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Bottom-up social enterprises in Romania. Case study – Retirees’ Mutual Aid Association

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ABSTRACT

The purpose of this article is to present and analyze the organizational profile and distinctive development pattern of a successful bottom-up social enterprise in Romania, namely, the Retirees’ Mutual Aid Association (RMAA). Romania has recently rediscovered the world of social economy which brings together various organizations, from associations and foundations to cooperatives and commons, sharing a common interest in developing entrepreneurial activities to support social goals. In an ideological and public policy context which holds back the opening of the public market to the third sector and social economy actors, setting and running up such organizations remains a challenge. On the other hand, the isomorphic pressure exerted by the EU has resulted in a type of legislation targeted at social enterprises which focuses almost exclusively on work integration social enterprises. Nonetheless, Romania also features social enterprises that are not externally driven but developed bottom-up, starting from the needs of their members and of the communities in which they are established and developed. Using the data of extensive research conducted on social economy entities in Romania, we will present an organizational case study of a successful bottom-up social enterprise, namely RMAA.

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1. Introduction

At international level, social enterprise concepts and development practice have gained new grounds. In many countries, this type of organization is already included in the policy rhetoric and toolkit of the governments trying to find solutions for reforming the system of public service in general, aiming at developing social services tailored to individual and community needs in particular. As they combine social goals with the entrepreneurial approach, social enterprises are undoubtedly one of the greatest social innovations of the last decades, tackling and addressing in a participatory manner, the complex issues of the current welfare mix system in European countries and not only.

There is nowadays, a considerable literature regarding social enterprise concept and development practice, which looks at it from various theoretical perspectives and in different geographical, socioeconomic, political and cultural contexts (Borzaga et al. 2008,

Defourny and Yu-Yuan Kuan 2011, Borzaga and Galera 2012, Defourny and Nyssens 2014). Comparative studies highlight a genuine and considerable interest in the development of social enterprises within different national and regional contexts around the world, while demonstrating that the various forms of social enterprise organization and legal incorporation depend on context-driven constraints and opportunities, as well as on various institutionalization models. (Young 1983, Crimmins and Keil 1983, Kerlin 2006, Borzaga and Galera 2009, Kerlin 2009, Alter 2010, Borzaga and Becchetti 2011, Young 2012, Kerlin 2013, Pestoff 2014).

Given the reputation and success gained by social enterprises across Europe over the past decades, this innovative solution to the problems of the current welfare mix system has stirred increasingly more interest from Eurocrats and, by extension, from bureaucrats of the Member States. Having a narrow understanding of social enterprises and isolating some characteristics specific to this flexible and generous type of organization, decision makers in many countries and in particular from the EU promoted social enterprises as a synonym of work integration social enterprises. (Pestoff 2014).

This is mostly valid for the newest EU Member States, former communist countries, which have recently rediscovered the concepts of social economy and social enterprise and have developed specific legislation over the past years. Thus, across the CEE area, social enterprises are generally limited from a legal perspective to work integration social enterprises. Nevertheless, in all CEE countries, besides these work integration social enterprises, we find a variety of entrepreneurial initiatives and organizational models of successful social enterprises, which were launched bottom-up and offer a wide set of innovative services to their members and communities.

Many European social enterprises are built through citizen mobilization and the self-organization of citizen groups (Borzaga and Defourny 2001). Via social enterprises, citizens coming together would solve individual and community problems, may address risks and cope with various forms of social and financial exclusion. A classic example of a bottom-up organization is mutual societies. In many countries, mutual organizations have been integrated into the welfare system while in others they continue to play a major part in the third sector. (Defourny 2001)

In this article, we look at a type of social enterprise active in Romania, more precisely mutual societies. In Romania, the vast majority of such organizations take the legal and organizational form of mutual aid associations. The article provides an analysis of a specific mutual aid association, namely the retirees' mutual aid association. Recently conducted research of this type of organization (Lambriu 2013a, b; Lambriu and Petrescu 2013) has revealed that mutual associations are the most entrepreneurial entities across the associative sector in Romania. The 'Omenia' Federation of Retirees' Mutual Aid Associations alone counts 137 mutual associations from all over the country, representing the interests of approximately 1,500,000 members and offering a wide range of non-bank financial services (loans) and social services tailored to the needs of its members, mostly senior citizens.

The article first looks at social economy research milestones in Romania. Researchers, decision makers and practitioners rediscovered social economy quite recently, after 2005. The concept of social enterprise was also introduced in Romania at about the same time, fueling confusion among decision makers, practitioners, general public due to the weak

understanding of its core dimensions – social, entrepreneurial and participatory governance – and compliance boundaries.

The article then moves on to present theoretical milestones in the research of mutual organizations, which have helped us understand and interpret the complex reality of those entities in Romania. Third, it presents a comprehensive case study of RMAA, we have conducted. The article presents the historical and contextual perspectives as well as a detailed analysis of a RMAA organization, namely ‘Omenia’ RMAA from Bucharest, the largest organization of this kind in Romania in terms of members and services provided.

2. Methodology

This article is based on research which analyzes the fiscal data of social economy entities included in the REGIS database of the National Institute of Statistics (NIS) and the information related to retirees’ mutual aid associations provided by the ‘Omenia’ National Federation of RMAAs as part of the project ‘Third Age – A Priority on the Public Agenda’. The secondary analysis of the data from the REGIS database of NIS regarding the number of RMAA organizations, employees or financial activity were used to establish their profile and evolution in Romania over the past 10 years. RMAA profile and evolution were drawn from the analysis of the data provided by the 137 RMAA members of the ‘Omenia’ National Federation of RMAAs about their members, the social fund, lending activities, social, medical and other services provided, as well as the number of service and grant beneficiaries.

At the same time, we conducted qualitative research and interviewed 30 RMAA representatives (16 in-depth interviews and 2 focus groups) in order to analyze different aspects related to the social enterprise features found in these entities or to the way in which they are organized and run. We will also present the main organizational characteristics as they come out of the legal framework analysis and the in-depth interviews conducted with the leaders of mutual aid association federations. Based on the mutual organization typologies showcased by the specialized literature, we will try to define and outline the profile of this type of organization in Romania.

3. Rediscovering social economy in Romania

Almost all types of social economy organization have their own history, their economic and legal profiles although, all of them share the prevalence of social goals in their entrepreneurial initiatives. These organizations that are private and formally organized, are created to address members’ needs while featuring an autonomous governance system and voluntary and open membership. They produce goods and services, and decision-making and profit distribution are not directly linked to capital or members’ contributions (the ‘one person/one vote’ principle). (Pestoff 1998, Laville 2010)

Since 2005, with the increasing integration of the national public policy agenda and framework into the European Union agendas, Romania has taken more interest in the social economy concept – a European concept, analyzing cooperatives or mutual societies alongside non-profit organizations. In the social economy approach, the main characteristics

which define the sector are grouped around the principle of mutuality and the primacy of social objectives in entrepreneurial activities.

In Romania, social economy realities are covered by a wide-range terminology from 'non-governmental sector' to 'third sector' and, more recently, 'social economy entities' and 'social enterprises', pooling under the same concept the work of organizations like cooperatives, mutuals, commons, associations engaged in economic activity and in the work integration of disadvantaged people.

The concept of social enterprise has recently stirred the interest of Romanian decision makers, practitioners and researchers. Social enterprise is a type of entrepreneurial initiative developed in Europe in the 1980s, which combines business and social objectives. (Defourny and Monzon Campos 1992, Borzaga and Defourny 2001, Defourny and Nyssens 2006, Borzaga and Galera 2012). Compared with the social economy concept, social enterprise is conceptually much narrower and it theoretically covers a category of enterprises especially created to generate long-term benefits or advantages for the community or citizen groups with specific interests and needs.

Social enterprises combine economic (entrepreneurial) activities with clearly defined social goals and they are designed to bring about a positive impact on the society/community by offering sustainable solutions to the challenging societal problems. Social enterprises are different from conventional undertakings in that they pursue an explicit social goal, which involves the production of goods and services to meet the identified needs of the community or various disadvantaged groups. Another difference from conventional enterprises is that the establishment of such an enterprise is motivated by intrinsic factors like social needs rather than extrinsic factors like financial purposes (Bacchiega and Borzaga 2001).

In Romania, social enterprises have recently gained legal status (under Law No 219/2015 – Framework Law on Social Economy) and we can find a diverse range of organizations acting as social enterprises but using various forms of incorporation, from cooperatives to NGOs engaged in economic activity. The new legislation recognizes all these types of social economy organizations as susceptible of setting up and developing social enterprises. Yet, the law places the main and almost exclusive focus on the work integration social enterprise, a type of undertaking which is also allocated significant public resources, especially from European funds. In Romania, the drafting of the social enterprise law was clearly marked by the need to secure investment from European funds and to fit into the narrow logic of social inclusion policies through the work integration of disadvantaged groups.

4. Theoretical landmarks in the study of mutual organizations

The concept of mutualism and the analysis of mutual organizations were examined from various disciplinary and theoretical perspectives. Sociologists, anthropologists, economists, legal practitioners, historians have studied the complex issues related to this type of organizations in various socio-economic and cultural contexts, on different continents, and in distinctive period of times. All these various approaches help us understand better the mutualist phenomenon and the diversity of organizational forms it embraces.

The first important theoretical landmark is the EMES model which defines social enterprises based on three main dimensions – entrepreneurial (economic), social and

participatory governance (Defourny and Nyssens 2012, Pestoff 2014). The Retirees' Mutual Aid Association (RMAA) greatly fits into EMES dimensions: it runs a permanent economic activity aimed at providing financial services to members (loans); the business-generated income supports the delivery of social and medical services to members as well as to other persons in need from the community; it is established at the initiative of a group of persons in response to seniors' needs; the entire surplus is directed towards social and medical activities; and it has a democratic governance structure based on the 'one person, one vote' principle. The RMAA addresses members' need for financial exclusion risk coverage by providing loans and financial support in case of special life events (risk of uncovered funeral expenses). Acting as an incipient credit union on the one hand and as a provider of various social services to members on the other hand, this type of organization is an example of successful social enterprise.

In order to understand how this type of mutual organization works, we turned to Johnston Birchall (2001) whose introduction to a study on the contemporary mutualist phenomenon analyses the concept of mutualism starting from three levels of understanding. The first level of analysis proposed by Birchall refers to political values integrated into the mutualism concept. This is linked to a doctrine which says that the individual and common goods can be achieved through mutual interdependence. Kellner (1998) or Etzioni (1988, 1993) also talk about this doctrinarian meaning of the mutualism. For them, the idea of mutualism is based on communitarian arguments. Kellner pleads for the development of a 'culture of mutual responsibility' based on a fair balance between duties and rights. Staying along the same political lines of mutualism, some authors highlight mutualism as the essence of the individual's civic dimension and a 'common good' (Halsey 1978, Etzioni 1988).

The second dimension of the mutualism concept placed by Birchall at the intermediate level of analysis concerns the principal-agent relationship which can be effectively managed from a mutualist perspective. Hence, mutual organizations are the solution to an important problem facing stakeholders as they remove capitalist shareholding in favor of other stakeholders than those found in conventional entrepreneurial initiatives, which could be the final consumer or another group involved in the mutual relationship.

The third dimension identified by Birchall is actually linked to the practice of mutual enterprises and the way in which they manage their activity. At this level of analysis, we look at elements related to the development of mutual organizations, their organizational profile, and the analysis of the legal framework under which they operate.

Another type of literature focuses on analyzing modern-day mutual organizations acting as credit unions. Besides various works about contemporary mutual insurance organizations from different economically developed countries, some literature tackles the issues of credit unions or credit associations. A relevant study is the one proposed by Ferguson and McKillop (1997) who look at development stages throughout the history of credit unions from various countries. Starting from case studies, they suggest a model for interpreting the development stage of these organizations as each stage presents a series of specific features.

McPherson (1999) proposes another sequential approach to the analysis of credit union evolution, with a focus on the development of credit unions as a social movement. Characteristics are identified for each sequence of development to highlight evolutionary elements for credit unions, from the formative stage to the global stage.

Another study highlighting the diversity of legal and organizational forms based on mutualism principles in various European countries – cooperatives, associations, mutual insurance organizations benefiting from dedicated legislation (like mutual insurance companies) – is the ‘Study on the current situation and prospects of mutuals in Europe’ (Broek et al. 2012). In some European countries, large mutual insurance organizations, covering 15.8% of the European market, operate in parallel with credit associations and mutuals which are not involved in the insurance/reinsurance business. In other countries, we only find one legal form in the lending and mutual aid areas, like in Romania where we exclusively find ‘mutual aid associations’, whereas in other countries there are various types of mutual organizations which work in parallel. The above-mentioned comparative study has shown that when mutual structures are not active on the insurance market, they are legally incorporated as mutual aid associations, offering members lending or social services. We find such cases in Romania (CAR, RMAA), Italy (Società di mutuo soccorso), Luxemburg (Société de secours mutuel), and Greece (Allilo voithitika Tamia).

The analysis of their management and operational frameworks shows that Romanian mutual aid associations are very close to the credit union business model. Starting from the theory proposed by Ferguson and McKillop, we can say that, in Romania, mutual aid associations are in the early to intermediate stage of development. Critical in the development of these structures and the clear-cut transition to the intermediate development stage is the limited possibility of designing savings and loan products, which are still very fragile. Things can change only if the specific legislation is revised so that it lays down clear activities and services for RMAA.

A type of literature which is useful for understanding mutuals in Romania is the one tackling the welfare state. The bulk of the welfare literature focuses on Western post-industrial societies, but in the 1990s, after the fall of communism, we could see new developments with regards to welfare, slowly emerging in post-communist CEE countries (Deacon 1992, Cerami 2006, Fenger 2007, Inglot 2008, Aidukaite 2009, Cerami and Vanhuyse 2009, Aidukaite 2011). All these studies indicate that CEE countries hold distinctive welfare characteristics based on their common historical, institutional and socioeconomic past. However, it worth mentioning that the CEE region is not entirely homogenous and there are differences between the countries of the region. The comparative study of European social policies, conducted by Golinowska et al. (2009), claims that, in the case of CEE countries, we can talk about a specific welfare model based on commonalities resulting from the communist past and similar transition challenges related to democracy and market economy development. The authors identify a series of characteristics for this welfare model which are specific to former communist countries: a return to the Bismarckian social insurance system established before World War II; high social security take-up rate; drastic social security reform within a short period of time; great influence of foreign experts and organizations in policy design; important issues related to unemployment and labor migration; accelerated demographic transformation; weakness of the associative sector and civil society organizations in general; high level of corruption; increasing inequalities and social exclusion. Other authors have specifically emphasized the weakness of the civil society and the low level of trust in state institutions. (Ferge 2001)

5. Mutuals in Romania

The Romanian mutual organizations, as part of the associative system are democratically set up on a *volontier* basis, offering to their members support and a range of services attending to their members' needs in order to cover the financial exclusion risks. Similar to other types of 'old social economy organizations', the mutuals have a long tradition in Romania as well as a specific economic and social profile. For example, the senior citizens' mutual organizations have a long track record in Romania, being mentioned in the census of social assistance and care institutions conducted in 1936 (Manuila 1938).

The mutual associations have continued to function even when the Romanian political and economic contexts were rapidly and dramatically changing. Their main coping strategy to different adversities induced by systemic changes was to nurture innovative solutions as alternative to accessibility and sometimes, underperformance of the social protection system.

The following paragraphs highlight the landscape of mutual help associations in Romania and 'why' and 'how' a successful bottom-up social enterprise model was built up. Two of the most relevant such organizations in Romania, are: Retirees Mutual Aid Association and Employees Mutual Aid Association. For each of those two organizations, the institutional characteristics and the development trends will be analyzed. A detailed overview of the RMAAs Federation will be featured followed by the analysis and findings of an interesting study that showcase one organization within 'Omenia' Federation namely, RMAA Bucharest. RMAA Bucharest represents a complex model, which combines the provision of non-bank financial services with the delivery of social, medical and other services matching the needs identified by members, most of them low-income pensioners.

After 1945, the Romanian mutual association had encountered a dual challenge. On one side, similarly to mutual organizations from other countries, the functionality of the Romanian mutual organizations had been hindered by the development of the public insurance system. On the other hand, the communist regime was very critical about any citizens' private or voluntary initiatives. The communist regime have used many ways to control and diminished the free associative sector. (Hausner and Giza-Poleszczuk 2008) From nationalization to demutualization and forced incorporation into the state infrastructure, the mutual association have been also subject of communist state interventions. It had altered or perverted some of the core characteristics of mutual organizations in order to fit the communist ideology and be used as instruments of the new political regime (Les and Jeliaskova 2007).

Under communist rule, mutual organizations went through a series of changes in order to be integrated into the specific welfare system and to be subordinated to the Communist Party and state institutions. The activities and assets of mutual associations were placed under state control. Moreover, clear goals have been set-up for mutual organizations with regard to the types of activities and income sources. In the same time, a clear demarcation between two types of mutual aid association have been done, based on membership criteria – employees' mutual associations and retirees' mutual associations.

These retirees' mutual aid associations were integrated into the public insurance system (the state was the only provider of goods and services) and were aimed at supporting members through loan and aid provision.

The peculiar organization of these mutual aid associations based on employment status, namely employee/pensioner, is a reminiscence of the communist period when these organizations were instrumented and integrated into the communist welfare system, offering the only loan option for citizens in the absence of commercial banks. This dichotomist rigid structure followed the lifecycle promoted under the communist regime – school, work, retirement. Hence, employees could voluntarily join the employees' mutual aid association, under trade union coordination, and pensioners could voluntarily join the retirees' mutual aid association, coordinated by the then Ministry of Labor.

After the fall of communism, mutual aid associations were no longer coordinated by state institutions and regained their legal independence while maintaining their name and partially the membership structure. Nevertheless, it was only after the year 2000 that they started to make major changes in the activities and services provided to their members.

Mutual aid associations share the associative registration form with NGOs, but another important feature is the mutual character of these organizations, similar to cooperatives. In Romania, the majority of mutual aid associations are Employees' Mutual-Aid Associations (EMAA) and Retirees' Mutual-Aid Associations (RMAA), each type being covered by specific legislation. EMAA operate under Law no. 122/1996 and RMAA under Law no. 540/2002, providing the legal framework for the operation of these organizations with double registration and describing the types of activities that can be carried out by these mutual associations. EMAAs and RMAAs are also registered as non-banking financial institutions with the National Bank of Romania. After the fall of communism, mutual aid associations preserved the same membership structure even though union support collapsed along with the industrial-agricultural system. However, at community level, these organizations have survived and developed, responding to a clear need for support structures helping citizens to cope with financial exclusion risks. These mutual aid associations resemble incipient credit unions and provide loans to their members or cover certain funeral-related costs (particularly in the case of RMAA), but they are not involved in insurance/reinsurance activities like many Western European organizations of this type.

Mutual aid organizations are very popular among Romanian citizens. A recent national survey has shown that 12% of the respondents declared they were contributory members of EMAAs or RMAAs, affiliated to union organizations (11%) or political parties (6%) (Lambriu and Vamesu 2010). According to membership data recorded by federations, EMAAs and RMAAs count more than 5 million members. Similarly to other countries in the region (Les 2004), while the cooperative sector flounders in the crisis, mutual aid organizations seem to experience some sort of rebirth and revitalization.

Retirees' mutual aid associations were set up to address senior person's needs – mostly financial ones, but also social, medical and other kind of needs. Older people's access to financial services like loans used to be a major problem because of their 'unbankability' due to their low income and age and fragility of the public social services system.

According to the specific law, the main activity of RMAAs is the provision of refundable loans under advantageous conditions to seniors who are their members. At the same time, there are also other types of complementary activities which can be carried out for members such as: cultural or leisure activities, provision of services using members' labor, funeral services, social services, etc. The services delivered by RMAAs in Romania include: clothing, shoe, home appliance repair; electrical and plumbing services;

locksmith and RMAA entry work, water meter installation; coffin making and funeral accessories; hairdressing and barbershop services; selling/distributing food products via social stores; handicraft workshops (cards, paintings, crocheted items). All those services had been set up in order to meet the members' demand, at a cost less than the market price. Some of the social services provided are: home-based care, day care centers, leisure activities, medical services (medical check-up, specialized medical examinations, kinesiotherapy, physiotherapy, and so on).

Studies conducted in Romania over the past years in the field of social economy (Cace et al. 2010, Lambru 2013b, Petrescu 2013, Barna and Vamesu 2014) revealed that this type of organization achieved the greatest entrepreneurial success of all social economy entities. Thus, approximately 90% of the 198 pensioners' mutual aid associations active in Romania, report a surplus and the number of employees has constantly increased – up to 2240 people – in these structures. The business success of this type of mutual organization also proves the trust it has gained from its target audience, namely senior citizens. 97% of earnings come from the lending activity and only 3% from other types of economic activities performed by members for members (funeral services, shoe repair, tailoring, installations, beauty services, etc.) (Table 1).

RMAAs constituted themselves into a federation in the 1990s, systematically integrating similar organizations. Currently, the 'Omenia' National Federation of Retirees' Mutual Aid Associations counts 137 member organizations (70% of all RMAAs in Romania) and represents the interests of approximately 1.5 million members (about 30% of Romanian pensioners) across the country, from both urban areas (53%) and rural areas (47%). RMAA members join these organizations because they provide the only viable solution to different risks common to the Romanian welfare system: (a) the risk of financial exclusion – many Romanian pensioners are not eligible for banking services because of their small pensions and thus their financial needs are covered by low interest loans from PMAA; (b) covering the costs incurred by specific events – funerals– which is something that RMAA does for all members based on the social fund available.

Studies have shown that, starting with 2000, RMAAs became preoccupied with developing customized social services for their members (Lambru 2013a). Out of 137 member

Table 1. Evolution of RMAA socio-economic indicators between 2000 and 2012.

RMAA	2000	2005	2007	2009	2010	2011	2012
RMAA	133	170	178	193	203	193	198
% Rural RMAA	6.8%	7.1%	7.0%	7.3%	6.9%	8%	9%
Total income (EUR), of which:	1,961,538	13,938,094	19,105,912	25,475,246	18,127,616	32,265,333	35,528,667
Income from economic activities	175,636	792,476	965,429	1,493,978	834,836	1,192,222	1,111,111
% Income from economic activities	9%	6%	5%	6%	5%	4%	3%
Net result for the year – surplus (EURO)	323,526	3,269,411	3,386,367	6,807,551	3,171,173	8,042,444	8,631,556
Net result for the year – deficit	2006	90,142	102,261	227,172	529,257	128,444	218,222
% RMAA net result for the year – surplus	91%	87.1%	88.7%	88.6%	60.1%	91.2%	89.9%
Total employees	1306	2055	2219	1959	1306	2176	2240

organizations of 'Omenia' National Federation of Retirees' Mutual Aid Associations, 60% provide social services to their members while medical services are set up by 30% of them. Other types of services are provided by 12% of member organizations. These social services are most varied, with each PMAA developing its own services according to its members' needs, from home-based care, day care centers, occupational therapy workshops, social counseling, psychological counseling to financial support granted in case of hospitalization or sickness and delivery of food via social canteens or clothing and other items in social stores. They are complemented by a series of medical services, such as specialized medical examinations, kinetotherapy, dental treatments or lab tests at preferential prices for their members.

The success of RMAA organizations is greatly explained by the welfare state profile of Romania which has the lowest social protection expenditure in the EU (15.4% of GDP) and spending on social services accounts for 0.3% of the total social protection budget, covering services provided to all at-risk social groups from children to persons with disabilities, the elderly, women in difficulty, drug users, the Roma, etc. Under these circumstances, the third sector represented the solution to the need for social services, with RMAAs targeting their social services specifically at a single group of people – the elderly. On the other hand, in a country where public service reform, the marketization and privatization of social services are in an early stage and where opening the market to third-sector actors comes up against ideological barriers, RMAAs have offered an autonomous solution to members' problems.

The analyses of the public policy framework dedicated to senior citizens in Romania (Lambru 2013a, Bodogai and Cutler 2014) show that RMAAs do not fit into current welfare strategies and occupy a marginal spot in the seniors-targeting policy system.

6. Case study: 'Omenia' RMA association Bucharest

The 'OMENIA' Retirees' Mutual Aid Association Bucharest was founded in 1952 for the mutual assistance of its members, senior citizens. The organization was integrated into the communist social protection system, offering the only option to senior citizens to access loans – in the absence of commercial banks – and other kind of grants, including bereavement payment.

Omenia RMAA Bucharest is one of the largest RMAA-like associative structure in Romania, member of 'Omenia' National Federation of Retirees' Mutual Aid Associations, with 43,051 members and 65 community offices, 170 employees, 25 volunteers involved in the everyday activities of the organization and over 200 in specific activities. In order to cater to its members who don't live close to the head office of the Association, area cashiers are used to visit senior citizens at home.

In the early 1990s, 'Omenia' RMAA Bucharest had approximately 15,000 members but their number dropped to 9700 by 1999. Service diversification, office expansion and enhanced business promotion led to a constant growth in membership starting with 2001, currently standing at over 43,000 members.

The past years have seen an increase in members and assets (social fund) against the backdrop of the economic crisis and the decline in the living conditions of seniors as more and more pensioners had to turn to RMAA for help in order to be able to cover various social exclusion risks. The need for loans and socio-medical services

has led to an increase in 'Omenia' RMAA membership by over 6000 people in two years alone (2012–2014). The number of loan beneficiaries grew from 11,578 in 2012 to 13,961 in 2014, but the loan value increased slightly up to nearly EUR 400 in 2014 compared to EUR 325 in 2012. Not all members are interested in loans; while approximately two thirds of them access loans, the others benefit from social, medical and funeral insurance coverage services, as well as from sickness or hospitalization cost coverage services.

6.1. Services delivered to members

The main activity of 'Omenia' RMAA is lending to members from the social fund established through the savings of members and amounting to over EUR 4.4 million. Approximately 60% of the 43,000 members (around 26,000) have contracted loans to be reimbursed within 6 to 24 months at an interest varying between 1% and 14% a year. The average loan value was EUR 400 in 2014, ranging from EUR 50–100 to EUR 3000. The total loan value exceeds EUR 3.8 million, with arrears accounting for 7% of this amount (EUR 290,000). More than 90% of loan beneficiaries are unbankable because of their age and income.

Besides this lending activity, the resulting surplus has been used to develop a series of social services and economic activities meant to improve the members' living standard. Services/economic activities were built on members' demand and are mainly aimed at improving their wellbeing, not at making profit.

Based on the previous year's surplus, financial support is also offered to members in difficulty such as: treatment or hospitalization aid; sickness aid; partial or full coverage of leisure activities. In the past years, the economic crisis has led to an increase in non-repayable aid by beneficiaries, up to 11,350 persons in 2014 (26% of members).

After the year 2000, special attention has been paid to the development of socio-medical services for members – senior citizens, 30% of such services being currently delivered such as: home-based care, social canteen, day care center, leisure activities, occupational therapies, social counseling, psychological counseling, specialized medical examinations, medical recovery, etc. The number of beneficiaries of social services such as, family medical dental and eye care, cardiology, geriatrics and kinetotherapy has increased in the past years, reaching 8650 people in 2014. As medical services diversified, the number of beneficiaries grew and reached 4300 people in 2014. In many cases the physicians offering medical services are also members or supporters of the organization.

It is noticeable, during the past few years, a considerable 'pressure' put by a growing number of the members, on the development of socio-medical services. In addition to self-financed social and medical services, the organization aim at their accreditation which would allow them to access public funds for development. Often, the accreditation process is tedious and challenging, in many respects and that has diminished considerably the pursue to acquire it. Only four organizations out of total of 137 have managed to accreditate the socio-medical services offered to their members. In order to overcome the setback, the Federation has made the issue of accreditation of the social and medical services provided to its members, one of the key priorities of its current development strategy.

6.2. Organizational structure

Participatory decision-making is one of the principles laid down in the statutes of 'Omenia' RMAA Bucharest, which ensures the democratic governance of the organization. Given the large membership, the decision-making structure of 'Omenia' RMAA Bucharest is the General Assembly of Members' Representatives, which meets yearly to approve the annual strategy, the budget, and the annual plan, securing members' participation in the organizational decision-making process. Pursuant to the Statutes of 'Omenia' RMAA Bucharest, a General Assembly participant represents 400 members and has to decide according to members' interests.

The governance structure is composed of: the Board of Directors made up of five members, with the Chairman appointed by the General Assembly for five years, and the Auditing Committee acting as an internal financial control body, made up of three members appointed by the General Assembly for five years.

In 2008, changes were brought to the organizational structure of the association which moved from compartments and offices to departments and services aimed to serve a greater number of members. Thus, departments were created for the lending business, medical services, legal services, service provision and social programs. The latter also includes the social assistance office and the day care center.

7. Conclusions

The case study of the Romanian RMAA demonstrates that a successful social enterprise does not need to be externally driven and financially supported from European funds. RMAA is a bottom-up social enterprise initiative responding to members' needs in a welfare context specific to CEE countries. In a fragile social protection system, even a group that is not normally associated with social entrepreneurship initiatives – the elderly – can find a suitable form of organization and the means to cover their interests and needs: social, medical and financial services.

Looking into various social enterprise development models, we believe that greater efforts are needed to promote the EMES model in CEE countries. This could inspire the decision makers and general public to get a proper understanding of the concept of social enterprise.

Our study has highlighted a series of endogenous and exogenous factors contributing to the development of this type of organization. Exogenous causes include decision makers' and the general public's poor understanding of the identity and social utility of these organizations and an ideological climate unfavorable to non-governmental organizations in general and to mutual aid entities in particular. Endogenous causes are linked to the capacity of those organizations to mobilize members, to understand and build on the mutuality principle underlying their very functioning. This can pose problems in terms of member relations, leadership selection, and strategic decision-making at organizational level. Other critical issues are the weak image of these organizations at decisional levels, their inability to build advocacy actions on the great popularity they enjoyed among citizens, feeble communication between federations or even tensions between representative structures.

We hope this article may contribute to a better understanding of social economy and social enterprises in CEE countries. Research can bring to light success stories that are 'invisible' to public authorities and the general public.

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