

# Dimensions of Structural Developments in the Solidarity Based Economy: an Analysis of the States Bahia and Paraná

## ABSTRACT:

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This paper aims to analyze the current context of structural challenges and the potential of solidarity based economy enterprises (SEE). As the empirical object, the data used was obtained by the Mapping of the Solidarity Based Economy in Brazil focusing on the organization of SBEE in the states of Paraná and Bahia. In general, one can conceptualize the solidarity based economy as a set of initiatives for economic and community aims that are organized through the perspective of collective self-managed work, which somehow finds ways to transcend this democracy to other spheres of social life beyond the solely economic. Overall, it was noticed that although there are some special features in the totality of SBEE in each of these states, they face similar structural difficulties that do not differ in other Brazilian states.

## KEY WORDS:

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Solidarity Based Economy, Associative Work, Work, Income Generation.

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## 1 – INTRODUCTION

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The Brazilian labor market is marked by a strong structural heterogeneity, encompassing various job opportunities which are not always defined by wage labor relations. The weakening of industrial employment as part of overall employment and the growing precariousness of jobs over recent years is further evidence of this heterogeneous reality, which suggests a need for new studies to add to a better understanding of existing labor relations.

Of the multiple forms of participation in the labor structure, associative activities have become a viable form of employment and income generation for many workers. Cooperatives (for production, credit and consumption), commercial or producer's associations and exchange clubs, among others, are examples of initiatives that have emerged in the field of social economics in Brazil, known generically as Solidarity Based Economic Enterprises (SBEE). In these initiatives, based on self-management practices and cooperation, the social relations of production are different from salaried labor, resulting in its "[...] unique nature, as it modifies the principle and purpose of the extraction of surplus labor." (Gaiger, 2003, p. 91). The questions posed to better understand the role of these initiatives in the national socioeconomic dynamics are as follows: what are the main characteristics of these enterprises? What did motivate their creation? What are the challenges they face to place their products in the market? What are the social relations in which they engage? What possible challenges do they face and what is the potential to be explored in these collective economic initiatives and solidarity based associations in Brazilian society?

Using these questions as starting point, this study focuses on the current context of challenges and opportunities affecting solidarity based economic enterprises in Brazil. As the empirical subject matter, data obtained by the Mapping of the Solidarity Based Economy in Brazil was used, which is available in the database of the National Information System on the Solidarity Based Economy (SIES / SENAES)<sup>1</sup>, on the organization of SBEEs in the states of Paraná and Bahia.

<sup>1</sup> Available at [www.mte.gov.br/ecosolidaria/sies.asp](http://www.mte.gov.br/ecosolidaria/sies.asp)

These states were chosen due to their geographical location in two regions with very specific characteristics (South and Northeast) and also due to their history of organizations actively promoting associative work in both urban and rural areas. It is emphasized that the intent is not a comparative analysis in itself, but rather to capture the existence of certain particular facts that may exist based on the research data, using each state's SBEE for a better understanding of the problem.

Finally, it is hoped that the results of this study may contribute to both a better observation of the challenges and potential surrounding the world of solidarity based economics in Brazil and also back public and private actions and programs to support existing initiatives.

## 2 – ORIGINS AND CONCEPTS OF THE SOLIDARITY BASED ECONOMY

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The end of World War II was followed by a period of nearly three decades of great prosperity in the main capitalist countries. It was precisely during this period that the structure of the Welfare State was developed, based on a Keynesian economic matrix, which sought to compensate for the capitalist concentration of resources by introducing a system of protection and rights that would guarantee economic redistribution.

However, the occurrence of the first crisis in the 1970s, mainly due to shocks in the supply of oil, a major industrial input, led to a general decline in the level of investment in these countries, which threatened the prevailing tendency of full employment. In late industrializing countries, such as much of Latin America, this new scenario strongly affected the ongoing process of development, mainly due to the fall in international liquidity and the subsequent external debt crisis that these countries suffered.

From the 1980s onwards, a new direction regarding the role of the state and its relationship to economic action began to take on an air of world hegemony, in which the state lost its role of protagonist and central planning agent, actions that were left entirely to market forces. With this, a rapid process of market deregulation and trade liberalization at a global level occurred in the capitalist world, giving capital more power of mobility to seek the best investment

opportunities in terms of rate of return, due to lower production costs. According to Souza (2003), this process includes issues of weakening trade unions, salary reduction, fiscal war and political disputes based on private and corporate interests within the institutional apparatus of the State.

This new stage of global capitalism directly affected labor relations and employment levels, particularly in industry, which began to decline, creating a huge mass of unemployed people who no longer fit in the labor market. Concurrent to this process, the weakening of the State, in terms of mitigating actions and social coverage, further increased the destitution and marginalization of this segment of the population, which grew every year. The phenomenon of increasingly precarious work, that is, informal working practices, resulting in the reduction of worker's income and rights, came to represent a significant part of the labor market. Various social groups began to openly face the reality of social exclusion, demanding more room for negotiation and performance in the socio-political scenario, as was the case of the trade union movement.

Thus, the issue of work returned to the center of discussions on Brazilian development, with more profound discussions about new alternatives for income generation and how to fight unemployment in large sections of society. In this context, the debate on associative work and self-management gained more importance, including being pointed to by some authors as an alternative project of anti-capitalist social reorganization. (SINGER, 2002).

While not representing something new in history, popular mobilization around the formation of productive groups and associations, of supra-family character, began to appear under a new political guise called Solidarity Based Economy<sup>2</sup> by its main actors. Therefore solidarity based economy has emerged as an alternative proposal for the associative organization of work and its relations of production (given the hegemony of wage labor) in search of new strategies

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<sup>2</sup>This article uses the term Solidarity Based Economy. It is important to remember that various other terms can be used to describe the same social phenomena, such as: popular solidarity based economy, social economy, solidarity based socio-economy, among others. Each of these terms has its own origin and definition.

for social inclusion. The debate around understanding it and its role in contemporary society has gained prominence not only in Brazil, but in virtually all Latin American countries and also in Europe. (NAGEM et. Al., 2009).

In general, the solidarity based economy can be defined as the set of activities that contribute towards economic democratization due to the engagement of individuals, whose principles underlie the quest for equal opportunities, environmental protection and the struggle for social justice and to guarantee citizens' fundamental rights. According to Singer (2000), it is a response to the contradictions of the capitalist system and market imperfections, where segments of the population who are excluded from the labor market seek out survival. It is characterized by multiple initiatives, such as self-managed companies, with their workers' collectives organized on the basis of democracy in decision making and various other forms of associativism and cooperatives in the socio-productive organization. Its basic principles are:

[...] Collective ownership of the means of production by the people who use them to produce; democratic management of the company or by direct participation [...] or by proxy; sharing the net revenue between the cooperators [...]; the allocation of annual surplus (called leftovers) according to criteria agreed on by all the cooperators. (SINGER, 2000, p. 13).

For Radomsky (2006, p. 63), the peculiarity of these initiatives lies in the fact that they combine principles commonly called "traditional", such as "strengthening the bonds of reciprocity and proximity in the communities", whether rural or urban, with "typically capitalist relations in labor markets and products." So this is a particular form of action by individuals and families that ensures their economic reproduction, but also aims to maintain, even if differentiated, their local social relations.

### **3 – FEATURES AND MANIFESTATIONS OF SOLIDARITY BASED ECONOMY IN BRAZIL**

The solidarity based economy enterprises (SBEE) are shaped in the basic cell of the social economy. According to Coraggio (2007), the term

enterprise refers to the acquisition and organization of resources in order to achieve a certain result. One of the characteristics of a solidarity based economic enterprise is that its workers, or at least a significant part of them, already had some prior social relationship: they may have shared other working environments or they may be farmers from the same locality, or neighbors, relatives, or even belong to the same ethnic groups.

Although the SBEEs seek to organize in a manner that aims for economic integration in order to produce goods, provide a service, enable joint purchases, broker micro-financing or any other economic relationship, the political dimension is also strongly present in their performance. This is reflected both in the involvement of the participants in all matters relating to the enterprise and their decisions in their dealings with local issues and the community of which they are a part. (FRANCE SON; Laville, 2006).

In Brazil, the SBEEs are organized in many different ways, including as companies recovered and managed by the workers themselves, cooperatives, associations or informal production groups<sup>3</sup>, supra-familial and community based in character, featuring a true "polymorphism," as stated by Gaiger (2003). For him, these enterprises have the advantage of developing both in the business sense by searching for positive results through planned action and the optimization of human and material production factors, and in the sense of solidarity through cooperation between members and the collective use of available resources for the benefit of the whole group. The solidarity based characteristic is the main differentiating factor between these enterprises and other capitalist enterprises, which are based on private ownership of the means of production (capital goods) and the organization of salaried labor.

Taulie (2002) characterized as self-managing enterprises of solidarity based economy those which have as their starting point the collective effort of production, show a certain degree of internal democracy and value human labor over capital both

in the countryside and in cities. The author classified the main initial difficulties encountered by the SBEEs as: the low level of education and formal schooling of members, especially in management positions, poor capital structure and the need for working capital. Despite all these difficulties, Taulie (2002) stated that the SBEEs have worker motivation as a positive competitive feature, because they are owners and participate in decision making in the enterprise.

In these enterprises, self-management is viewed not only as an instrument of collective management but also as a way to achieve worthy work as opposed to insecure work or no work at all. This form of labor organization in Brazil is practiced both by small businesses, for example, a cooperative of seamstresses, and by workers who organize themselves to recuperate and self-manage a medium or large bankrupt metallurgical company.

According to Cançado (2004), the idea of self-management is not a new one and he recalls that Proudhon<sup>4</sup>, in the nineteenth century, already dealt with the issue, even if he never called it by name. Singer (2002) portrayed the cooperative and worker-owned experiences practiced by workers in England in the nineteenth century. Thus self-management (re)appears as a "new-old" model of labor organization. However, there are differing views on this subject in the literature, which complicates the formalization of general models for self-managed organizations.

Another principle characteristic of these organizational forms is cooperation. Gaiger (2006) pointed out that once cooperation in the workplace has been internalized into daily practice, it propitiates additional efficiency factors in favor of the enterprise, consequently contributing to its viability. This possible symbiosis between entrepreneurship and economic solidarity is jeopardized when one observes that, in general, the sectors in which these enterprises are located require a minimally qualified, poorly specialized and therefore undervalued workforce. In this case, the positive effects of cooperative work are reinforced when professional knowledge is incorporated and transferred

<sup>3</sup>In addition to productive groups there are also those working in general services, consumption and credit, as well as Exchange clubs, rotating funds and other experiences found in solidarity based economy.

<sup>4</sup>Pierre-Joseph Proudhon (1809-1865), French philosopher whose main work was *The Philosophy of Misery*, written in 1846.

internally to other group members. In this environment, the emergence of self-managed processes within the enterprises becomes the element that characterizes these organizational forms.

For Pochmann (2003), even with an unfavorable institutional context in terms of the recognition of self-managed and associative forms, the solidarity based economy endures as a social resistance movement and a public space where other socioeconomic relations may be constructed. One can find numerous examples worldwide of successful cooperative initiatives. (SANTOS, 2002).

Pamplona (2003) analyzed the main factors that determine whether or not autonomous and self-managed economic enterprises are successful. Although not specifically focused on associative initiatives, his results can be taken into account in an analysis of the SBEEs, as discussed in this paper. The author criticized the common definitions of viability based solely on the economic dimension of undertakings, which consider only the levels of profit and net equity. Pamplona (2003, p. 269-270) states that:

Although the economic and financial performance of the self-employed [associative] enterprise is an important indicator of success, it is far from being the only one that should be used to identify successful units [...] because they have different motivations and definitions on what constitutes their own success. [...] Using only financial criteria in the definition of success neglects intangible goals [...]. When dealing with microenterprises, it is important to understand that the self-employed [associates] also perceive their business from a perspective of personal satisfaction. Being successful in self-employment can mean not just a good economic performance, but also the status of ownership, becoming independent, learning more, and making earning an income and a lifestyle more compatible.

Thus, Pamplona (2003) indicts as "reductionist" the viewpoint that measures the success of microenterprises in purely economic terms, but neither does he deny its importance. For him, the success of these initiatives, which by nature are very heterogeneous with respect to their performance, should permeate three fundamental aspects of development: economic, human and community. Hence, the analysis will also incorporate qualitative factors, such as professional qualifications, increased

self-esteem, an improved sense of individual and family well-being, more flexible working hours, and more participation in community life and politics, among others.

In this sense, he agrees with Gaiger (2003), when he says that associative work gives the notion of efficiency a much broader connotation, which involves the workers' quality of life and the fulfillment of cultural and ethical-moral aims. The same author also drew attention to two important points that strengthen the solidarity based economy and its enterprises. One of them is the centrality of work itself as a major, if not exclusive, factor in favor of the undertaking. This condition provides a rationale where protecting those who have the ability to work becomes vital. By providing an actual experience of dignity and equity, "productive work is enriched from a cognitive and human point of view." (Gaiger, 2003, p. 194).

The other point refers to the need to create diverse networks to break the isolation and marginalization in which these enterprises are usually inserted. Existing networks today, states Gaiger (2003), are still occasional and scattered and are valued more for their intrinsic meaning than for their impact. The universe of the solidarity based economy still lacks effective practices of economic exchange that seek to involve different social segments for various purposes: production, technology, marketing, logistics, etc.. To Gaiger (2003, p. 206):

[...] The experiences of greater inter-cooperation, as they expand and multiply, come to revitalize various forms of economic life that are equally atypical in the face of capitalism, on which significant portions of workers rely. They encourage and support expressions of labor economics, reducing their vulnerability to the impositions of capital.

Currently, in Brazil there are several organizations working to promote and strengthen the forms of expression of the solidarity based economy. These organizations are structured as Non-Governmental Organizations (NGOs), University Technological Incubators of Popular Cooperatives (ITCPs), Social Movements, National and State Forums, among others. An important milestone was the setting up in 1994, of the National Association of Self-Managed Company Workers (ANTEAG), in order to foster the ideas of



self-management and cooperatives in the country. The ANTEAG originated in the trade union movement and became a support organization for workers engaged in the conversion of capitalist enterprises into solidarity based cooperatives. (SANTOS, 2002).

In rural areas, the Movement of Landless Workers (MST) is a social organization that cultivates the issue of organizing work into cooperatives in the rural settlements where it operates. Meanwhile around the rural trade union movement, the National Union of Agricultural Family and Solidarity Based Cooperatives (Unicafes), was established in 2004, and currently brings together nearly 800 cooperatives in the areas of production, services and credit. Another noteworthy initiative refers to the actions of the Catholic Church, which began to develop various community projects - such as the Alternative Community Projects (PACs) of Caritas Brazil and promoting action based on associative work as a mechanism for local development.

Between 2005 and 2007, the first National Solidarity Based Mapping was carried out in order to form a national information system for a greater understanding of the reality of the solidarity based economy in Brazil. The survey was conducted in 2,934 municipalities (52% of Brazilian municipalities) and 21,859 solidarity based economic enterprises (SBEE) were identified. These SBEEs involve about 1,687,035 male and female workers. Of this total, 63% are men and 37% are women. The region with the greatest number of SBEEs was the Northeast (43%), followed by Southeast (18%), South (16.5%), North (12%) and Midwest (10%).

The theme of the solidarity based economy has also been consolidated as a strategy for public policy to generate jobs and income. (FRANCE SON; Laville, 2006). Several individual experiments occurred in the beginning of the 1990s in some municipalities, such as Porto Alegre (RS) and Santo André (SP). Since then an increase in experiences in this area have been identified, at all three administrative levels, culminating in 2003, with the creation of a National Secretariat for Solidarity Based Economy (SENAES), which was inserted into the structure of the Ministry of Labor and Employment (MTE). (SILVA, 2010).

## 4 – ANALYSIS OF THE STRUCTURAL DIMENSIONS OF THE SBEE: PARANÁ AND BAHIA

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The analysis was organized into three major dimensions, namely: a) socio-organizational – there was an attempt to obtain more general information about the form of organization, number of participants and type of activities, b) socio-economic - issues such as forms of fundraising, the investments carried out, the income level reached and the types of commercialization and market integration and c) socio-political - this dealt with the aspects of (self) management and the sociopolitical articulation of the SBEEs, verifying how the decision making process occurs and how the SBEEs engage with the community in which they are located and with other SBEEs.

It is noteworthy that in this study, the SBEEs were characterized as such in accordance with the definition used by the National Information System on the Solidarity Based Economy (SIES). Based on this system, SBEEs are organizations:

- which are collective and supra-familial (associations, cooperatives, self-managed companies, exchange clubs etc.), whose participants or partners, in urban and rural areas, carry out the collective management of activities and the allocation of its results;
- which are permanent and not occasional practices, including established undertakings, those in action and those in the process of being established;
- which may or not be legally registered; their real existence shall prevail;
- which carry out economic activities to produce goods, offer services, offer credit and commercialization (purchase, sale and exchange of inputs, products and services) and solidarity based consumption. (SIES, 2007)

### 4.1– Socio-organizational dimension of the SBEE

During the mapping of the states of Paraná and Bahia, 2,419 SBEEs were interviewed, 1,611 and in Bahia and 808 in Parana. In terms of location, it

**Table 1 – Number of members who work in the undertakings**

STATE	PARTICIPANTS	SEE (%)	WOMEN	MEN	TOTAL
PARANÁ	Up to 10	38,6	1.010	601	1.611
	11-20	21,0	1.399	1.208	2.607
	21-50	22,9	2.814	3.028	5.842
	Above 50	17,5	13.920	25.923	39.843
	<b>TOTAL</b>	<b>100</b>	<b>19.143</b>	<b>30.760</b>	<b>49.903</b>
BAHIA	Up to 10	11,5	898	407	1.305
	11-20	13,7	1.977	1.606	3.583
	21-50	40,1	8.006	14.436	22.442
	Above 50	34,7	36.835	57.316	94.151
	<b>TOTAL</b>	<b>100</b>	<b>47.716</b>	<b>73.765</b>	<b>121.481</b>

Source: Prepared by the authors based on the SIES / SENAES Database.

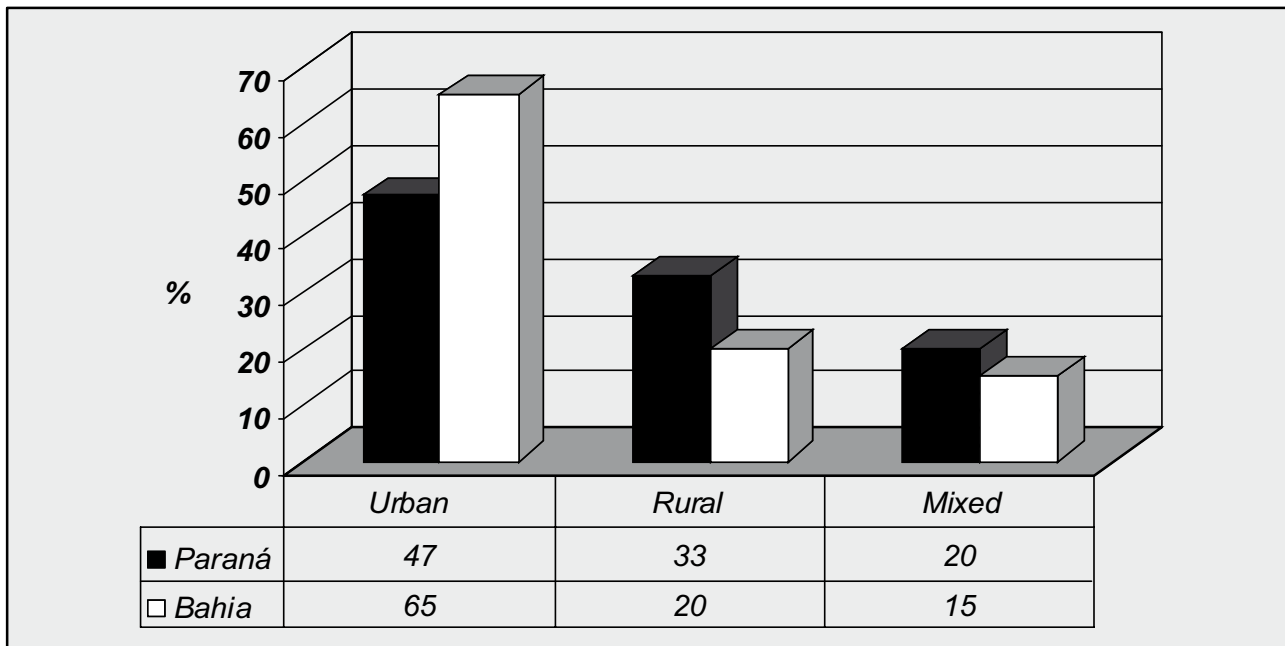
can be seen in Graph 1 that the states have different characteristics. In Paraná, the predominance is of enterprises with activities in urban areas: 47% said they had essentially urban activities, 33% rural and 20% have both rural and urban activities. In Bahia, the majority (65%) of the enterprises mapped develop activities in the rural areas, while another 15% said their activities were essentially urban and 20% had both rural and urban activities. The reality found in the State of Bahia is similar to the location of SBEEs nationwide, since more than half are also located in rural areas linked to family farming.

In the total of SEEs mapped, a total of 171,384 people are involved, of which 61% are men and only 39% are women. However, in both states this male predominance only takes place in SBEEs with 20 or more members. In the SBEEs with up to 20 members, which, incidentally, are the majority in both states, the prevalence is strongly feminine (Table 1). Another curiosity highlighted in Table 1 is that in Paraná, the great majority of the SBEEs have up to 10 people involved, 38.6% of the total, while in Bahia, the same category is only 11, 5%. On the other hand, in Bahia, SBEEs with more than 20 participants prevail, representing about 75% of the total, whilst in Paraná, this percentage is 40%. One of the main reasons for the predominance of women in groups with less associates is that a large number of these groups are

in the fields of clothing and textiles, food processing and handicrafts, in which the key players are women. These two categories account for 24% of the SBEEs in Paraná and 40% in Bahia. The activities that bring together larger groups of men are linked to agriculture, animal husbandry and recycling.

When asked about the motivation for the creation of SBEEs, in both states, respondents saw them as "an alternative to unemployment." Other noteworthy motivations were: "a complementary form of income" and "the development of an activity where all are owners." These data show that solidarity based social economy in Paraná and Bahia is recognized by most of its members as an alternative for employment and income generation.

Regarding the methods of organization, Graph 2 shows that most of these SBEE are informal. This result demonstrates a strong degree of institutional deficit in the undertakings in these two states. When the group is informal, access to benefits, financing and government support programs becomes much more difficult. In addition, the contractual guarantees of their members are reduced, in their perception of the future of the enterprise and guaranteeing employment. On the other hand, the difficulty of formalization underscores the importance, among other actions, of technical assistance support programs, as in the case of ITCPs in dozens of public and private universities.



**Graph 1 – SBEE by Location (%)**

**Source:** Prepared by the authors based on the SIES / SENAES Database.

One noticeable peculiarity is that although the cooperative is the legal form most indicated by the main theorists as the most suitable for a self-managed economic organization, this form accounts for a very small percentage of current SBEEs. The reason for this is usually attributed to the excessive bureaucracy to set up a cooperative, the lack of specialized technical assistance to support the organization of informal groups into cooperatives, given the expertise that is demanded and the need to review current cooperative legislation in the country, which is not sufficiently flexible to deal with the heterogeneity of possible associative organization.

The General Law of Cooperatives in Brazil was enacted in 1971 (Law 5764) as a result of discussions that involved the large agricultural cooperatives at the height of Brazil's agricultural modernization. (BRASIL. Law No. 5764, 2011). Since then, despite the constant pressure applied through modification proposals, there have been no changes and adjustments, regardless of the transformation and emergence of new forms of associative work organizations in Brazil. Among the many controversies under discussion about the legislation in force, two items are viewed by groups supporting the solidarity based economy as extremely restrictive for the formalization of new cooperatives.

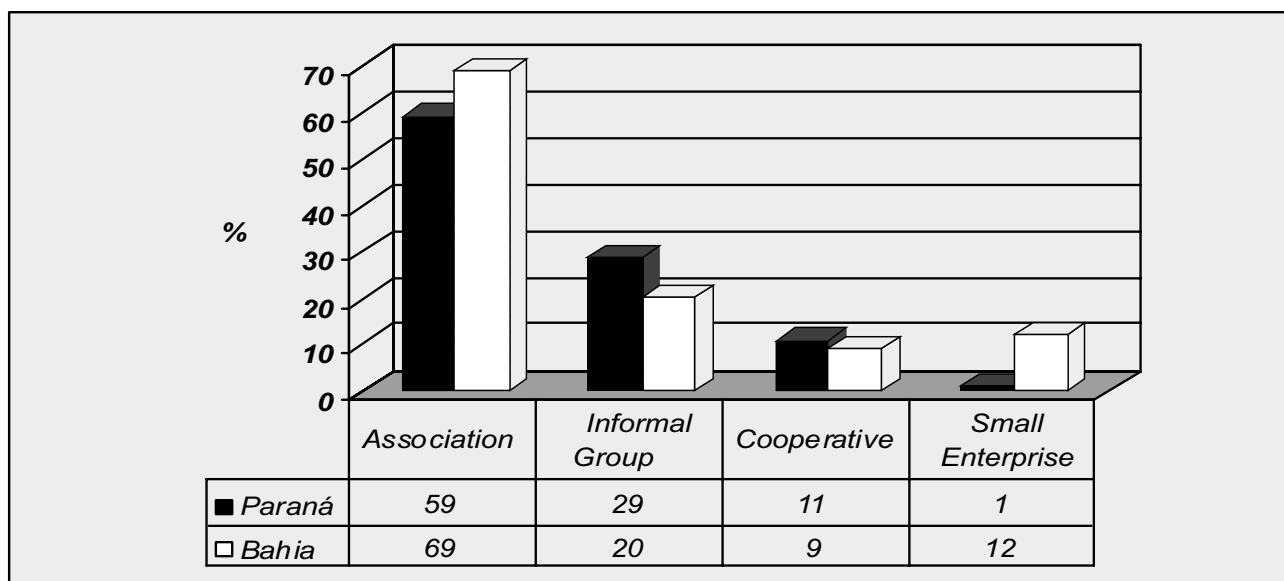
One is the requirement for cooperatives to be registered with the Chamber of Commerce of each state; these are located in the state capital and, therefore, this becomes an additional complicating factor for associative groups in the hinterland municipalities. The second concerns the requirement of a minimum of 20 associates for the establishment of the cooperative, since the mapping of the SEE by SENAES, shows that the vast majority have a lower number. Currently, there are two proposals the pipeline in Congress to revise the legal framework of cooperatives, with articles intended to permit greater flexibility so new groups could be formally incorporated.

#### 4.2 – Socioeconomic Dimension

Starting with an analysis of the monthly turnover of the SBEEs in question, one of the first inferences that can be made refers to their low monthly revenues. Table 2 shows that over 60% of them have monthly revenue of less than R\$5,000.00. In general, the average monthly revenues of the SBEEs in Parana was R\$45,161.50, well above the SBEEs in Bahia (R\$ 29,910.76). The average revenue of a SBEE in Brazil was R\$43,236.67.

The monthly remuneration per worker in the SBEE is usually defined by productivity or hours worked. It is clear, from Table 3 that in both states, about 80% of the members of the SBEE receive up to a





**Graph 2 – Form of Organization of the SEE (%)**

Source: Prepared by the authors based on the SIES / SENAES Database.

minimum wage per month, which is the constitutionally set minimum wage in the country. Only 6% of all workers in the SBEEs observed receive more than two minimum wages. As to the existence of differences in remuneration between workers, the data indicates that among the five types of work most cited by interviewees, the highest paid work receives, on average, three times more than the lowest pay. As to the established form of compensation, regarding the production management process of the SBEE,

according to Gaiger (2006, p. 531), it "[...] is based on intrinsic criteria such as time spent and the degree of skill or responsibility involved in the tasks." Thus, in general, the trend is "[...] to approximate the ranges of remuneration in observance of the principle of equity, without falling into a full egalitarianism that could discourage personal effort."

One of the central difficulties faced by SBEE, according to their own answers, is marketing of their

**Table 2 – Average Monthly Revenues of SBEE**

MONTHLY REVENUES	SBEE	%	SBEE	%
	Paraná		Bahia	
Up to R\$ 1.000,00	162	29,51%	350	26,62%
R\$ 1.001,00 to R\$ 5.000,00	186	33,88%	449	34,14%
R\$ 5.001,00 to R\$ 10.000,00	71	12,93%	177	13,46%
R\$ 10.001,00 to R\$ 50.000,00	64	11,66%	231	17,57%
R\$ 50.001,00 to R\$ 100.000,00	21	3,83%	52	3,95%
Over R\$ 100.000,00	45	8,20%	56	4,26%
TOTAL	549	100%	1.315	100%

Source: Prepared by the authors based on the SIES / SENAES Database

products. Altogether, about 70% of SEEs reported having difficulties inserting their products in the market. Among the three most cited reasons for this difficulty are: "difficulty reaching the customer," "lack of working capital for credit sales" and "deficiencies in marketing structures (location, space, equipment etc.)". Even so, more than half the SBEE in both states said they had initiatives to disseminate their products. However, as more elaborate dissemination strategies are more expensive, the initiatives used and most frequently mentioned in the survey are the simplest and least costly and thus reach a narrower audience, they are: "word of mouth"; "posters, brochures and pamphlets," and "commercial, educational and community radio stations."

**Table 3 – Average Income in Minimum Wages (MW)<sup>5</sup>**

BANDS	SEE – Paraná (%)	SEE – Bahia (%)
Up to 1 MW	77.85%	82.20%
1 to 2 MW	12.58%	10.68%
2-5 SM	7.21%	4.85%
Greater than 5 MW	2.35%	2.27%

**Source:** Prepared by the Authors Based on the SIES / SENAES Database.

The marketing of the SBEE production occurs mainly at the local level, with products being sold in local and municipal markets. These sales occur primarily by direct delivery to customers, or else by means of free farmer's markets or public sales areas. Just over 10% of SBEEs can reach micro-regional and state markets, while less than 1% sell their products to international markets. Some SBEE do not fit in any of the listed options as they have other non-commercial activities.

**Table 4 – Scope of Market**

DESTINATION	SBEE – Paraná (%)	SBEE - Bahia (%)
Local or community trade	63.76	45.31
Municipal trade	20.37	27.50
Micro regional/state trade	10.53	12.23
National trade	3.79	2.48
Export	0.84	2.05

**Source:** Prepared by the Authors Based on the SIES / SENAES Database.

Regarding the origin of the raw material for the SBEE production, more than half comes from private companies (55% in Paraná and 54% in Bahia). Only 3% of the SBEE, summing both states, comes from another SBEE. This result indicates that the SBEE in these states still do not participate in solidarity based production chains, which could result in actions taken as a network to purchase and sell goods between the enterprises themselves. What also happens is that most of the products generated are primary products, such as in agricultural production, or are handmade products with low added value, as is the case in most groups of handicrafts and clothing.

Difficulties with working capital have a direct influence on the ability of the SBEE to carry out investments to improve their productive and commercial activities. Of the total, 65% reported not having made any investment in their ventures in the year prior to the survey, while only 35% reported having made some investment. Among those investments the most common items were: physical infrastructure (buildings, constructions etc.), equipment (purchase, renewal) and stocks of raw materials.

One possible solution to resolve the issue of SBEE's working capital would be through public policies to make favorable lines of credit available according to their activities. These ventures have great difficulty in accessing the official lines of credit available. The difficulties in relation to requirements for collateral, the high interest rates charged and the high degree of bureaucracy in the transactions are always the most remembered. In rural areas, the National Program for Strengthening Family Agriculture (Pronaf) still allows access to subsidized lines of credit by low-income farmers and, therefore, in many locations, it functions as an extra injection of liquidity in the economic activities and provides positive dynamics in the local economy through its multiplier effect. (SILVA, 2008). However, these lines of credit are scarce in urban areas.

A result that illustrates this is that only 16% of the SBEE in both states had access to a line of credit in the year preceding the survey. The main sources of credit cited were public banks and Civil Society Organization of Public Interest (Oscips) or credit cooperatives. Again, the issue of informality impedes access to

<sup>5</sup>The minimum salary used in the research was R\$300.00

credit, making them dependent upon the resources of their own associates or even donations from outside the venture to carry out the small investments needed to develop their activities.

Credit cooperatives are in themselves a form of solidarity based economic enterprises that can also assist the development and maintenance of other enterprises in a given location, with the formation of a local savings account, access to public resources for microcredit programs and grant lines of credit at more favorable interest rates and with less bureaucratic requirements, which has become known in the literature as "finance proximity." In the states surveyed, there are two important networks of solidarity based rural credit cooperatives: the system known as the Rural Credit Cooperatives with Solidarity Based Interaction (Cresol), in Parana, with operations throughout the state, and the Association of Credit Cooperatives for Family Agriculture and Solidarity Based Economic System of Bahia (Ascoob) , with operations focused on the municipalities of the semi-arid in Bahia. (ABRAMOVAY, 2003).

### 4.3 – Sociopolitical Dimension

This section provides information regarding the political and institutional issues of the SBEEs analyzed, especially the importance of internal or external relationships. In particular, the following were analyzed: the decision making process, access to technical assistance, the involvement of the SBEE with the community, with other SBEEs and organizations such as forums.

The issue of access to technical assistance is often perceived as a major obstacle to the viability of microenterprises. In the case of SBEEs surveyed, 80% of the total in Paraná and 65% in Bahia, reported having received some type of service in the year preceding the survey. Table 5 below shows the main forms of technical assistance received by the SBEEs.

The mapping also indicated the nature of the main organizations providing technical assistance services to the SBEEs in Bahia, as shown below. It is noteworthy that the state performs most of this type of activity, followed by NGOs, trade unions, the "S" system and university incubators for cooperatives. The technical assistance service developed by the work co-operatives, one of the organizational structures of the SBEE, was referred to by only 27 ESS in each state.

Regarding the participation of members in the enterprises' activities, respondents said they participated in most decisions in the enterprise they belong to, and this participation is permitted and encouraged in all members. The most frequent responses were: "Participation in the enterprise's day-to-day decisions ", "access to the enterprise's records and information", "accountability to members at the general assembly", "the election of directors at the General Assembly ", "decisions on the use of surplus funds at the General Assembly " , "the work plan is defined in the general assembly" and "hiring and remuneration set by the General Assembly". Given the responses, it is noted that the meetings called the General Assembly constitute the main mechanism of

**Table 5 – Major Forms of Technical Assistance Received by SBEE**

TYPES OF SUPPORT	SBEE - Paraná	SBEE - Bahia
Professional, technical and managerial qualification,	197	296
Technical and / or managerial assistance	168	382
Socio-political education (self-management and solidarity based economy)	159	225
Assistance in creation, formalization or registration	41	72
Assistance in marketing and sales	19	8
Legal Assistance	14	7
Diagnosis and planning (economic viability)	14	40
Others	35	14

**Source:** Prepared by the Authors Based on the SIES / SENAES Database.

**Table 6 – Main Organizations Providing Technical Assistance Services**

ENTITIES THAT PROVIDED SUPPORT	SBEE – Paraná	SBEE – Bahia
Government agencies	422	486
NGOs, The “S” support, churches, associations, etc.	221	429
"S" System - Support Service for Micro and Small Enterprises (Sebrae), SESCOOP etc.	104	265
Trade union movement (Central, Union, Federation)	79	280
Universities / Incubators	75	46
Cooperatives of Technicians	27	27
Others	47	66

**Source:** Prepared by the Authors Based on the SIES / SENAES Database.

participation and associated definitions of space about the direction of the enterprise.

At first these results may demonstrate some degree of self-management in the SBEE interviewed, characterizing what Albuquerque (2002) calls shared power. The respondents' claim that all the information relevant to activities is always available to any interested person is also pointed to by Singer (2000) as an important indicator of self-management. Other important piece of information is that approximately 60% of SBEE respondents reported that at least one meeting or assembly is held every month.

By observing the types of articulation in which the groups are involved, one can see how these undertakings relate to social-political organizations, at the different levels

of coverage. In all, 46% of SBEE in Paraná and 61% of SBEE in Bahia responded that they participate in a group or network. The main form of articulation of the totality of SBEEs occurs primarily through "Forums or Networks of Solidarity Based Economy", followed by "social or trade union movements", "production / marketing networks" and "NGOs, churches, foundations etc. ".

Another issue concerns involvement in social and popular movements. In all, 69% of SEE reported involvement with some kind of social and grass-roots movement. Among the movements most mentioned were: 'community movement', 'urban or rural trade union movement'; 'movement to fight for land and family farming', 'environmental movement', and 'movement to fight for housing'.

**Table 7 – Comparison Table of SBEE in Paraná and Bahia**

CHARACTERISTICS OF SBEE	PARANÁ	BAHIA
Number and location of SBEE	Total: 808 Rural: 47% Urban: 33% Mixed: 20%	Total: 1611 Rural: 65% Urban: 20% Mixed: 15%
Number and gender of the people involved	Total: 64,846 Men: 62% Women: 38%	Total: 121 481 Men: 60% Women: 40%
Main economic activities	Crafts and jewelry: 25% Clothing and textiles: 22% Food processing: 17% Crops: 15%	Crops: 51% Food processing: 26% Livestock: 13% Crafts and jewelry: 8%

**Table 7 – Comparison Table of SBEE in Paraná and Bahia**

CHARACTERISTICS OF SBEE	PARANÁ	BAHIA
Main motivations for the creation of SBEE	Alternative to unemployment: 28% Supplementary income: 26% Activity where all are owners: 12%	Alternative to unemployment: 38% Supplementary income: 21% Activity where all are owners: 10%
Forms of organization	Association: 59% Informal group: 29% Cooperative: 11% Small company / other: 1%	Association: 69% Informal group: 20% Cooperative: 9% Small company / other: 12%
Monthly turnover of SEE	Up to R\$ 1,000: 29.5% R\$ 1,001 to \$ 5,000: 33.9% R\$ 5,001 to \$ 10,000: 12.9% R\$ 10,001 to \$ 50,000: 11.7% Over \$ 50,000: 12%	Up to R\$ 1,000: 26.6% R\$ 1,001 to \$ 5,000: 34.1% R\$ 5,001 to \$ 10,000: 13.5% R\$ 10,001 to \$ 50,000: 17.6% Over R\$ 50,000: 8.2%
Monthly remuneration of members	Up to 1 MW: 77.8% From 1 MW to 2 MW: 12.6% 2 MW to 5 MW: 7.2% Above 5 MW: 2.4%	Up to 1 MW: 82.2% From 1 MW to 2 MW: 10.7% 2 MW to 5 MW: 4.8% Above 5 MW: 2.3%
Origin of raw material used	Private company: 55% Members: 14% Other SEE: 2% Other: 29%	Private company: 54% Members: 24% Other SEE: 4% Other: 18%
Forms of marketing	Local and municipal markets: 84.1% Regional micro-markets: 10.5% Markets: 3.8% International markets: 0.8%	Local and municipal markets: 72.8% Regional micro-markets: 12.2% Markets: 2.5% International markets: 2.1%
Investments (12 months)	Made: 38%	Made: 34%
Access to credit (12 months)	Accessed: 14%	Accessed: 17%
Access to support services and the main providers (major organizations)	Accessed: 80% 1) Government agencies 2) NGOs, churches, associations, etc. 3) the "S" (Sebrae, Sescop etc.). 4) Trade Union Movement 5) Universities / Incubators	Accessed: 65% 1) Government agencies 2) NGOs, churches, associations, etc. 3) Trade Union Movement 4) System "S" (Sebrae, Sescop etc.). 5) Universities / Incubators
Participation in any social group or network. The main ones	Participants: 46% 1) Forum / Solidarity Based Economy Network 2) Production / marketing Networks 3) Central Marketing 4) Social / Union Movements	Participants: 61% 1) Social / Union Movements 2) Forum / Solidarity Based Economy Network 3) Production / marketing Networks 4) Federation of Cooperatives
Involvement in some kind of social and grassroots movement.	Involved: 78% 1) Community Movement 2) Movement for land / family agriculture. 3) Environmental Movement 4) Urban or rural trade union movement	Involved: 69% 1) Community Movement 2) Urban or rural trade union movement 3) Movement for land / family agriculture. 4) Environmental Movement

**Source:** Prepared by the Authors Based on the SIES / SENAES Database.



When asked about the development of a social or community actions, 78% of SBEE in Paraná and 68% of SBEE in Bahia confirmed that they had participated in or developed actions in this field. The main actions cited were 'the prices of products and / or services to facilitate access to consumers', 'encouragement or promotion of ethical consumerism and fair trade', and 'supply of organic products or pesticides free of charge'.

Finally, Table 7 below presents a comparison between the main variables discussed in this text in the three analytical dimensions defined for the SEE in both states, allowing a better visualization of their differences and similarities.

## 5 – FINAL CONSIDERATIONS

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The research in this study makes it possible to have a more accurate understanding of the multiple dimensions that characterize the reality of solidarity based economy enterprises as an alternative manner of collective and associative organization to generate employment and income, using data from SIES in the states of Paraná and Bahia. Overall, it was recognized that although there are some specific characteristics in each state's SBEE, the structural difficulties they face are similar; incidentally these do not differ in other Brazilian states.

Through the theoretical references and the empirical universe presented herein, it can be inferred that the formation of the SBEE takes place due to spaces of proximity, which provide certain relationships of identity among the actors, such as kinship, neighborhood or friendship, with strong roots in local reality. In terms of motivation, the data shows that the SBEE primarily looks to self-organization to cope with unemployment and to increase family income. However, their activities have a low potential for generating income for members. The challenge of generating more cash income lies precisely in the need to expand access to markets (conventional and institutional) or to create other forms of trade, such as networks and solidarity based chains, since sales were identified as their main obstacle. Difficult access to credit for investment in productive activities is another problematic issue diagnosed in this study because it limits the ability to invest in productive activity.

The SBEE present a reality of economic and institutional fragility which is too large to be seen as a consolidated alternative to the contradictions of the world of work in contemporary capitalism. The lack of a legal framework to classify, regulate and determine public incentives so these projects can be formalized is an extremely relevant limiting factor given the high degree of informality of these SBEE. Current conditions do not permit these SBEE to overcome such weaknesses. It's still early, however, to say what the trajectory and the space that their proposal will achieve. This conclusion is consistent with that of Kraychete (2007), as the sustainability of these ventures depends on economic and social contributions that currently cannot be reproduced internally, which limits their development and requires a coordinated action by multiple institutions and political, economic, social and technological initiatives.

One can say that there are considerable ongoing organizational arrangements acting in accordance with the principles of solidarity and cooperation. There are several professional associations, NGOs, public and private universities, cooperatives and public agencies involved in supporting and representing existing enterprises. It turns out that most of the action takes place in isolation, without a larger project to ensure a more favorable environment for these ventures to ensure the viability of their own business. However, further research would be required to examine this question more accurately.

Another fact that has been noted is that, despite all the difficulties, a considerable number of workers are involved in these activities, collectively seeking to explore their potential. This contributes to the legitimization of the solidarity based economy in the political scene, which has culminated in the creation of administrative structures in several municipalities, states, and now the federal government, through SENAES, to develop government programs that define the promotion of solidarity based economy for public policy purposes.

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