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SOCIAL AUDITING – A TOOL FOR THE SOCIAL ECONOMY IN SPAIN

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Abstract

The social economy in Spain is a part of the economy with growing importance in the context of economic crises. Social and occupational integration is a relatively new yet now generalised concept, which is based on partnership between public and private entities which are involved in job creation. New tools, such as social auditing, will help the social economy to reach the goals that the traditional economy does not solve.

AUDYT SPOŁECZNY – NARZĘDZIE EKONOMII SPOŁECZNEJ W HISZPANII

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Słowa kluczowe: audyt społeczny, znormalizowane wskaźniki, mikrokredyty, społeczna odpowiedzialność biznesu, bilans społeczny, raport społeczny, integracja społeczna i zawodowa, wykluczenie społeczne, trzeci sektor.

Abstrakt

Ekonomia społeczna w Hiszpanii stanowi element ekonomii o wzrastającym znaczeniu w kontekście kryzysu gospodarczego. Integracja społeczna i zawodowa są relatywnie nowymi, jednakże obecnie uogólnionymi pojęciami opartymi na partnerstwie między społeczeństwem a firmami prywatnymi zaangażowanymi w tworzenie miejsc pracy. Nowe narzędzia, jak audyt społeczny, pomogą ekonomii społecznej w osiągnięciu celów, których tradycyjna ekonomia nie rozpatruje.

What is the social economy?

The social economy, third sector or third system are all terms used to designate an emerging business sector in modern societies led by civil society and designed to serve the general interest of the communities in which it is being developed.

The economic aspect of social and solidarity economy companies refers to the production of goods and services and hence helps to improve the quality of life and wellbeing of the public at large, in particular by offering a larger number of services.

Social return is evaluated by means of its contribution to democratic development, support for active citizenship and promotion of the values and initiatives of individual and collective responsibility. Social return therefore helps to improve the quality of life and wellbeing of the public at large, in particular by offering a larger number of services.

The specific forms of economic organisation which make up the social and solidarity economy are legally diverse (cooperatives, worker-owned companies, associations, mutual societies and foundations) but their characteristic traits are:

- They are initiatives drawn up by a group of people
- The fact that political power inside the company is not based on capital ownership.
- The pre-eminence of people over money.
- Self-management and the principle of participation.
- Limited or zero profit distribution.
- Environmentally-friendly production processes.

These features place them between the public sector and the market, hence the term third sector or third system as they are the third way of using resources. By laying down the primacy of solidarity and reciprocity in management they differentiate themselves from both the public sector and the logic of the market.

The solidarity economy is changing and it is now a significant factor in job creation, sustainable and responsible development and in identifying and meeting new social requirements by transforming employment needs and ensuring an enhanced use of, and social return on, public and private resources. In short, it is a crucial sector in the struggle against the social exclusion and marginalisation which world economic globalisation is generating in our societies.

The social and solidarity economy is growing strongly worldwide in both developed countries like the United States and Canada, and especially in

Quebec, and also in developing countries, in particular in South America, Africa and Asia. This growth is leading to setting up of international social and solidarity economy networks.

Tools of the social economy in Spain

Social integration enterprises (SIEs)

Establishing the presence of social integration enterprises (SIEs) in the market economy is a contemporary challenge in response to an emerging reality which has to be tackled. Traditionally these solidarity instruments have received a cool welcome in business circles, and a lack of visualisation and knowledge about them has hitherto kept them out of the economic sector and confined to the welfare sector.

In the new economic situation threatened by recession, the presence of groups needed by the labour market but coming from vulnerable sectors (the homeless, immigrants, drug addicts, prisoners, women with family responsibilities, the long-term unemployed etc.) and the search for new sources of jobs mean that social integration enterprises are now being seen as a valid business form which not only creates wealth and employment but also relieves social security burdens by enabling people previously living off welfare and benefits to get jobs.

Social integration enterprises are learning structures, designed to produce goods or provide services, which adopt a legal status and whose primary purpose is to enable socially disadvantaged or excluded groups to enter the labour market.

The basic features of these enterprises are as follows:

- Their business activity must be lawful and involve producing goods or providing services in any market sector, though they are mainly involved in welfare and environmental work.
  - The people who can benefit from them include:
  - The homeless
  - Immigrants and refugees
  - Drug addicts and former drug addicts
  - Prisoners and former prisoners
  - Ethnic minorities
  - Women with family responsibilities
  - The long-term unemployed
  - Young people with no qualifications

Of course this list merely gives examples and can be added to.

Aside from these material and subjective issues, it is the specific laws of each country which lay down the formal requirements these companies need to meet to become labour market players.

However, it should be stressed that the ultimate purpose of a social integration enterprise is the social and occupational integration of the people who have come to it.

A social integration enterprise is a learning structure that is limited by law in which integration is generated via the labour market.

The learning process takes place through effective employment as it is based on the idea that you should not wait until the person is integrated to find them a job but rather that we can achieve our goals by means of employment.

Ensuring that these groups receive training through employment means that the integration process will be less costly for the public purse, as each person thus employed works and earns a salary and is not dependent on welfare benefits.

Once we have this non-welfare framework in place, we then need to think about their viability, which leads on to the debate about whether or not public sector stimulation and the support of the private sector are called for. If we take a closer look at the concept of social integration enterprises, we will find that there are basically two types of them:

First of all, there are the transition or bridge organisations between marginalisation and normalised work. How long the majority of workers stay at these transition SIEs (social integration enterprises) has to be limited while at the same time retaining a reduced interdisciplinary core which generates stability and continuity.

Secondly, there are the end-SIEs or solidarity companies where the goal is to get all workers to stay there for the long-term and intermingle normalised ones with those who are at risk of exclusion so that the differences between the two groups gradually disappear. Meanwhile, other people at risk of exclusion can also join the company as long as business growth makes this possible.

According to a study carried out ten years ago when the first SIEs made their appearance in Spain, 36% of them were foundations and associations, 18% were associated work cooperatives, 15% were limited companies, and 28% operated in the black economy.

In the light of this legal backdrop, some authors argue that restricting the SIEs to particular business forms, whether these be cooperative or not, is a strategic mistake as this reinforces their marginal image and hence their welfare focus and discourages efficient management. In fact, it is to fall once more into the historical mistake which has always accompanied the cooperatives, which should not see themselves as anything other than a company model which includes certain particular features based on democratic management by their partners.

In this respect there is no reason why an SIE should be a cooperative, a worker-owned company, a limited company, an association or a foundation. Instead the particular circumstances of each case should indicate the most appropriate legal form. Thus for instance an engineering consultancy, an industrial plant or a transport firm do not of necessity have to adopt certain company forms, but instead many considerations should be taken into account when making this decision (required capital, number and features of partners, assumable risk, tax benefits, etc.). Thus why is it that there are some people who are so anxious to find a specific legal model for the very heterogeneous set of SIEs? Each person at risk of exclusion costs the public treasury in Spain € 15,000 per year. Their reintegrating with the labour market would allow not only saving on these social expenditures but also generating a salary and social security payments.

Social integration enterprises in Europe

The European Union subscribes to the school of thought that holds that there is an indissoluble bond between economic and social dimensions. This is a new approach which has been gaining ground in recent years and is based on a global and multidisciplinary conception of the problems. Poverty and social exclusion are dynamic phenomena which call for general policies, so that new social polices need to be seen as an essential condition for economic development. This is the meaning of the "EC Council Recommendation of 27 July 1992 on the convergence of social protection objectives and policies".

Against this backdrop, the European Commission has been drawing up experimental regional and local strategies and implementing pilot schemes to ramp up job creation in the services sector.

Pulling in the same direction are the directives brought in by the Commission on Structural Funds and their coordination in the Cohesion Fund, published in the European Communities Official Gazette on 22 September 1999. In this respect the Group of Experts on the Third System and Employment set up by the European Commission's DG V has stressed the contribution made by the Third System to job creation and the struggle against exclusion. In fact, the Group of Experts recognises that social integration and job creation is the main purpose of many of the organisations included within this concept and one which they seek to fulfil by delivering a range of social services.

However, this is not exclusively an EU phenomenon. Quite the reverse; it has been European society which has seen the problems and driven initiatives which mobilise numerous agents. These problems include the environment, the marginalisation, poverty and exclusion of various groups, the financing of the companies and fair trade with the Third World. The traditional response has always been provided by setting up civil organisations that specialise in the problems referred to above.

Over recent years the agents involved in these tasks have used business activity as an important tool to achieve consistency between fair trade networks, the environmental sector and alternative financing and banking and social integration enterprise projects.

A specific definition of the new forms of the solidarity economy is given by French sociologists Defourny, Favreau and Lavilla when they refer to associative or cooperative initiatives which belong to neither the classic private company nor the public economy spheres as the Third Sector, a concept which defines these initiatives globally. In the United States they are referred to as non-profit organizations (NPOs) or the independent sector, while in the UK they generally go under the name of voluntary organizations. Finally, French-speaking countries have adopted the concept of the social and solidarity economy which encompasses both associations and also cooperatives and friendly societies.

Social integration enterprises in Spain

In Spain, according to a CIRIEC study (1999), in 1998 there were 423,703 jobs in cooperatives, worker-owned companies and social welfare friendly societies. In addition, in 1995 there were 473,750 full-time paid posts in foundations and associations. According to these figures, more than 50% of jobs in the Spanish social and solidarity economy have been created in recent years by non-profit organisations.

We also have to add, the social integration enterprise legislation which has been brought in by Spain's regional governments (including Catalonia, the Basque Country, Navarra, Aragon, and the Balearic Islands) and somewhat later on by its central government (Act 44/2007 dated 13 December which we shall look at later on). This legislation sets out the formal requirements these companies must meet in order to operate in the labour market.

Nonetheless, it should be noted that the ultimate goal of a social integration enterprise is none other than the social and occupational integration of the people who have joined it. This is because it is a learning structure limited by law in which integration is delivered through employment. The learning process takes place through effective employment as it is based on the idea that you should not wait until the person is integrated to find them a job but rather that we can achieve our goals by means of employment.

Ensuring that these groups receive training through employment means that the integration process will be less costly for the public purse, as each person thus employed works and earns a salary and is not dependent on welfare benefits.

A critical view of the regulation of social integration enterprises

Social integration enterprises are nothing new in Europe; the first ones started up in France and Italy in the 1980s and in Spain began to grow especially after the implementation of minimum wage policies for occupational integration. In lockstep there were a series of changes on the Europe stage driven by the European Union via the European Occupation Strategy which took shape in Spain in the country's National Occupation Plan in 2001 and National Social Inclusion Plan 2001–2003, in which social integration enterprises were referred to for the first time.

It was not, however, until 2007 that the central government, based on experience at the regional level, brought in Act 44/2007, dated 13 December, designed to regulate the system of social integration enterprises at the national level. The Act, which had been eagerly awaited, has received the blessing of trade unions, businesspeople and social organisations alike and has filled many of the gaps created by a lack of sector regulation. Nonetheless, fresh problems have come up especially in terms of dealing with the transition stage created by the Act.

One of the main problems which need to be solved is the machinery in an Act which takes in aspects of the employment agreements people at these enterprises must have, and which are thus exclusively reserved for the central government and welfare issues which are part of the social powers transferred to the regions. Hence there is a need to try to match up issues in order to avoid difficulties in the division of powers.

Another problem that has to be tackled is the legal form which the new Act imposes on the SIEs with a deadline for becoming companies or cooperatives. In the light of this legal requirement, some authors argue that restricting the SIEs to particular business forms, whether these be cooperative or not, is a strategic mistake as this reinforces their marginal image and hence their welfare focus and discourages efficient management. In fact, it is to fall once more into the historical mistake which has always accompanied the cooperatives, which should not see themselves as anything other than a company model which includes certain particular features based on democratic management by their partners.

In this respect there is no reason why an SIE should be a cooperative, a worker-owned company, a limited company, an association or a foundation. Instead the particular circumstances of each case should indicate the most appropriate legal form. Thus for instance an engineering consultancy, an industrial plant or a transport firm do not of necessity have to adopt certain company forms, but instead many considerations should be taken into account when making this decision (required capital, number and features of partners, assumable risk, tax benefits, etc.). Thus why is it that there are some people who are so anxious to find a specific legal model for the very heterogeneous set of SIEs?

Aside from these problems that extant SIEs have to deal with and try to solve within their framework for action, the new Act sets out a series of guidelines which seek to create confidence in all the interlocutors involved. Especially significant ones are as follows:

a) The setting up of a closed list of beneficiaries, even though those specified in the Act "... groups from alternative accommodation centres and from prevention and social integration services authorised by the Regional Governments and the cities of Ceuta and Melilla" leave open the option that Regional welfare services could be considered eligible (homeless, immigrants, women who are victims of gender-based violence, etc.) despite not being expressly on the list.
b) The setting up of a national and regional Social Integration Enterprises Administrative Register regulating recording acts, classification and documentation subject to proof of registration. This Register will have a dual purpose: for the Ministry of Employment it is a Social Integration Enterprises Administrative Register solely for coordinating and exchanging information, while for the Regional Government where the enterprise is based it provides the classification of social integration enterprise after registration with a company form in the Companies Register or the Cooperative Companies Register.
c) The requirements an SIE needs to meet to be classified as such are:
   - "to be promoted and owned by one or more promoter organisations as referred to in the following article. This ownership shall be at least fifty-one percent of equity in the case of business corporations
   - to be registered in the Register for its legal form and in the Social Integration Enterprises Administrative Register in its Region
   - to maintain in its annual calculation from the moment of classification, a percentage of workers in an integration process, regardless of the type of hiring, of at least thirty percent during its first three years of operations and of at least fifty percent of total employees from the fourth year onwards, and the number thereof may not be less than two

– not to carry out economic activities other than those included in its corporate purpose
– to set aside at least eighty percent of profits or surplus obtained in each financial year to improving or expanding its production and integration structures
– to file a social balance sheet each year for the company's activities which includes an economic and social report, the degree of integration in the ordinary labour market and the composition of its workforce, information about integration tasks done and forecasts for the following financial year
– to have the necessary resources required to meet its commitments derived from social and occupational integration pathways";

d) As for the duties of social integration enterprises once registered, they have to file a series of documents with the Administrative Register in their Region including the following: documents in proof of by-law changes which affect their classification once registered in the Register for their legal form; their business activities plan and budget for each year prior to its start; and their annual accounts, management report and social balance sheet at the end of each financial year, without prejudice to their obligation to file their accounts and management report with the Register for their legal form. They will also have to provide any documents required by their Regional government for social integration enterprises.

To end this brief tour of the regulations contained in Act 44/2007, it states that the legal grounds for disqualification as a social integration enterprise are:

– Not fulfilling the purpose of a social integration enterprise.
– Not meeting the requirements for classification as such.

The disqualification ruling will be given by the Social Integration Enterprises Register in the Region where classification was awarded after a mandatory prior report by the Employment Inspection and Social Security service.

Mention should also be made of the social nature of the SIEs which leads on to the role played by public social services and public employment services in the integration of at-risk groups. These public agencies carry out tasks prior to workers joining social integration enterprises and then monitor and provide support once these workers have completed their time in the SEI. They are extremely important in the occupational integration of people at risk as they seek to foster the integration of people into the ordinary labour market.

Act 44/2007 states that both types of public agency should set out the rules for social and occupational integration pathways in accordance with the social integration enterprises, and these pathways need to be accepted by the person at risk of social exclusion who is hired. The Act sets out intervention and mentoring measures and defines them as a set of services, benefits, guidance, mentoring and personalised and assisted paid work processes, on-the-job training and occupational and social habituation which are geared towards solving specific problems arising from the situation of exclusion which hinder the normal development of a person's pathway in the social integration enterprise.

Social auditing: a tool for the social economy in Spain

Against this backdrop **social auditing** is a strategy which enables organisations to evaluate, measure and control social management, taken to be the application of policies and practices connected with people both inside and outside the organisation, so as to achieve progressive improvement.

There is a tool for social auditing called the **social balance sheet** which makes it possible to use specific methodology to quantitatively and qualitatively measure the social management of any organisation (whether it be public, private, a manufacturer or services provider, big or small) as part of corporate social responsibility.

To these two concepts should be added the **social report** which gives a detailed account of all the activities carried out by an organisation in a specific period (a year).

These instruments provide us with the basic elements needed to draw up a methodology which enables us to implement social auditing as a tool within the framework of the social and solidarity economy.

Drawing up a solidarity and social auditing model

It has been said before that organisations exist to the extent that they generate dynamics and interaction on the inside with their personnel and on the outside with their stakeholders. It is for this reason that we need to use two separate sets of internal and external management measurement variables to create this model, which is designed to evaluate and measure in order to improve the entire management of the organisation. The variables will be of two types: internal variables and external variables.

The principal internal variables will be:

a) Social and occupational characteristics of employees

b) Social services which the organisation delivers to its employees

c) Employee integration and development

The principal external variables will be:

a) Primary relations

b) Relations with the community

c) Relations with other institutions

Let's analyse the principal elements, determining factors and standardised indicators that have to take into account in the social auditing:

Elements	Determining factors	Standardised indicators
1	2	3
Employment		
Recruitment	Personnel recruitment policy. Recruitment and quality measures based on posts.	No. of jobs for which specific tests are used as a % of the total.
Personnel qualifications	Requirement for a qualification for each of the jobs (unqualified personnel, vocational training I and II, qualified technicians)	% of each type of qualification.
Age	Generational change. Technological adaptation.	Age pyramid. Average age of personnel. Average seniority.
Hiring	Temporary contract. Subcontracting.	% of temporary contracts to indefinite contracts (not occasional or seasonal). Production jobs that are subcontracted as % of total production jobs. Same for maintenance.
Mobility	Policy for renewing temporary contracts. Voluntary redundancy. Compulsory redundancy (technological developments, economic crisis, disciplinary reasons, etc.)	% renewal temporary contracts % change of temporary contracts into indefinite ones. Voluntary redundancy as % of total. Same for compulsory redundancy.
Company presence in market	Market position of products or services. Personnel's future expectations. Technological development. Diversification of products, suppliers and customers.	Degree of customer diversification. Degree of supplier diversification. Degree of product diversification. Product market share.
Company presence in the community	Personnel's prestige expectations. Impact of the company on local, county, etc. economies.	Production as percentage of total local, county, etc. in the sector.
Remuneration		
Average salary	Company salary levels	Total payroll/Total personnel
Remuneration structure and distribution	Salary policy. Size of salary range. Unequal division between hierarchy levels. Sex discrimination.	Difference between maximum and minimum salaries in each salary group. Concentration index (Gini index). Average salary women/average salary men (by hierarchy levels)

1	2	3
Remuneration systems	Salary distribution. Performance-based pay.	Fixed salary as % of total (by hierarchy levels). Performance- based pay as % of fixed salary.
Payment in kind	Non-monetary compensation policy. Resources supplied which are direct cost savings for the employee (house, car, etc.)	% personnel receiving payment in kind. Payment in kind as % of monetary salary (by hierarchy levels).
Company net profit Reinvested profit Provision for reserves	Company profitability Reinvestment development Self-financing	Net profit/capital Reinvested profit as % total Provision for reserves/capital
Profit sharing for personnel	Profit sharing for personnel. Payment of profits.	% personnel affected by profit sharing. Profits shared with workers as % of total profit.
Productivity	Unit output.	Turnover/total personnel. Units produced by time. Unit costs.
Occupational Health and Safety		
Absenteeism Accidents at work	Absence from job. Frequency of accidents with and without sick leave. Seriousness index. Professional illnesses. Frequency of incidents that may cause personal injury or material losses.	Days lost as % of total days. Number of accidents per million hours worked (with and without sick leave). Days lost per thousand hours worked. Average length of accidents. Number of incidents per million hours worked.
Occupational health budget	Funding for promoting occupational health.	% budget.
Investment in preventive measures	Improvement in all determining factors for health and safety at work.	Investment in preventive measures as % of total investment.
Time and personnel assigned	Personnel working in occupational health in the company	No. of people working in occupational health. Hours spent on occupational health as % of total hours (including training).
Medical check-ups	Checking the health of personnel.	Specific medical check-ups as % of total personnel.
Life expectancy	Length of life.	Average age of deceased (including retired).
Administrative fines Hygiene	Breach of regulations. Ambient comfort. Physical, chemical and biological contaminants. Personnel exposed. Measurements taken.	Cost of the fines. Results of evaluations. % personnel exposed to different levels. Result of risk inventory.

1	2	3
Work hours per week Rest periods	 Between days. Weekly.	Average hours per person. No. of hours between working days. Days off per week.
Paid holidays (including leave) Shift work	Holiday period. Flexibility of holiday period. Type of shift. Frequency of alternation. Rotation rate. Shift start and end times.	Days per year per person. Number of days per shift. % personnel involved.
Flexitime Overtime		% personnel affected Overtime as % of total hours worked (voluntary and compulsory)
Work alternation	Rotations. Shared tasks. Change in compulsory task as needed.	% personnel affected by rotations. % personnel affected by shared tasks. % personnel affected by change in compulsory task as needed.
Basic preventive actions	Regular risk and deficiency inspections. Accident investigation. Risk inventory.	Duly controlled risks as % of total identified.
	Work Organisation	
Management system	Hierarchical structure. Vertical relations. Systems in place to foster participation and involvement in the process.	Extant hierarchical levels.
Independence	Employees' level of decision making. Time independence.	% personal who work on production lines. % personnel who work in groups with self-organisation capacity (even if only in part).
Self-control	Control functions for production results	Supervisors as % of personnel.
Work method	Choice of appropriate methods. Task planning. Establishing work procedures in writing. Quality control of production process. Group decision making.	Quality indicators for production processes. Number of written work rules. % non-management workers who take part in regular work meetings.
Participation	Setting up of representational bodies. Degree of worker participation in company management. Channelling opinions and queries to workers. Workers as capitalists or shareholders.	% board members representing personnel. % workers in semi-independent groups. % workers in quality circles. Suggestions implemented as % of those received. Capital owned by workers as % of total.

1	2	3
		Non-management worker shareholders as % of total.
Information and communication	Vertical and horizontal information systems in the company about production and financial management, personnel policy, working conditions, etc.	
Trade union membership Labour disputes (strikes, disciplinary action, etc.)		% personnel in a trade union % days lost due to disputes.
Development of Human Resources		
Work content	Creativity Product utility Identification with products. Satisfaction	
Promotion	Personnel promotion policy and systems. Seniority. Training. Recycling. Continuous learning.	% personnel promoted by seniority (financial and other promotion systems). % personnel affected by promotion at work without being associated with a management level. % personnel promoted in general.
Training	Education, training plans, budget, etc.	% workers illiterate Same basic education Same vocational training I and II Same baccalaureate Same higher education % workers receiving initial formal education in the company % hours set aside by company for training both inside and outside it.
Environment		
Respect for nature	Rational use of water. Integration in landscape. Waste recovery. Landscaped areas, etc.	% budget for landscaped areas.
External pollution	Environmental protection policy. Degree of external pollution in the air, water, waste, noise, etc.	Results of environmental evaluations.
Social Action Programme		
Health care	Own or shared medical service. Provision of primary care services.	% budget.
Temporary disability financial coverage		% salary received by worker in case of temporary disability
Retirement plans		% budget. % personnel covered.

1	2	3
Advances and loans		% budget. % personnel benefiting.
Other social benefits	Holiday club, canteens, company store, transport services, etc.	% budget. % worker users.
Sports and cultural activities	Leisure areas, sports championships, exhibitions, competitions, etc.	% budget. % participation.

Source: Parra C. & Ruiz C. Working paper, Cátedra de Economía Solidaria, 2009.

Microcredits as a tool of the social economy

Microcredits foster to reach an increase of production as well as job creation and foster personal and family development. All these goals are linked to reach local development.

The use of microcredits as a tool of the social economy functions in the way they provide products and services adapted to needs. The products they offer are:

a) Asset products
  - Self-employment and micro-enterprise loans
  - Family assistance
  - Guarantees and commitments of guarantee

b) Liability products
  - basic Microbank savings account
  - basic Microbank current account
  - Microbank current account

c) Services
  - Credit card

We have to underline the social microcredits. These are small and medium-sized loans geared towards financing self-employment projects by people who are excluded from normal financial options. These loans do not require any guarantee or other type of security.

The social microcredits are based on sound social organisations which guarantee the viability of the loans. In order to be given, they have to identify a need, as well as identify the target market. Then it is identified and analyzed different project features as:

1. The business plan
2. The financing planning
3. The social organisations that give support to the proposal

The duration and the amounts given by the social microcredits differ between the different institutions that give the loans.

Corporate social responsibility in SMEs

There is no doubt that society is changing and other mechanisms need to be evaluated for measuring the competitiveness and efficiency of companies. Up until now purely economic systems of measurement have held sway, mostly based on the evaluation of cost cutting, resource optimisation, improvements in processes and expanding markets. However, these yardsticks have not solved many of contemporary society's problems which are connected with other, non-economic factors. Immigration, the psychological problems of employees and reconciling work and family life are just some of the new concepts which have emerged in our advanced societies and call for a response that goes beyond merely economic factors.

Consequently we need to seek out new tools and instruments which help us to assess and implement the new values and new situation to be found in the economic field.

Moreover, today's consumers not only want a company to give them useful quality products but are also beginning to require these products to be produced in fair conditions by fostering human development and securing job continuity for their employees. Unfortunately as of today the implementation of these ethical and responsible initiatives is restricted to codes of conduct, good governance codes or statements of values, and these are not enough to achieve a genuinely responsible company.

In response to this situation, company policies have taken on board a concept that first saw the light of day in the United States in the 1950s: **corporate social responsibility (CSR)**. It has gradually gained ground in civil society since consumers began choosing companies which put in place policies and economic practice that is ethically correct.

We can thus define CSR as the voluntary inclusion by companies of social and environmental aspects in their operations and in relations with their interlocutors.

Another way of approaching this concept is to define it as the set of domestic and international legal and ethical operations and commitments arising from the impact which the activities of organisations have on social, employment, environmental and human rights issues.

At this stage we need to differentiate between CSR in philanthropic actions and what is known as "cause-related marketing" through which social actions are used to advertise the friendly image of the company. The differentiating factor is the response entailed by business interests and the necessary balance between all stakeholders in the organisation. Here it should be recalled that good management and visualisation of corporate social responsibility is the best marketing that a company can carry out nowadays.

There are a number of instruments which have been developed to aid SMEs with rolling out this social policy. At the international level they include the United Nations Global Compact, the SA 8000 standard from Social Accountability International, the guide to drawing up sustainability reports, and the working group for ISO 26000 which is set to be approved in 2008.

In Europe there is EFQM (European Forum Quality Management) and the Green Paper on corporate social responsibility amongst others.

With these instruments a company can plan, implement and monitor a socially responsible management system for its business activities by setting realistic goals that are feasible given time available and the size of the enterprise. At the same time they enable stakeholders to see whether the company's management system complies with established principles and standards.

The next question is: How can an SME be socially responsible?

In this respect social evaluation criteria need to be adapted to the various factors which influence their delimitation. Thus, for instance, the same items cannot be used to evaluate a multinational and an SME, or a European and an Asian firm, or a traditional firm and a social integration enterprise; in short the company needs to add to its efficient economic organisation a series of parameters which will enable it to implement this activity in line with its social commitment.

Hence the traditional models contained in the Global Compact, SA-8000 standards, the AA-100 standard and the standards laid down by the ILO can be nothing more than pathways to be followed which subsequently have to be adapted to the environment of the company to be evaluated, as otherwise we would run the risk of a globalisation which bears little relationship to reality.

As models to bear in mind, special mention should be made of the European Commission's Green Paper which, with the title "Promoting a European Framework for Corporate Social Responsibility", has laid down European standards for measuring corporate social responsibility indexes.

The Green Paper sets out two sets of factors to be analysed which are:

a) Internal factors: these involve analysis of working conditions in the enterprise. They include human resources management, health and safety at work, management of environmental impact and so on.

b) External factors: these are based on the enterprise's impact on the social community in which it is located. Here evaluation is made of the company's participation in environmental conservation, sponsorship of sports activities, hiring local people, etc.

In order to take these factors into account, a company needs to set up, document, implement and maintain a management system which takes into account each and every one of the recommendations set out in these documents. It must also provide the resources needed for continuous improvement in its efficiency so that the inclusion of a series of minimum contents in the overview entails added value for the company's policy which should be progressively built into its corporate development.

In spite of theoretical developments in CSR, it has a very short track-record in Spain as there was no awareness of its significance prior to the 1990s. Nonetheless its implementation since then has seen a growing number of public and private bodies and companies put CSR policies in place.

These include the "Code of Governance for Sustainable Companies" drawn up by the IESE and the Entrono Foundation, and the corporate social responsibility standards implemented by Foroetica SGE 21.

It is also important to underline the work carried out by Spanish standards association AENOR which has set up a committee to lay down the guidelines for social auditing in Spain and which has nine sub-committees:

Ethical financial instruments, ethical and social corporate management, cause-related marketing, professional codes, NPO management systems, sustainability, bioethics and values management.

Also significant in this respect is the work being done by the working group which is drawing up the Guide to the PNE 165010 standard which seems set to be approved soon. The Ministry of Employment and Social Affairs is working on the NTP 643 and NTP 644 standards as well which are also designed to evaluate the social impact of companies.

At the company level the proposal from the Ethical Management Evaluation Forum, a non-profit which brings together major Spanish firms to foster CSR culture, is especially significant.

What are the principles that an SME needs to take into account in order to behave in a socially responsible way? Though it is hard to find a catalogue which encompasses the diversity of activities that companies may carry out, a series of common principles can be set out for excellence in corporate social responsibility management. Thus for instance SMEs ought to:

a) Deliver products and services which meet the needs of their customers and contribute to their wellbeing.

b) Go beyond minimum regulatory requirements and thus improve on what is demanded of them.

c) Foster an ethical culture in all decisions made in the company at both management and frontline employee levels.

d) Prioritise relations with employees by ensuring safe and healthy working conditions.

e) Care for and respect the environment.

f) Integrate the company in the community by meeting the latter's needs through social actions and maintaining a balance between company interests and the interests of society.

Another tool which can help SMEs to develop these parameters is **social auditing** seen as a strategy which enables organisations to evaluate, measure and control social management, taken to be the application of policies and practices connected with people both inside and outside the organisation, so as to achieve progressive improvement.

It is important the use of the **social balance sheet.** Its specific methodology allows to measure quantitatively and qualitatively the social management of organisations. As we said before, it also can be used the **social report** which accounts the activities carried out by the organisations.

The foregoing shows the need for SMES to adapt to corporate social responsibility principles not just to stay competitive but also to meet the needs of a society which is increasingly calling for greater commitment to the community.

Delivering responsible services, conserving the environment and hiring people who are disabled or at risk of social exclusion are just some of the CSR actions, which can turn a company into an ally in the search for a better world.

Conclusions

Social and occupational integration is a relatively new yet now generalised concept which is based on partnership between public and private entities which are involved in job creation.

It is thus a question of going further with so-called positive discrimination and affording priority to people who, due to marginalisation or social exclusion, face greater obstacles in accessing the labour market. This can be done by using all the tools available to the solidarity economy to achieve the ideal framework for tackling all those problems which the traditional economy is unable to solve.

In this context we should ask whether the formulas offered by the social economy are an alternative instrument to be used to achieve positive outcomes for the socially disadvantaged whose needs have to be met. It is for this reason that both government and the private sector should use corporate social responsibility to take note of the solutions offered by the Third Sector.

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