Quite promising yet marginal? A comparative study of social economy in the EU South

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Abstract
Social Economy (SE) has been praised for contributing to a humane and sustainable economic growth, whilst effectively tackling the detrimental effects of economic, ecological, and other types of crises. With many of its member states experiencing a heap of such problems, the EU has actively facilitated the setting up and operation of social enterprises. The paper at hand offers a theoretically-grounded empirical analysis of SE in four South EU countries (Spain, Italy, Greece, and Cyprus), and specifically, it examines the pertinent policies and their post-implementation impact. To do so, it employs a mixed-methods approach comprising a critical scrutiny of national policy frameworks, a quantitative analysis of secondary regional data on SE workforce and enterprises, and an interview-based fieldwork focused on SE stakeholders and experts. Highlighting the crucial differences among national policy frameworks lays the groundwork for deciphering the uneven dynamics in SE development across the study regions. Our analysis underlines that, albeit SE is often presented as a viable alternative to neoliberalism, it is bound by the latter’s intrinsic characteristics. Specifically, not only SE fails to limit (youth) unemployment and inactivity drastically, but on the contrary, it often becomes a fertile ground for labor practices that are exceedingly precarious.

Keywords Social innovation · Youth unemployment · Youth inactivity · Alternative economic spaces · Recession

Introduction
For about two years now, the health crisis related to the COVID-19 pandemic is driving economic recession. Amidst societal and economic turmoil, wide segments of the workforce are rendered redundant, whilst the entrance of younger populations...
in the labor market is again seriously hampered (Pouliakas & Branka, 2020). Coming at a particularly timely moment, the paper at hand resonates with voices in academia that call for a refocus on socially-sensitive ways of economic organization (Leach et al., 2021). To do so, it presents a theoretically-informed empirical analysis on the expansion of Social Economy (SE from now on) and the employment opportunities created therein. This way, the SE-related policies, their actual implementation, and their impact, are put under thorough scrutiny. The paper focuses upon four countries of the EU South: Cyprus, Greece, Italy and Spain.

SE, often being called the *third sector* of the economy as it is “squeezed” between the private and the public sector (Kay et al., 2016), typically pertains to collective work experiments and firms that adopt a bottom-up organization and, more generally, a democratic process in production (Moulaert & Ailenei, 2005; Gibson-Graham, 2006). These entities are often called upon to respond to states’ retreat from welfare provisions, which has been apparent since the 1980s and the so-called neoliberal turn (Amin, 2009; Nicholls & Teasdale, 2017). States and transnational institutions have, in turn, often utilized this SE quality. For instance, the European Commission has developed a notable interest in social innovation—and SE in particular—as a provider of sustainable solutions to pressing socioeconomic problems such as galloping unemployment (Chaves & Campos, 2012) and other, wider, problems, such as the migrant crisis and climate change (Krueger et al., 2018).

Although these problems affect the EU as a whole, their footprint has been much larger across the EU South. There, economic recession has been raging on for more than a decade, whilst these countries have taken up most of the burden of the recent refugee crisis (Felipe and Estrada, 2020). Moreover, a bleak future looms, as the climate crisis is expected to hit the Mediterranean Basin disproportionately in the following decades (Tuel & Eltahir, 2020). In this conjuncture, the EU has promulgated a broad legislative and regulatory framework, seeking to establish an enabling setting for social enterprises (e.g. see CIRIEC, 2017). However, this framework is rather convoluted and notable inconsistencies can be found between the policy frameworks of member states. Stemming from such legislative discrepancies, but also from local path-dependencies, the SE today present a mixed and complex picture across the countries of the EU South.

To frame and examine the above, the paper poses three research questions. First, which are the key points of public policies for SE in each of the four countries under study, and what are the similarities and differences between them? Second, to what extent has SE developed in terms of enterprises and workers in the study regions? To what extent is the size of the third sector within each country associated with the robustness of the respective national framework? And third, in which ways social enterprises’ gradual embeddedness within market mechanisms has hybridized their nature? Has this affected their operation and the quality of employment they offer? To answer these questions, we employ a mixed-methods approach unfolding in three steps: first, a critical examination of national policy frameworks, second, a quantitative analysis of secondary regional data on SE workforce and enterprises, and third, an interview-based fieldwork seeking to elucidate the experiences of SE stakeholders and convey the collated knowledge of relevant experts. Our approach draws upon key geographical and cultural political-economy concepts. As such, it
conceptualizes SE in a geographically sensitive way, taking into account the socio-
spatial dialectics at play during its reproduction (see Gibson-Graham, 2006; Graham
& Healy, 2007; Nicholls & Teasdale, 2017).

We believe that our approach makes a multifarious contribution to the literature. Our combination of objectives is rather under-studied and, to our knowledge, much of the relevant literature does not delve deeper than the national level apart from a few exceptions (see for instance Kotsios et al., 2019). Moreover, our approach draws from recent mixed-methods analyses (such as Chaves-Avila & Savall-Morera, 2019), but in combining legislative framework analysis with quantitative data analysis, it further advances the methodologies in the field. Last, with the EU South facing a wide array of problems which the third sector is called upon to tackle, our study takes on an additional significance, as it engages with a geographical framework that needs to be further elucidated. Ultimately, our findings differentiate from mainstream accounts that see SE as a viable alternative to neoliberalism. Instead, we highlight that it has expanded in highly uneven terms across the study regions and lacks a clear focus in providing good-quality jobs for vulnerable population groups like NEETs (young people Not in Employment Education or Training). As such, SE’s footprint on stable employment is rather limited and the sector itself often becomes a field where precariousness is reproduced.

The paper is structured as follows. First, we look into definitional and theoretical issues and provide an overview of the debates around the impact and role of SE. We then lay out our methodology and proceed with the analysis. There, we critically review the policies regulating SE in each country, scrutinize regional level data on SE enterprises and workers, and conduct a narrative analysis of a series of semi-structured interviews with stakeholders and experts. In the discussion that follows we frame our findings in the form of three basic arguments, pertaining to the local path dependencies of SE in the EU South, the inadequacy of relevant policies, and the hybridization of social enterprises amidst a pressing conjuncture. The paper concludes with brief policy recommendations so that SE can reposition itself within the dominant socio-economic circuit.

**Social economy: definitional issues and socio‑spatial implications**

Alternative economic practices have been present throughout the history of capitalism although they have mostly remained under the shadow of dominant arrangements (Amin, 2009). SE, however, boasts a rich tradition that is deeply rooted in many countries across the globe, and certainly across much of the European South. Italy, for instance, abounded in co-operatives for the most part of the 20th century (Bartlett & Pridham, 1991). In recent decades, the innovative nature of SE and its humane values, even amidst adverse conditions, have been praised. Seeing that it can potentially provide viable solutions to social, economic, political, and environmental challenges, governmental bodies from the local to the transnational level have actively pushed SE. In this context, social innovation has been a central concept in policymaking and relevant academic debates. It is defined as the “changes of attitudes, behaviour or perceptions of a group of people joined in a network of
aligned interests”, which can potentially “lead to new and improved ways of collaborative action within the group and beyond” (Neumeier, 2012, p.55). Examples of such innovations include tackling falling productivity in crisis-ridden regions, as in the case of ‘Fab Labs’ in Italy (Ramella & Manzo, 2018), or decarbonization efforts. In the above examples, social innovation has been nurtured within the frame of SE (Hillman et al., 2018). For this, the sector has expanded over time and has become a notable part of contemporary economies in many developed countries (Nasioulas, 2012). Especially after the onset of the 2008/09 Global Crisis, SE gained more prominence, as the problems which it is called upon to tackle became more pressing (Chaves & Campos, 2012). Whilst some researchers attribute this prominence to the anti-austerity and solidarity grassroots movements that surfaced within a context of societal and political turmoil (Arampatzi, 2018), others mark favorable policy interventions as the focal factor in SE’s advancement and viability (Chaves-Avila & Savall-Morera, 2019).

Overall, a multitude of researchers and policymakers has extensively probed into SE practices. As a result, a wide variety of definitions for SE has emerged (Moulaert & Ailenei, 2005). One commonly accepted describes it as “the set of organizations that do not belong to the public sector, operate democratically with the members having equal rights and duties, and practice a particular regime of ownership and distribution of profits, reinvesting the surpluses to expand the organization and improve its services to its members and society” (Chaves & Campos, 2012: p. 19). At the same time, the SE enterprise is defined as an economic entity aiming at “social impact rather than generating profit for owners and shareholders”, and which “uses its surpluses mainly to achieve these social goals […], managed in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity” (European Commission, 2014).

A central factor in the diversity of SE definitions is the social and geographical context within such practices take place, as local traditions and path dependencies shape the way SE is perceived. In the EU South, the roots of the third sector trace back to the mid-19th century, being closely related to each country’s efforts to develop a system of social provisions. Voluntary, non-governmental endeavors such as family-centered networks and charitable organizations associated with the Church have traditionally acted as providers of social services, responding to the diachronically weak welfare systems in the region (Defourny & Nyssens, 2010). However, under the influence of capitalism, SE gradually differentiated itself from other types of endeavors and became more and more embedded in complex local historical processes.

In Spain for instance, the economic decline of rural areas and the industrial crisis of the 19th century gave rise to some proto-social enterprises such as agrarian cooperatives (European Commission, 2020). In the course of the 20th century, the decentralized administrative system of the country resulted in highly diversified regional policies. As a result, cooperatives became more and more concentrated in certain localities. Many of the cooperatives founded in the wake of the 20th century survive to this day, evolving from 1980s onwards into modern-day social enterprises (Chaves-Avila & Savall-Morera, 2019). In Italy, the first
cooperatives, charities, and workers’ mutual-aid organizations emerged a bit later than their Spanish counterparts, namely, at the turn of the 20th century, and they were mostly located in the northern part of the country (Fonte & Cuco, 2017). During the 1970s, economic recession and increasing unemployment led parts of the population to voluntarily undertake economic activities as part of social projects (European Commission, 2020). The political patronage of the third sector in Italy took place more or less at the same time as in Spain. This period (late 1970s and early 1980s) constitutes the turning point when most of Europe’s SE entities started evolving into—or being overshadowed by—modern-day social enterprises which combine market logic with participatory practices (Ranci, 2015). In contrast, whereas in Greece and Cyprus social entities trace back to the nineteenth century, their political institutionalization became clear only after 2010 (Nasioulas, 2012; European Commission, 2019).

Beyond its geographical unevenness and asynchronous growth, the literature has also noted the different perceptions around the role of SE, as they mainly depend on the stakeholder. The main SE stakeholders are the state, market actors, and local communities (Adam, 2018). For the state, SE is subsidized so as to supplement for lacking welfare provisions (Monzon & Chaves, 2008), whilst for local communities SE signifies not-for-profit activities, self-fulfilling tasks, and more equitable employment relations (Molina et al., 2018). For their part, market mechanisms have actively engaged with SE and market logic has penetrated the sector. The extent to which this has occurred though, depends on the political and geographical context, with the literature coining various models of SE in this regard. Stukalo & Simakhova (2018), for instance, identify four types of SE: liberal, Scandinavian, corporatist, and Mediterranean. For his part, Busso (2018) categorizes SE entities according to their response to a dilemma they face amidst recessive pressures. Thus, they can either be ‘hyper-embedding’, meaning that they opted for their further institutionalization, or ‘making an entrepreneurial turn’, meaning that they opted for the marketization of their operation.

The above dilemma reflects a wider argument, as to whether SE belongs to a whole different socioeconomic domain or is simply a part of the dominant one. Part of the literature understands SE as a sector that lies outside of the dominant socio-economic circuit, one that—instead of profit—is driven by the values of cooperation, generosity, and solidarity (Gritzas & Kavoulakos, 2016). In this sense, SE arises as a radical alternative to—or even a transition from—capitalism (Enright & Rossi, 2018). However, most researchers view SE as just another sector, a hybrid one nonetheless (Nicholls & Teasdale, 2017). This cohort questions the nature of SE as an opposing force to capitalism, underlining its commercialization and marketization tendencies. In this sense, SE, under the blessing of the state, constitutes the market’s response to economic idleness. Indeed, the growth of SE enterprises has coincided with economic financialization and the liberalization of welfare policies (Chaney & Wincott, 2014). Interestingly, SE’s long-term viability within the dominant socio-economic paradigm is put under doubt by many researchers, despite most consider SE part of it (see Gibson-Graham, 2006; Bartha & Bereczk, 2019). These doubts have multiplied especially amidst the generalized pressure social enterprises have found themselves during the last recessive decade, which has resulted in the
foreclosure of prominent enterprises, such as the Mondragon cooperative Fagor in Spain (Errasti et al., 2017).

Related to the above, our approach adopts a more nuanced perspective where SE is dialectically bound to the dominant socioeconomic circuit, being a pro-market and at the same time a non-market “reconstruction of social caring” (Baines 2004). In other words, SE does not undermine market mechanisms but rather extends them (based on Gibson-Graham, 2006; Busso, 2018). In this sense, we draw upon accounts which have pointed to SE’s role in financialization processes and real-estate speculation (Langley et al., 2020). This kind of approach contrasts most analyses, as they advocate for one of the two above-mentioned conceptions. Therefore, issues such as the role of SE in reproducing labor precariousness, a characteristic outcome of labor arrangements in the dominant circuit, remain rather under-researched.

Methodological framework

To address the research questions posed in the introductory part we employ a mixed-methods analysis which comprises three steps. First, we review national policies that regulate SE in Spain, Italy, Greece, and Cyprus. In this part, we mainly seek to clarify three key issues: (i) which are the target groups of regulations, (ii) what mechanisms are mobilized to implement the promulgated policies, and (iii) how is the overall performance of SE being monitored.

This first part lays the foundation for the empirical analysis that follows, where we examine the size of SE in terms of enterprises and workers for all NUTS-II regions of the countries under study. The quantitative analysis starts with identifying regional concentrations of SE workers using the Location Quotient Index (hereafter LQ). The index is calculated in two ways: dividing the share of SE workers in a region to either the aggregated share of such workers in all four countries (Fig. 1a) or the respective national share (Fig. 1b). The former allows us to draw comparisons between regions of different countries, whilst the latter shows how SE workers are allocated within each country. Then, we incorporate social enterprises into our analysis so as to get the fuller picture of SE in each country. Specifically, we simultaneously present the shares of SE enterprises and workers within the sum of all economic activities through a bivariate map (Fig. 2). To add more context to our quantitative analysis, we use characteristic examples of social enterprises indicated by experts during interviews.

The quantitative data used are the most recent available. For Cyprus, Italy, and Spain they refer to 2018, whilst for Greece to 2016. In all cases, these are extracted from each country’s official registry for SE. It must be noted here that due to

1 The index is generally used to identify regional concentrations of the variable under study. Values above 1.2 indicate an over-concentration whilst values below 0.8 indicate under-concentration.
2 Coded in the text as EX.SP-1, EX.IT-1, and EX.GR-1.
3 Data for Spain have been retrieved from the Spanish Ministry of Labor, Migrations and Social Security; for Italy from the Italian National Institute of Statistics; for Greece from Special Secretariat of Social and Solidarity Economy; for Cyprus from the Authority for Cooperative Society of Cyprus.
Fig. 1  a, b. The regional share of SE workers within (a) the total share of SE workers and (b) the respective national average of SE workers. NUTS-II level, Greece, Spain, Italy, and Cyprus. Source: Compiled by the authors based on relevant national registries.
inconsistencies between national frameworks, there is no absolute alignment as to which entities and workers qualify as part of SE. Therefore, comparisons between regions of different countries must be made with caution. However, such comparisons remain useful as they reveal the level of inclusiveness in each country’s regulatory framework, and albeit indirectly, the effectiveness of implemented policies.

Third, we use narrative analysis on 33 semi-structured interviews that were mostly conducted in-person, except for a few online ones. Of the total 33 interviews, 29 were done with members and workers of social enterprises: 7 from Spain, 7 from Italy, 10 from Greece, and 5 from Cyprus. These interviews first cover the details of enterprises interviewees were related with (mainly their size and way of operation), and then focus on the way these entities are affected by market pressures and marketization. The 4 remaining interviews were done with experts in SE, one from

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4 In Greece, the types of entities officially registered as social enterprises are general interest social cooperative enterprises (SCEs) for the integration of vulnerable groups, limited liability SCEs, workers’ cooperatives, and some other legal entities provided that they serve social interest and have a restricted or non-profit character. In Cyprus, non-profit companies, associations, and cooperatives. In Spain, Social Initiative Cooperatives (SICs), Employment Integration Enterprises (EIEs), and Special Employment Centers of social initiative (CEEs). Last, in Italy, these are Cooperative Societies (excl. social cooperative societies).

5 Coded in the text as ST.SP-(1–7), ST.IT-(1–7), ST.GR-(1–10), and ST.CY-(1–5).
each country. From Spain, we interviewed the chairman of Social Economy Europe (CEPES), from Italy, the vice-president of Legacoop Basilicata, from Greece, a professor at the “People’s University of Social Solidarity Economy”, and from Cyprus, the Officer A’ at the Cyprus Authority for Cooperative Societies. These interviews focus on the impact of public policies upon the viability of social enterprises, marketization trends, and the role of SE in youth employability. The qualitative analysis in this part serves as a contextualization of the findings of the previous two steps, which is crucial for the discussion that follows later.

**Regulatory framework, size, and impact of social economy in the EU South**

**Critical review of policy framework**

A critical reading of policies showed that the attempts to institutionalize and regulate SE have been fairly recent. However, that did not occur simultaneously across the four countries under study. Italy was the first among them to establish a comprehensive framework in 2006. The country was also the first to introduce the concept of a “social enterprise”, nearly 40 years ago (European Commission, 2020c). In contrast, Cyprus regulated SE just 2 years ago—in 2020. Aside from that, national policies vary profoundly in their content. Differences start with the very definition of SE (Table 1). As a result, although all countries follow a typology that derives from EU directives, there are types of entities that are registered as social enterprises in some countries whilst in others they are not—for instance, foundations, non-profit civil companies, and agricultural cooperatives are mentioned in all countries’ frameworks but Greece’s (European Commission 2020b).

Similar differences among national policies can be found in regard to the beneficiaries of SE (Table 1). More specifically, in Spain, socially excluded groups and people with disabilities must constitute at least 30% of workers in the employment integration enterprises (EIEs), with this quota increasing to 50% after the fourth year of their operation. In special employment centers of social initiative (CEEs), these groups must amount to at least 70% of their staff. Compared to the rest of the countries studied here, Spain is more proactive in linking SE with the labor market. In this direction, employment is supported by both passive and active employment policies which push the inclusion of young, vulnerable, or disabled people in existing ventures, or by helping these groups to establish their own enterprises. State supports SE enterprises through grants and bonuses, technical assistance, skills upgrading seminars for workers, and entrepreneurial training and consultation. However, although the funding framework in Spain is robust, comprising a wide variety of programs across various scales and utilizing a wide array of sources (both public and private), many eligible enterprises still face difficulties in accessing

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6 A regional league of cooperatives.

7 Coded in the text as EX.SP-2, EX.IT-2, EX.GR-2, and EX.CY-1.
| Country    | Spain                                                                 | Italy                                                                 | Greece                                                                 | Cyprus                                                                 |
|------------|-----------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Legal definition of a social enterprise | “...enterprises whose economic activity (prioritizes) [...] the person/social goal over capital, (reinvesting) profits not according to capital provision, devotion to social sectors, and independence from public power” (European Commission 2020a, p.25) | “…entrepreneurial activities for civic/solidarity/social utility purposes, (reinvesting) profits [...] to achieve corporate purpose, (adopting) responsible and transparent management, and favoring the largest possible participation of [...] stakeholders” (European Commission, 2020b, p.32) | “…an alternative form for organizing social, productive, distribution, consumption, and reinvestment relations in a democratic manner based on the principles of solidarity, equity and cooperation with respect to the human and the natural environment.” (European Commission, 2019a, p.38) | “…entities [...] with a social mission (of promoting) social/environmental actions [...] or (operating with) a workforce of at least 40% persons from vulnerable population groups” (European Commission 2019b, p. 26) |
| Eligible/registered types of entities | 1. Social Initiative Cooperatives, 1. Social Cooperatives providing social/health/educational services (type A) or integrating disadvantaged groups into the labor market (type B), 2. Working Integration Social Enterprises, 3. Associations/Foundations with economic activity, 4. General interest Cooperatives, 5. All emerging forms of social enterprises | 1. Social Cooperatives providing social/health/educational services (type A) or integrating disadvantaged groups into the labor market (type B), 2. Traditional cooperatives, social cooperatives, investor-owned and non-profit firms, 3. General interest Cooperatives, 4. Some other not-single-person legal entities | 1. Social Cooperatives integrating vulnerable/special groups into the labor market or of General and Social Interest, 2. Limited Liability Social Cooperatives, 3. Workers’ Cooperatives, 4. Some other not-single-person legal entities | 1. General interest social enterprises, 2. Social inclusion/integration social enterprises |
| Country | Spain | Italy | Greece | Cyprus |
|---------|-------|-------|--------|--------|
| **Target population groups** | People with disabilities and socially excluded groups (recipients of welfare benefits, people from child protection institutions, people in rehabilitation or social reintegration, the homeless, etc.) | People with physical or mental disabilities, current/former psychiatric patients, drug and alcohol addicts, juveniles from troubled families, migrants and asylum seekers, people in social reintegration | 1. People with physical/psychological/mental/sensory disabilities, current/former addicts, delinquent juveniles, people in social reintegration, | Beneficiaries of guaranteed income and public allowances, members of large families |
| **Support measures for enterprises** | 1. Grants and other support from private stakeholders, foundations and second level organizations (by eligibility criteria), | 1. Public/EU grants and subsidies (eligibility without limitations), | Private and public support for incubators and business innovation centers (eligibility without limitations) | 1. Public/EU grants and subsidies (eligibility criteria), |
| | 2. Private and public support for incubators and business innovation centers (eligibility without limitations) | 2. Grants and other support from private stakeholders, foundations and second level organizations (by eligibility criteria), | | 2. Private and public support for incubators and business innovation centers (eligibility criteria) |
| Country          | Spain                                                                 | Italy                                                                 | Greece                                                                 | Cyprus                                                |
|------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------|
| Fiscal benefits  | 1. Corporate tax exemption on profits (eligibility without limitations), | 1. Corporate tax exemption on profits (eligibility without limitations), | 1. Corporate tax exemption on profits (eligibility without limitations), | No specific fiscal benefits                           |
|                  | 2. Reduced/subsidized social insurance costs (by eligibility criteria), | 2. Reduced/subsidized social insurance costs (by eligibility criteria), | 2. Reduced/subsidized social insurance costs (by eligibility criteria), |                                                       |
|                  | 3. Tax reductions for donors (by eligibility criteria)                 | 3. Tax reductions for donors (by eligibility criteria)                 | 4. VAT exemption/reduction (eligibility without limitations)           |                                                       |
| Linkage to employment programs | 1. Active policies: support of cooperatives’ set-up,                  | No explicit links                                                      | No explicit links                                                      | No explicit links                                      |
|                  | 2. Passive policies: guidance on using unemployment benefits for cooperatives’ set-up |                                                       |                                                       |                                                       |
| Education and training | 1. Academic/higher education institutions,                           | 1. Academic and other higher education institutions,                    | 1. Academic/higher education institutions,                              | Academic/higher education institutions                 |
|                  | 2. Private entities,                                                   | 2. Executive training programs                                         | 2. Private entities,                                                   |                                                       |
|                  | 3. International organizations,                                        |                                                                       | 3. International organizations                                         |                                                       |
|                  | 4. Primary/secondary schools                                           |                                                                       |                                                                       |                                                       |
| Country | Spain | Italy | Greece | Cyprus |
|---------|-------|-------|--------|--------|
| Recent Legal Framework | - L.5/2011 for Social Economy, - L.31/2015 for State Aid | - L.118/2005 and Leg. Decree no. 155/2006 on Social Enterprises, - L.106/2016 for the Reform of the Third Sector, Social Enterprises and Regulation of the International Civil Service | - L.4019/2011 for Social Economy and Entrepreneurship, - L.4430/2016 for the Social and Solidarity Economy | Law 207(I)/2020 for Social Enterprises |
| Monitoring mechanisms | 1. UNESCO European Centre for Higher Education (CEPES), 2. Spanish Observatory of Social Economy, 3. International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC) | 1. Italian National Institute of Statistics, 2. National Institute of Social Security, 3. IRIS network (Research Institutes on Social Enterprises) | Ministry of Labor, Special Secretariat of Social and Solidarity Economy | 1. Ministry of Labor, 2. European Social Fund Unit |

*Source: Compiled by the authors based on a detailed review of most relevant SE policies and European Commission reports*
grants. Moreover, entrepreneurial and workers’ training programs are scarce and of low quality (European Commission, 2020a). Nevertheless, Spain’s monitoring mechanisms are diverse and quite dynamic, being able to supervise regional SE ecosystems.

For its part, the regulatory framework in Italy is slightly more inclusive in terms of its target groups, referring explicitly to people with mental disabilities and psychiatric patients. It is provided that the main role of social cooperatives is to integrate such groups in the labor market (Type B, see Table 1). As in Spain, there is a tight nexus of national and regional support measures. It is acknowledged that the success of such policies depends on the close cooperation of social enterprises with local authorities. Financial support includes subsidies for start-ups, whilst training and coaching are also funded. Resources vary according to the type of entity and funding purpose: for social and educational services, public authorities are the major provider, whereas in Working Integration Social Enterprises (WISEs), funding comes from private sources too. However, a major problem is that social enterprises in Italy have developed a heavy dependence upon public funding. As public grants are often late in being approved, their operation is seriously disrupted. Additionally, many social entrepreneurs lack basic managerial skills despite various coaching and training seminars (European Commission, 2020b). Despite these problems, the operation of SE is facilitated by dynamic and reflective monitoring mechanisms.

In Greece, the main goal of the promulgated policies is to support vulnerable and special groups, as they must constitute 30% and 50% respectively of staff in all social enterprises (Table 1). However, such regulations are rather loose and they are not enforced as strictly as in Italy and Spain (European Commission, 2020c). For instance, SE entities are able to go on for some years without meeting those staff quotas. Another characteristic problem is that financial support only covers the initial phases of an SE enterprise. Most importantly, despite being promulgated since 2011, none of support measures have actually been implemented yet. Thus, state support to SE in Greece just refers to tax breaks, favorable rents when entities lease public property, and a few entrepreneurial incubators and innovation centers. Training programs for workers and entrepreneurs are extremely limited and most are of poor quality. Thus, policy framework is not only loose, but it is also particularly inadequate and fragmented. Indicatively, there is not a dedicated governmental body to implement the framework: a good part of it is implemented by OAED (the Greek Manpower Employment Organization), whilst most of the rest by the Ministry of Economy and Development. As a result of this fragmentation, much of the relevant data is outdated and inconsistencies between different official registries are common. Ultimately, funding for SE enterprises in Greece mainly comes from private institutions. It must be noted, however, that from 2016 onwards much effort has been made by private and public institutions to fill these gaps (European Commission, 2019a).

Lastly, Cyprus had no regulatory framework at all until recently. This gap was eventually filled by Law 207(I)/2020, which identifies two types of social enterprises: those pursuing a social mission and those facilitating the integration of vulnerable population groups in the labor market. The former must reinvest at least 80% of their profits in the social mission they serve, whilst the latter must draw at least 40% of their staff from the abovementioned groups. Despite the recent legislation,
financial support to social enterprises remains blurry. More importantly, procedures are overly bureaucratic, as each application for funding is examined by the government’s cabinet as the case may be. With education and training programs largely missing, the needs of social enterprises are currently covered by academic institutions and other independent organizations (European Commission, 2019b). Last, similarly to Greece, the monitoring of SE is limited, and the Cyprus Authority of Cooperative Societies acts in a very bureaucratic manner (EX.CY-1).

Turning to quantitative employment data, certain Spanish regions are those with the highest concentrations of SE workers in comparison to the rest (Fig. 1a). Interestingly, despite the latter, the share of SE workers is lower in Spain than it is in Italy (6% and 6.5% respectively). This happens because in Spain only a few regions share the better part of SE workers, whilst in Italy this allocation is more balanced. Southern Spain in particular, stands out amongst all the study regions. Equally high shares are found in the northern part of the country (namely the Basque Community) as well as in some regions in central Italy. Compared to these countries, Greece and Cyprus do not exhibit notable concentrations. There, on national scale, SE workers occupy a mere 0.3% and 0.9% of the total workforce respectively.

Now, looking into each country separately, we see a crystal-clear north/south divide in Spain, as the southern part concentrates almost all SE workers (Fig. 1b). Madrid has faintest presence of such workers, followed by the Balearic Isles and Catalonia. In contrast, most Italian regions exhibit values near 1, meaning that their shares are closer to the national average. However, some regions exhibit over-concentrations, such as Emilia-Romagna, followed by Umbria, Basilicata, and the insular Sardinia. In Greece, shares indicating an over-concentration of SE workers can be found in the touristic Ionian Islands and South Aegean, as well as in the capital region of Attica.

Overall, we see diverging trends across the EU South regarding the clusters of SE workers, as similar types of regions follow different paths. Spain’s insular regions, for instance, register low shares in contrast to Greece’s. Similarly, metropolitan regions in Spain and Italy document no significant clusters whereas Greece’s capital metropolitan region does.

When counting in SE enterprises, it becomes clear that there are notable differences between Spain and Italy (Fig. 2). For one, most regions which have large shares of SE workers in Spain couple it with equally high shares of social enterprises. Interestingly, even in those where numbers of SE workers are low, enterprises appear to be many, with the exception of Madrid. Overall, in Spain, around 1,191,000 employees/members (6% of total workforce) are employed by approximately 106,000 SE enterprises (1.5% respectively). Nowadays, the main bulk of these enterprises are related to social services. However, one of the oldest and largest social enterprises, the Mondragon Corporation, founded in 1956, operates in the sectors of finance, industry, retail, and the knowledge economy (EX.SP-1). To get a glimpse of how developed SE is in Spain, Mondragon is the seventh-largest Spanish company in terms of asset turnover, employing more than 80,000 people.

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8 Mondragon official website. Accessed at: https://www.mondragon-corporation.com/en/.
For its part, Italy has more SE workers than Spain: almost 1,209,000 employees/members, or 6.5% of the country’s total workforce. However, enterprises are much fewer—about 58,000, or 1% of all businesses in the country. As becomes clear, in Italy, few SE entities employ a large number of workers. This is not the case only in Emilia Romagna, but in most Italian regions. In contrast, in the country’s island regions (Sardinia and Sicily), enterprises tend to be smaller staff-wise. As in Spain, most Italian social enterprises pertain to social care. For instance, La Mimosa, operating for 34 years, pursues the social integration of vulnerable citizens by providing them employment opportunities as well as health, welfare, and educational services. An important aspect of its operation is that it has established synergies with a wide network of partner-enterprises (EX.IT-1).

On top of low workers’ numbers, Greece and Cyprus boast equally low numbers of enterprises. Comparing the two countries reveals that Cyprus registers a share of SE workers that is almost five times higher than Greece’s: 0.9% (3,000 in absolute numbers) as opposed to 0.3% (12,500 in absolute terms). Similarly, the share of SE enterprises in Cyprus is four times higher than in Greece: 0.2% (60 entities) as opposed to 0.05% (400). The most common type of an SE enterprise in Cyprus is an agro-food cooperative. In contrast, these co-ops are not even registered as SE entities in Greece. It is quite interesting that, despite the above, such cooperatives constitute a crucial aspect of bottom-up organization in Greece. Indeed, according to the latest data, they were found to be more than 600 active, meaning that they exceed the number of all SE entities in the country! In any case, following the current typology, most social enterprises in Greece are related to food services and education activities. However, one of the most characteristic examples falls within a different sector. VIO.ME, in Thessaloniki is the first factory in the country to have its management taken up by workers. The plant used to be one of Greece’s most important units for building materials, however, during the deep recession of the 2009–14 period the owning company filed for bankruptcy. Today the factory employs 22 people and it has diversified its output, producing cleaning products apart from building materials (EX.GR-1).

One additional type of social entity which was not included in the abovementioned examples refers to those engaging with the refugee crisis. Research revealed that numerous such entities were established during the last 5 years across Spain, Italy, and Greece. This comes as no surprise considering that upon the coasts of these countries a myriad displaced people landed from 2015 onwards. Most of these entities, however, proved to be particularly short-lived, due to a change in the pertinent EU legislation and a widespread lack of financial resources (EX.SP-1, EX.GR-2, EX.IT-2). This is quite unexpected and does not reflect the seemingly surging interest around SE and its capacity to ameliorate such crises.

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9 La Mimosa official website. Accessed at: http://www.cooplamimosa.com/
10 According to L.4430/2016.
11 According to the National Registry of Agricultural Cooperatives and Other Collective Entities. Accessed at http://www.minagric.gr/index.php/el/for-farmer-2/silllogikes-agrotikes-organoseis/
12 VIO.ME. official website. Accessed at: https://viomecoop.com/.
Interviews with key informants

Picking up the last observation, interviews confirmed that, regardless of the increased interest around SE during the last decade, much of the promised support has not arrived. There are cases, especially in Spain and Greece, where promulgated programs never reach the stage of implementation, leading many social enterprises to search for financial stability outside state mechanisms (EX.SP-2, EX.GR-2). Indeed, most enterprises we addressed have turned to private funding and put more effort into increasing the revenue coming from their own commercialized activities. In this process, they “get fully incorporated into the market structures and become dependent upon commercialized ventures” (ST.GR-6). As a result, their operation becomes ‘hybridized’, if not profit-driven. However, with this hybridization taking place amidst the current recessive conjuncture, where the economies of the EU South “are not buoyant […] and see another crisis looming”, most ventures fail to generate a sufficient revenue on their own (ST.GR-10). This is especially so in countries where the third sector does not get recognition and credibility, such as Greece (EX.GR-2). Under the pressure of the adverse economic environment and the unstable external funding framework, most social enterprises end up practically “underfunctioning and floundering” (ST.GR-6). On top of that, the “heavily controlling legal framework” poses additional obstacles for the development of SE, as it “turns management a stifling affair” (ST.GR-4).

The hybridization of social enterprises described above has two main implications. First, upon intertwining with market mechanisms, many social enterprises appear to be drifting away from their primary goals which pertain to societal and ecological concerns and the creation of secure and good quality jobs. Struggling enterprises unavoidably prioritize financial stability over these aims (EX.GR-2) and they tend to employ far fewer people since the “payroll cost is unbearable” (ST.GR-6). The weak link between SE and employment programs makes things even worse, with Greece and Cyprus facing the biggest problems in this regard (EX.GR-2, EX.CY-1). However, experts in Spain and Italy reported similar issues as well (EX.SP-2, ST.SP-4). In Italy, in particular, this link is weakened by the fact that regional governments utilize SE so as to channel EU funds into local economies without setting any clear goals for the sector, such as the mitigation of youth unemployment and inactivity (EX.IT-2).

The second crucial implication resulting from SE enterprises’ marketization is that “they tend to offer employment of lower quality” (ST.GR-6). Most enterprises that we engaged during fieldwork were found to be employing people under part-time or temporary arrangements. Most contracts had a duration of less than a year or were project-bounded. In specific enterprises, even, these arrangements were the norm for the majority of their workers (indicatively, ST.IT-5, ST.CY-5, ST.SP-4, ST.SP-5, ST.GR-8). Key informants from all countries confirmed that this low-road flexibilization constitutes a strong tendency within SE as a whole and that the entities we engaged are not exceptional cases. Besides noting that precarity is a common condition for most workers in SE, the experts we interviewed pinpointed that atypical employment is chosen over typical/stable employment even in cases where it could be avoided. In Cyprus, for instance, staff is seasonal even when the nature
of the entity’s activity does not necessitate it (ST.CY-1, ST.CY-2, ST.CY-4, EX.CY-1). It must be noted, however, that such practices are mostly adopted by “predatory enterprises, which go against core SE goals” (ST.SP-7), blemishing the picture of SE (indicatively ST.SP-7, ST.IT-4). Still, the problem remains, as the number of conventional businesses which, lured by subsidies and tax cuts, register as social enterprises in official accounts, is often very high (EX.IT-2).

All the above point to the states’ failure to facilitate and effectively monitor SE, something that has been noted by most interviewees. Even after the shock of the 2008/09 Global Crisis and the political and market structural deficiencies that it implied, there is “not enough faith in SE” (ST.GR-4). This is so, despite the engagement of many social enterprises in the public discourse around SE. In any case, especially those focusing on research and policy recommendations, have played a key role in increasing public awareness and contributing to amendments of the pertinent legislation (EX.SP-2). As becomes clear then, state support carries a multiplying effect for the growth of SE. All experts we addressed considered that SE is possible to develop exponentially in the near future, given that budgetary measures become more targeted and efficient (EX.SP-2, EX.IT-2, EX.GR-2, EX.CY-1). These experts further argued that it is important to support SE not only because of its capacity to reinvigorate stagnant labor markets and produce more equitable business structures, but also because it carries innovative characteristics crucial in economic organization that cannot be found in conventional enterprises.

Examining the social economy in the context of South EU:
a promising yet quite marginal economic activity?

Drawing upon our key findings, below we bring forth three arguments of wider significance. First, we stress out that the uneven development of SE across the countries under study has its roots in local path dependencies. Second, we highlight the impact that the inadequate policy framework bears on SE’s growth. Third, we infer that SE enterprises are often forced to turn to the market in order to ensure financing and economic viability.

The unevenness of SE’s expansion was one of our key findings. At the national scale, a great divide between Spain and Italy on the one hand, and Greece and Cyprus on the other, became quite apparent early on. At the regional level, southern Spain as well as certain parts of central Italy concentrate most of the SE activity in South EU. This unevenness, we argue, pertains to complex historical processes which transpire on local and wider scales involving social, cultural, productive, political, and religious forces (Ranci, 2015). For one, institutional factors and the organizational structure of each state plays a key role in whether SE constitutes a substantial element within an economy and in which ways. The federal model of the Spanish state, for example, has allowed autonomous regions to develop and enable SE policies locally, leading to the concentration of entities and workers in certain parts of the country (Chaves-Avila & Savall-Morera, 2019). In contrast, the long tradition of social enterprises and their early institutionalization in Italy has led to a more equal regional distribution among the country’s regions (Fonte & Cuco, 2017).
Mutatis mutandis, Greece exhibits an even starker unevenness than Spain. This can be attributed to the profound informality of SE there, as it operated without being regulated until very recently. Of course, as stressed out in the analysis, the exclusion of agricultural co-ops from SE-related legislation gives a false impression as regions with a long tradition in bottom-up initiatives, such as Crete, appear to be completely lacking them. However, the very fact that agricultural co-ops are ignored in Greek policy documents is a direct outcome of institutional factors, as the diachronic mismanagement and plethora of corruption cases within these co-ops created an unfavorable environment for them (Grigoriou et al., 2019).

A second crucial factor facilitating or hindering SE’s growth is the political environment. The political upheaval that followed the 2008/09 financial crisis favored in most cases the growth of SE. Specifically, austerity policies were met with resistance by the peoples of Spain, Italy, and Greece, which was soon translated into social expressions of solidarity. This led to the founding of a large number of workers’ co-operatives, mainly to address galloping unemployment among the youth (Varvarousis & Kallis, 2017). Left-wing political parties such as Podemos in Spain or SYRIZA in Greece gradually gained broad acclaim on a platform that included supporting measures for not-for-profit endeavors (Chaves-Avila & Savall-Morera, 2019). In most cases, such parties were eventually elected to office and had a chance to implement their agenda. During the SYRIZA administration in particular, SE was promoted as a ‘radical’ solution to shortcomings in welfare provision and ravaging unemployment (Arampatzi, 2018). Similarly, in Spain, the left-wing coalitions that took office in local governments after 2015 encouraged alternative economic modes. Particularly, Valencia, Barcelona, and Madrid, being hardly hit by recession, spearheaded progressive municipalism in the country, adopting a wide spectrum of SE practices (Sánchez-Hernández & Glückler, 2019; Chaves-Avila & Gallego-Bono, 2020). In Italy, the Conte administration utilized SE ventures so as to achieve sustainable waste management. In contrast, in Cyprus there was a succession in power from the left-wing AKEL to the rightwing DISY. Upon taking office, the latter adopted an essentially neoliberal agenda, potentially delaying the institutionalization of SE in the country (Doudaki, et al., 2019). However, one should not overlook that even during progressive administrations, where SE practices were encouraged, the dismantling of the welfare state still advanced (Nicholls & Teasdale, 2017; Arampatzi, 2018). Thus, the motives behind this recent concern about SE are rather ambiguous, as in many cases, SE was utilized to supplement the absent welfare provisions.

Despite its instrumentalization, though, the pertinent policy framework remained poor and the goals it set are often unattainable. Of course, SE is regulated in fairly different ways in each of the four countries we studied. Nevertheless, even Spain and Italy that have overall a more robust and efficient framework, face serious problems. Importantly, these problems do not only refer to the implementation mechanisms, but to the policies themselves. In fact, these problems persist although national frameworks were substantially updated in the aftermath of the 2008/09

13 The leftist party that stayed in office in Greece from 2015 until 2019.
Global Crisis. Unfortunately, instead of building an inclusive and concise framework, amendments led to unneeded complexity and fragmentation. As a result, the understanding and awareness within societies and public institutions in regard to the values of SE and its associated practices are substantially hampered (CIRIEC, 2017). Individuals with a de-motivated past and the inactive parts of the youth are less likely to (re)enter the labor market or upgrade their skills through their experience with SE. Instead, the majority of employees or members in social entities are people readily able to develop a career anywhere else (Amin, 2009). The issue of youth inactivity is a particularly thorny one, as NEETs, who comprise a good part of young population in Southern Europe, have expanded significantly during the course of the last decade, with the COVID-19 pandemic being another factor increasing their numbers (see Avagianou et al., 2022). However, policies have not yet targeted this group so as to support it properly in none of the countries studied here (Leach et al., 2021). Failing to engage demotivated young workers has contributed to the inflation of youth unemployment rates. Greece, Spain, and Italy occupy the first positions across the whole EU in this regard, with rates above 35% for the first two and around 28% for the latter. Similarly, Cyprus usually occupies a spot in the top-10 too, with its rates exceeding 20%.

Apart from the fact that national frameworks lack targeting, their implementation has been weak too, as they are stripped off of effective monitoring mechanisms and are bounded by limited funding. As a result, a large number of social enterprises remains invisible to national registries. At the same time, conventional businesses, attracted by tax cuts and other financial incentives, manage to pass for social enterprises (Amin, 2009). Hence, it is crucial for their survival that social enterprises are validated and accredited by governmental bodies. This does not only grants them access to public funding, but being officially recognized, they are able to attract (larger volumes of) private investments and donations (CIRIEC, 2017). Unfortunately, many promulgated support programs never actually start (European Commission, 2019a), leaving social enterprises unsure about available opportunities. Eventually, many abandon their efforts to get public funding and turn to the market for borrowing or attracting venture capital (see Lyon & Owen, 2019). An additional factor that is crucial in this process of marketization is that social enterprises set overly ambitious goals and statutory bodies impose unrealistic prospects on them. Specifically, such enterprises often play a dual role where they are key providers of social welfare on the one hand, whilst being called upon to mobilize idle labor markets and restore economic growth on the other. Then, the pressing dilemmas they face, especially amidst recessive pressures, concern their very viability (Errasti et al., 2017). In other words, social enterprises not only face the same risks as all other types of ventures, but also confront further social challenges deriving from their primary goals, making them particularly vulnerable entities (Wainwright & Manville, 2017; Defourny & Nyssens, 2010).

14 Eurostat, Labor Force Survey. Accessed at: https://ec.europa.eu/eurostat/databrowser/view/lfst_r_lfu3pers/default/table?lang=en.
Reorienting towards market mechanisms has deeper implications for social enterprises, as it implies their further embeddedness within (and, thus, dependence upon) dominant circuits. In this process, which can be described by the term hybridization (Vezina & Ben Selma, 2017), they prioritize commercial outcomes over their social goals and values (Jenner, 2016; Suykens et al., 2020). As social enterprises start adopting businesslike practices, SE becomes a field where labor devaluation and precariousness are reproduced, and more so, become normalized. As our analysis revealed, SE workers face poor employment conditions even in contexts where it could have been avoided (also noted by Weiler et al., 2016). Thus, departing from popular accounts, we conclude that this reproduction is rather expected, since SE is entangled in dominant circuits. In this sense, social enterprises are hybrid structures that bridge the ‘alternative/radical’ with the ‘mainstream/dominant’, with the wide diversity of perspectives and expectations around SE rendering their nature even more fluid (Hall & Wilton, 2011; Nicholls & Teasdale, 2017). However, as we conclude here, this fluid nature is bounded by SE’s dialectic relationship to the dominant market circuits. This relationship is essentially a predicament; a deadlock that cannot be overcome so that SE can become the ‘radical alternative’ to the capitalist organization that many want it to be (see Gritzas & Kavoulakos, 2016). On a last note, being ensnared between an inadequate policy framework and undue expectations, social enterprises see their capacity to pursue their social mission whilst ensuring stable and good quality employment diminishing. Equally diminished is their capacity to hire a sufficient number of employees. As the analysis revealed, even in regions where SE is flourishing, social enterprises are mostly small-scale employers. In failing to contribute to employment growth, we argue, SE is far from becoming a viable alternative to dominant socio-economic circuits.

Having said all the above, the macro-narratives are not always translated in precision to the local context. A crucial factor coming into play is the agency exerted by local entities and workers (Peck & Theodore 2010). In many ways, the contradistinction between the way macro-narratives appear on larger and more local scales opens up the debate for administrative reform (Adam, 2018). Thus, the paper concludes with suggesting a policy re-evaluation along three main lines.

The first concerns the establishment of training programs related to SE and their direct connection to unemployment programs. The access of disadvantaged groups to employment opportunities through SE is a fundamental step for limiting unemployment and breaking the vicious cycle of idleness and precarious labor that large segments of the population are trapped into. The barriers that these groups face can be confronted by providing them specialized training. Importantly, that would shift the charitable nature of SE employment as it is today where social enterprises, in meeting certain staff-related quotas, recycle an inadequately qualified workforce. The latter, we have seen, is not meant to empower vulnerable groups in the long run.

The second line, echoing Adam (2018), is the need to move beyond a state/market dipole and adopt a more flexible mixture of public funding and private-led initiatives. Mobilizing multiple funding sources should lead to a better balance that would secure the sustainability of social enterprises. Discarding their heavy dependence upon either public funding or private credit would create a more favorable environment for them. As shown in the analysis, state funding...
mechanisms are unreliable, whilst marketization processes jeopardize social entities’ social values and distort their nature.

For the first and second recommendations to have a point, extensive service-exchange networks among social enterprises are necessary to develop. Therefore, the third line is the establishment of robust SE ecosystems across multiple scales. This would help create a safety net for social enterprises while they pursue their social goals. Transregional networks would not only increase the mutual help between entities but would also disseminate SE practices and values across localities and between sectors. In turn, increasing social enterprises’ representation and visibility would lead to an improvement of their long-term prospects, as they would be able to establish a better connection with institutional mechanisms and communicate their needs, stay up-to-date regarding available resources, and retain a more active role in policy making (Bartha et al., 2019).

The inherent merits of SE pertaining to the equitable employment opportunities and democratic decision-making procedures come at stark antithesis to the exploitative and oppressive socio-economic relations that are deeply rooted within conventional labor markets. As such, they can be a source of inspiration and empowerment for communities and disadvantaged workers across Mediterranean EU and beyond. Unfortunately, we found that the current state of SE is that of an auxiliary to the dominant socio-economic paradigm, as it reproduces this paradigm’s inherent contradictions. However, one should not disregard the importance of social initiatives and the power of civil societies to determine their own livelihood and working conditions. Hard as it may be, alternative economic spaces still hold a key role in addressing uneven development, especially if linked to wider emancipatory claims and struggles. In order to offer more efficient directions, further theoretically-grounded inquiry is needed.

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Data availability The secondary data for Spain, Italy, and Greece, that support the findings of this study are openly available for Spain: in the Spanish Ministry of Labor, Migrations and Social Security, at http://www.mitramiss.gob.es/es/sec_trabajo/autonomos/economia-soc/EconomiaSocial/estadisticas/index.htm, for Italy: in ISTAT, at http://dati.istat.it/Index.aspx?QueryId=20771&lang=en, for Greece: in the Special Secretariat of Social and Solidarity Economy (Annual Report 2018), at https://kalo.gov.gr/eidikigrammateia-k-al-o-etisia-ekthesi-2018/. The secondary data for Cyprus that support the findings of this study are available from Authority for Cooperative Societies (ACS). Restrictions apply to the availability of these data, which were used under license for this study. The primary data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to containing information that could compromise the privacy of research participants.

Declarations

Conflict of interest No potential conflict of interest was reported by the authors.
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