policies and programmes in your city, region or country and be aware of resources you have around you.

Assessments

Assess your social entrepreneurship ecosystem

This tool allows you to assess whether current policies and programmes enable and support social business to start-up and scale-up. The assessment includes seven modules with thought-provoking question statements, covering different action areas within the social entrepreneurship ecosystem. You will be asked to assess your context there.

Resources

Here you can find policy guidance notes and case studies about key policy issues related to inclusive and social entrepreneurship.



What can you find here?

- Different types of training and mentoring
- Business coaching
- Different associations of businesswomen
- Entrepreneurship Promotion Fund
- Business angels

Shared results

Here you can share your experience and your path, you can leave a trace of your group assessment and spark connections.

You can provide relevant background information and can share contact details, in case you would want that interested stakeholders from other territories contact you.

You can also find assessment results completed by existing groups and use filters or keywords to narrow down your results.

For more information: <https://betterentrepreneurship.eu/>

5.2. Social Economy networks active at EU level

Social economy (general)

- Social Economy Europe: <https://www.socialeconomy.eu.org/>
- Euclid Network: <https://euclidnetwork.eu/>
- Diesis Network: <https://www.diesis.coop/>
- RIPESS Europe – Solidarity Economy Europe is the European network of the Social
- Solidarity Economy organisations (part of the RIPESS Intercontinental network): <https://ripess.eu/en/>

Cooperatives

- Cooperatives Europe: <https://coopseurope.coop/>
- CECOP – European confederation of industrial and service cooperatives: <https://www.cecop.coop/>

Research on Social Economy

- CIRIEC International: <https://www.ciriec.uliege.be/en/>
- EURICSE - European Research Institute on Cooperative and Social Business: <https://euricse.eu/en/>



- EMES Network: <https://emes.net>
- Euclid Network: <https://euclidnetwork.eu/>

Social services

- ENSIE – European Network of social integration enterprises: <https://www.ensie.org/>
- CEFEC – Social Firms Europe (European Network of organisations that all share the objective of creating paid work for disabled and disadvantaged people.): <https://socialfirmseurope.eu/>
- Social Services Europe – Not-for-profit social & healthcare service providers: <https://www.socialserviceseurope.eu/>

Mutuals

- AIM – International association of mutual benefit societies <https://www.aim-mutual.org/>

Philanthropy

- EVPA – European venture philanthropy association : <https://www.evpa.ngo/>
- Philea – Philanthropy Europe Association: <https://philea.eu/>

Microfinance

- EMN – European Microfinance Network: <https://www.european-microfinance.org/>
- MFC – Fundacja microfinance centre: <https://mfc.org.pl/>
- FEBEA – European Federation of ethical and alternative banks and financiers: <https://febea.org/>

Circular economy

- RREUSE – The European network of social business active in the circular economy in re-use, repair and recycling: <https://rreuse.org/>

Digital Transition & Social Tech

- Social Good Accelerator EU: <https://socialgoodaccelerator.eu/>

Cities and regions

- REVES – European Network of Cities and Regions for the Social Economy: <http://www.revesnetwork.eu/>
- ESER – European Social Economy Regions: ESER initiative



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