

Symposium on “Social Economy and Management”

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General context

The English term “management” refers to the science of the management of companies that developed over the 20th century, initially in the United States. It represented an important element in the transformation of companies, allowing them to modernise and be able to prepare for and live through the second Industrial Revolution.

The introduction of these methods of management brought considerable productivity gains and resulted in a better use of resources for increased efficiency. These methods were conceived and made popular in the early decades of the 20th century by the American business schools of the East coast of the United States, and began with the new practices emerging in the companies of that region (General Motors, Ford, General Electric, Kodak, Procter and Gamble, Carnegie, IBM, etc.) in relation to the pioneering work of management research consultants.

From the 1950s onward, these methods spread throughout Western Europe and Japan. They led to major productivity gains, with the offer of an extensive range of consumer products. This was in line with the theories of Henry Ford and John Maynard Keynes on the virtuous cycle of an increase in income generating purchasing power.

This philosophy culminated in and is justified by the American way of life, whereby this method of production results in a form of consumption that improves the daily life of many.

At the beginning of the 1980s, market deregulation theories which advocated the total disengagement of the State forced all economic sectors to open up to competition.

Social Economy companies in the 1980s

The social economy developed over the course of the 20th century in the context of the market economy. Its companies gradually adopted the managerial methods practised in profit-making companies. In this way, they have been able to modernise and offer better services to their clients in order to meet their needs.

The players in the social economy (employees, workers’ representatives, managers, etc.) have adopted the representatives of profit-making companies, the operating methods of which have become the example to be followed.

Over the last 20 years, the financial lines of thinking imposed on profit-making companies, mainly those listed on the stock markets, have gradually led to a loss of the aims of the fundamental principles on which economic science is founded to favour only the “value” of actions and their profitability.

In this way, these companies have moved from a philosophy of equitable production and distribution of wealth^[1] to an unreasonable individualisation of returns. A demand for short term profitability results in a need for increasingly greater financial results. With productivity gains of 2 to 3% per year no longer satisfying this requirement for results, investments have as a result drifted toward purely speculative financial products.

The search for immediate profitability, which involves an unbridled use of new technologies, has driven certain parties to challenge the values of respect of the human person and solidarity on which our society is built. The focus on globalisation has detached the thrust of decision-making from the territorial basis relating to notions of efficiency (impact on local development, reduction of carbon emissions) and has adopted short term financial efficiency as its only management criterion.

These financial approaches have resulted in today's major systemic economic crisis. In order to truly emerge from it, it will not be enough to regulate financial standards; instead, two other dimensions should be taken into account, namely the social and environmental dimensions. The first step would be to consider sustainable development-related problems as a whole^[2] in order to generate a response in terms of different methods of production and consumption.

The new perspectives of the Social Economy

The social responsibility of all the parties involved (companies, citizen/ consumer, etc.) can only exist in the presence of the values of democracy, sharing, equity and solidarity which bring about practices that challenge individualistic, narcissistic and selfish behaviour.

The social economy is founded on these values. Today, we would be wise to think about the operating method of the companies of this sector and compare it to that existing in profit-making companies, without calling into question the market economy founded on competition between players and the relation between supply and demand. Essentially, can the market economy incorporate new regulations to take into account the social and environmental dimensions?

Do innovative everyday practices exist that can motivate and attribute value to the employees of social economy companies? Does the management of men and women present specific characteristics that can be proclaimed as an alternative model? What management practices of an everyday but also strategic nature can serve as an example to affirm that wealth lies only in man himself?

Rather than introducing new practices, isn't it more a matter of promoting those existing in social economy companies as opposed to those existing in profit-making companies, particularly in matters relating to:

- methods of remuneration and their differential
- the distribution of results

^[1] Morgan and Rockefeller advocated a remuneration scale of 1 to 40 for salaries. This gap began to widen at the end of the 1970s and has reached the point where employees of large companies are now earning 400 times the average salary (Jacques Marseille, 29 August 2008, MEDEF University, "La folie des grands : les rémunérations en question" (Delusions of grandeur: calling earnings into question))

^[2] This concept appeared in the Brundtland report of 1987; it was defined as: "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*".

- decision-making methods
- the regulation of crises
- the definition of value
- the use of employment as an adjustment variable, etc.

More so than the tools themselves (which are, in theory, a neutral force), isn't it the way that they are used and the end to which they are used that can present a problem? But, above all, isn't it the managerial approach that constitutes the difference between a company with the objective of producing the best return on investment, and that of also taking into account the other social/societal and environmental dimensions?

In the face of the financial crisis, is the social economy putting in place new operating regulations? Is it not true to say that we are seeing the emergence of a social market economy "model" characterised by its goal of integrating the main economic, social and environmental balances? And how will this manifest itself at managerial level?