

How big is the social economy?

The social economy in Scotland is driven by 44,000 voluntary organisations. 22,000 of these are registered charities. The sector employs about 100,000 people (80,000 full time) and is supported by 700,000 volunteers.

In 2000 income to the social economy was estimated to be £2.2 billion which is 4% of Scotland's gross domestic product. This includes charitable funding by individuals of £370 million per year with another £90 million coming from charitable trusts.

And the social economy sector is growing. Since 1995 the paid labour force has nearly doubled and the income has increased by 40%.

“Social economy organizations working with socially disadvantaged groups spend around £500 million each year of self-generated income and income from private donors and charitable trusts, a sum which probably exceeds the annual total of the Executive's dedicated social inclusion expenditure.” (p20)

How are social economy organisations different from public and private sector ones?

Social economy organisations are different from other organisations because they

- are set up for a social and environmental purposes (not just to make profit)
- have unpaid, leadership (ie Board members, Directors or Trustees)
- have a lot of community or user involvement in how they are run
- reinvest profit rather than paying it out to shareholders

Social economy organisations have many advantages compared to other organisations. They are:

- close to their customers and clients and therefore know and respond quickly to their needs
- able to provide services to groups of people that are hard to reach
- independent of the state and therefore free to experiment and do things differently
- able to attract charitable donations (money, labour and contributions in kind)
- well placed to make experience based contributions to public debates
- an effective way of building social capital (see box)

What do social economy organisations do?

There are many types of social economy organisations doing many different things. Some are small, low budget organisations with a very local focus while others are large, big budget organizations with national and/or international influence.

They may be linked to public or private sector companies on a more or less formal contract basis or they may be totally independent. They may or may not be registered charities and/or companies limited by guarantee. They range from corporate firms such as mutuals, employee owned businesses and cooperatives through housing associations and campaigning groups to small, self-help community groups.

How to develop social capital (p11)

- build the capacity of communities to determine and act on their own definitions of the public good
- provide ways for taking independent social action
- create networks of communication and decision taking in communities of place and interest
- develop neglected human skills
- locate a social economy organization within a community
- create employment and encourage new economic activity

Themes covered by social economy organisations in Scotland include:

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| <ul style="list-style-type: none"> • animal welfare • arts and museums • children's services • civil rights • community care • community regeneration • conservation • cultural heritage • education and vocational training • environment • energy efficiency • fair trade | <ul style="list-style-type: none"> • financial services • food processing • health • housing • information communication technology • land industries: horticulture, agriculture & forestry • legal services • local exchange trading • marine industries: fisheries • micro-finance credit • overseas development | <ul style="list-style-type: none"> • religious activities • research & policy engagement • recycling and waste reduction • retail distribution and shops • rural development • savings and credit • social banking • social landownership • small scale power utilities • sports and recreation • sports hunting and fishing • transport • tourism – local & green |
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