A VIABILITY STUDY OF SOCIAL ECONOMY COMPANIES IN THE MARKET ECONOMIC SYSTEM. A CASE STUDY OF SOUTHERN SPAIN.

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ABSTRACT

In recent years Social Economy has become more accepted in the current Economic System because capitalist economic system has been shown to be imperfect. In fact, in Spain a Social Economy Law was passed last March, and Andalusia is expected to sign up to the III Pact for Social Economy. Thus, this sector is seen as a possible alternative to the current economic system. This research has attempted to quantify the qualitative components of entrepreneurial ability (innovation, cooperation, functional and productive dependence) in the companies belonging to the Social Economy sector in the territory of Seville and compare them to the traditional entrepreneurial structure from Andalusia through descriptive analysis, to confirm whether this business model based on Social Economy is a viable and a sustainable alternative over time. The results have shown that Social Economic businesses could be a better alternative to the predominant entrepreneurial model.

1. INTRODUCTION

In recent years Social Economy has become more important in the predominant economic system in which we are involved. This has occurred due to the current economic system being shown not to be perfect. Although the Mixed Economy by Keynes stated that governments would be responsible for rectifying the imperfections created by the market, the truth is that many needs have continued to be unprotected by either the state or the market place. Social Economy has thus arisen in this context.

Social Economic companies have appeared in this context as a private initiative to meet these needs. Therefore, it could be said that Social Economy is an innovation itself within predominant economic thinking as a search for a change of values in the approach to the economic criteria of equity and social justice.

On one hand, these companies take very different judicial forms, setting up agreements with both the public and private sector, thus making the boundaries between Social Economy companies, traditional companies and the public sector, unclear. Therefore new judicial forms which have arisen from the Social Economy framework can be considered innovative.

According to the “innovation” concept, we have to take into consideration the three spheres that compose the entrepreneurial function by Guzmán & Santos (2001):

- Financial sphere: capital investment and ownership of the company.
- Managerial sphere: management and direction of the firm.
- Booster sphere: related to the initiation of the business and its later development, and composed of the promoter subfunction and the energizer subfunction respectively.
It is appropriate to point out that existing firms already comply with its promoter sub-function as they have already started an entrepreneurial life. Nevertheless it would be useful to verify whether these companies continue to be innovative in their activities; this means verifying if they carry out their dynamic sub-function. Thus, the concept of innovation is connected to dynamism.

Our research is based on a survey carried out on different Social Economy companies that exist in the province of Seville. Our objective is to study this entrepreneurial group to see if these kinds of companies remain innovative once they are set up, and if they establish collaboration agreements with other companies. On the one hand it is assumed that the more innovative this group is, and the more collaboration or cooperation agreements it establishes, the quality of the group will be better and, therefore, its contribution to economic growth in the territory will be higher. On the other hand, the lower the functional and productive dependence that exists in an entrepreneurial group, the greater the positive effect on economic growth (Guzmán and Cáceres, 2009). These concepts and their relationship within economic growth will be explained in the following pages.

The results will be compared to those obtained from the sample of PLCs and Limited Liability Companys from the region of Andalusia and the province of Seville. With this comparison we will identify the most important differences between both entrepreneurial groups (social and traditional) in terms of dependence, innovation and cooperation; and we will check if the entrepreneurial group belonging to Social Economy is, as has been said in recent years, a higher quality group. Likewise, our study will try to make a general diagnosis of these kinds of companies and try to define a profile for them and make the appropriate recommendations.

2. CONCEPTUAL FRAMEWORK

The “entrepreneurship” concept has been gathering importance in the field of Economic Growth in the twenty last years (Wennekers & Thurik, 1999; Reynolds et al., 2003; Audretsch et al. 2006; 2005; Acs et al, 2005). This notion encompasses the two elements of the entrepreneur and the enterprise (Guzmán, 2006). The part concerning the enterprise is referred to is known as the “entrepreneurial structure”, and this depends on the entrepreneurs’
behaviour. At the same time, the entrepreneurial structure determines the economic growth and development in an area. The connection between entrepreneurship and wealth seems to be identified in a “U” shaped curve, where high entrepreneurial dynamism is found in countries with a high Gross Domestic Product (GDP), but also in countries with a low per capita income (Acs et al, 2005).

According to the above ideas, it is necessary to think about other aspects, apart from the creation of new business, to explain the differences in terms of development in differing areas, such as the macroeconomic quality of these companies. This is to say that it is not enough simply to consider the quantity of companies but also the quality of them. Thus, research by Guzmán & Santos (2001) and Guzmán et alia. (2006) start from the hypothesis that the problem of backward economies of certain areas fundamentally comes from the way local entrepreneurs have developed their behaviour.

Different variables have been proposed to analyze the quality of the entrepreneurial structure. However, in this research we will focus on productive and functional dependence, innovation, and cooperation.

The concept of productive dependence refers to the ratio of clients and suppliers. A high productive dependence will exist when the inputs (outputs) of the activity of the company is focused on a small number of suppliers (clients). A high productive dependence means however that companies have little negotiating power and are at the mercy of other companies’ decisions. Thus, if their only client were to go bankrupt, their company would also go bankrupt. On a macroeconomic level, the most backward countries would have a more dependent entrepreneurial structure from a productive point of view; whereas the most developed countries, even if they have some companies that are productively dependent, are compensated by the big companies with greater negotiating power and higher autonomy.

Functional dependence relates companies present in one area with others that are established in other areas by virtue of the position they are in the productive chain. In this way, a company whose activity is distribution and commercialization in the local market of products made by a company from outside the area will be very functionally dependent (the clearest example is a “car dealership”). On the contrary, a firm which uses inputs from the territory and sells its final products in external markets would be highly independent from the point of view of functional dependence. The problem of a highly dependent entrepreneurial structure is that it hardly generates any added value in the area and dependent companies create very little ripple effect to other companies from the same area. These kinds of companies (highly dependent) are dedicated to acquiring products from outside the area and allocating them inside it. They are called “market-makers” due to the fact they sell end products that they have not made.

Innovation, as is well known, has a great consequence in economic growth; even more nowadays due to the globalized context in which companies coexist. But, following Schumpeter, we must not identify innovation only with technological advances, but also with innovation in regards to new products, new production processes, new supply sources, new markets and new organizations and management inside the company.

At the same time it is important to distinguish three distinct levels when analyzing innovation in products and production processes: radical, incremental and imitation
innovation, (from most to least). Thus, radical innovation contributes much more to the economic development of an area than imitations do.

Finally, with regard to cooperation, it is worth pointing out that Hirschman was one of the first economists who recognised the importance of entrepreneurial cooperation, in his well known work “The Strategy of Economic development”, although there are some antecedents in “Principles of Economics” by Marshall when he talks about industrial districts. These are places where firms organize their production by developing networks based not only on competitive principles but also on cooperative principles.

3. METHODOLOGY

This research is based on a study undertaken by the University of Seville in 2006. This study, called “Realidad empresarial y desarrollo económico en la provincia de Sevilla” (“Entrepreneurial Reality and Economic Development in the Province of Seville”), did a diagnosis of the Sevillian entrepreneurial structure which included all kinds of companies. The study concluded that the limited economic growth of the area (compared to other areas of Spain and Europe) was mainly caused by the weaknesses of its entrepreneurial structure.

Although many variables were analyzed then, this research will focus on functional and productive dependence as well as on innovation and cooperation of companies belonging to the Social Economy sector (from now on called SE companies) and those companies typically associated with the capitalist system, meaning Limited Liability Companies and Unlimited Liability Companies (from now on called TE). To conduct such a study two different surveys were developed: one of which was designed by the University of Seville and conducted on TEs from Andalusia in 2010, and the other was created by the University of Huelva with similar characteristics and conducted on SEs from the province of Seville also in 2010. It is convenient to point out that, at first, the objective of this research was to compare Sevillian SE to Andalusian TE. To do this comparison, we treated the provincial level data from SEs as regional, which did not entail any change in the results of this entrepreneurial group. Nevertheless, as results obtained in the comparison were interesting enough, we decided later to also draw a comparison at a provincial level. For that reason, we extracted the data belonging to Seville from the Andalusian TE sample (55 from 227) to check if the previous results were confirmed.

The sample size for SE was 100 companies, 57 cooperatives and 43 worker-owned companies (the most representative legal forms in the Social Economic sector), through which we received access by FEANSAL (Federación Andaluza de Sociedades Laborales) and FAECTA (Federación de Cooperativas de Trabajo Asociado). The sample size for TE in Andalusia was 227 firms (101 Unlimited Liability Company and 126 Limited Liability Company), from which 55 belonged to Seville (32 Limited Liability Company and 23 Unlimited Liability Company).

With regard to functional dependence, we will claim that a high functional dependence exists in an area if the following conditions are achieved:
1) Percentage of companies that make at least 50% of their sales in regional markets is higher than those that make at least 50% of their purchases in these markets (regional sales – regional purchases > 0).

2) Percentage of companies that make at least 50% of their sales in national markets is lower than those that make at least 50% of their purchases in these markets (national purchases - national sales > 0).

3) Percentage of companies that make at least 50% of their sales in international markets is lower than those that make at least 50% of their purchases in these markets (international purchases - international sales > 0).

4) Percentage of companies that make at least 50% of their purchases in national markets is higher than those that make at least 50% of their purchases in regional markets (national purchases – regional purchases > 0).

On the other hand, a functional dependence index will be calculated for purchases \( (DF_c) \) and sales \( (DF_v) \), which has never been used before and whose usefulness is still being tested (Romero & Fernández, 2010):

\[
DF_c(v) = \frac{\sum_i w_i \cdot m_i c^{(v)}}{\sum_i m_i c^{(v)}}
\]

being \( w_i \) and \( m_i \) the weightings for each geographical field and percentages of purchases or sales respectively. Table 1 helps to understand this formula, as it schematizes the possible answers to the survey question referring to functional dependence:

**TABLE 1: CONSTRUCTION OF THE FUNCTIONAL DEPENDENCE INDEX FOR PURCHASES AND SALES**

Point out what part of sales (purchases) of the company is carried out in each geographic area:

<table>
<thead>
<tr>
<th>Class Marks ( m_i )</th>
<th>0</th>
<th>0,05</th>
<th>0,175</th>
<th>0,375</th>
<th>0,75</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intervals</td>
<td>Nothing</td>
<td>&lt;10%</td>
<td>10-25%</td>
<td>26-50%</td>
<td>&gt;50%</td>
<td>All</td>
</tr>
</tbody>
</table>

| Weightings \( w_i \) | Andalusia | 0,5 | Rest of Spain | 1 | Abroad |

| Commercial Geographic Areas |

In this way, the functional dependence index will be as follows:

\[
DF = DF_c - DF_v
\]

Thus, the closer to -1, the lower the functional dependence will be; and the closer to 1, the higher the functional dependence will be.
Productive dependence will be studied in a descriptive way. However, as in the functional dependence variable, we will also calculate the productive dependence index for clients (DPC) and suppliers (DPP), following Romero & Fernández (2010). Table 2 shows the different values assigned to each interval of sales and purchases for the calculation of this index:

**TABLE 2: CLASS MARKS FOR INTERVALS FOR PRODUCTIVE DEPENDENCE INDEX CALCULATION**

<table>
<thead>
<tr>
<th>( c_j ) (values)</th>
<th>0</th>
<th>0.175</th>
<th>0.375</th>
<th>0.75</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10%</td>
<td></td>
<td>10-25%</td>
<td>26-50%</td>
<td>&gt;50%</td>
<td>Todo</td>
</tr>
<tr>
<td>a. The principal client</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. The two principal clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. The five principal clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. The ten principal clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


The following formula is used to calculate the productive dependence index:

\[
DPC(DPP) = \frac{1}{4} \left( \sum_j c_j \right)
\]

Thus, the closer to 0, the lower the productive dependence will be; and the closer to 1, the more productively dependent the company or the entrepreneurial structure will be.

Once both indices are calculated for both groups (SE and Andalusian and Sevillian TE), we will calculate the average for the three groups and compare them.

With regard to innovation of products and production methods, these will be analyzed in a descriptive way in the three entrepreneurial groups and the results will be compared among themselves. We will distinguish between radical and incremental innovation for products, new productive processes, the introduction of specialized machinery and computers, and also the introduction of new information systems for innovation in productive methods.

Finally, to analyze cooperation, a descriptive analysis will be carried out on the numbers of working agreements (formal and informal) established in the three entrepreneurial groups as well as a comparison between the results. Likewise, we will study the different fields in which the collaboration agreements are signed.
4. RESULTS

4.1 Functional Dependence

Once the 100 SE companies and the 227 TE companies from Andalusia and Seville (from which 55 were Sevillian) were polled, results regarding functional dependence were as follows:

**TABLE 3: FUNCTIONAL DEPENDENCE/INDEPENDENCE**

<table>
<thead>
<tr>
<th>Sales Distribution by Destination Areas</th>
<th>Andalusia</th>
<th>Rest of Spain</th>
<th>Abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of companies that make more than 50% of their sales in those markets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE</td>
<td>94%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>TE Andalusi</td>
<td>84%</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>TE Seville</td>
<td>85%</td>
<td>7%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Purchases Distribution by Origin Areas**

<table>
<thead>
<tr>
<th>% of companies that make more than 50% of their purchases in those markets</th>
<th>Andalusia</th>
<th>Rest of Spain</th>
<th>Abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE</td>
<td>89%</td>
<td>9%</td>
<td>0%</td>
</tr>
<tr>
<td>TE Andalusi</td>
<td>61%</td>
<td>21%</td>
<td>3%</td>
</tr>
<tr>
<td>TE Seville</td>
<td>55%</td>
<td>22%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Personal Compilation

To clarify the performance of functional dependence conditions, table 4 has been created, which shows that the different conditions are achieved if the calculated differences are positive; it means that the higher the difference is, the higher the functional dependence will be.

**TABLE 4: SUMMERY CHART ABOUT FUNCTIONAL DEPENDENCE /INDEPENDENCE**

<table>
<thead>
<tr>
<th></th>
<th>Condition 1</th>
<th>Condition 2</th>
<th>Condition 3</th>
<th>Condition 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE</td>
<td>5%</td>
<td>7%</td>
<td>0%</td>
<td>-80%</td>
</tr>
<tr>
<td>TE Andalusi</td>
<td>22%</td>
<td>14%</td>
<td>2%</td>
<td>-41%</td>
</tr>
<tr>
<td>TE Seville</td>
<td>31%</td>
<td>15%</td>
<td>0%</td>
<td>-33%</td>
</tr>
</tbody>
</table>

Source: Personal Compilation
According to the above data, the three entrepreneurial groups satisfy the first two conditions and the TE group from Andalusia also satisfies the third (although by a slight margin). However, this dependence is much more marked in the traditional group for Andalusia and Seville because their margins quadruple and sixfold the SE group respectively in conditions one, and duplicate it in condition two (22% and 31% vs 5%; and 14% and 15% vs 7% respectively). According to data referring to condition three, there is hardly any difference among the three entrepreneurial groups. With regard to condition four, this is not satisfied by any group. Nevertheless, the SE group presents a much more important independence than the TE groups, due to the difference between the purchases in regional and national markets being more than the double for TE from Seville, and the double for the case of TE Andalusia (80% vs 33% and 41% respectively).

From a generic point of view we can deduce from this information that Andalusian and Sevillian companies, independently of the group they belong to, do most of their transactions in the regional markets. Thus, table 3 shows the high percentages of firms making more than 50% of their sales and purchases in this market. We can also deduce that these entrepreneurial groups are barely connected to the rest of Spain and abroad (save TE Andalusia and Seville in their purchases in the rest of Spain). In the last case (abroad), if it takes place at all it is in a very residual way.

With regard to functional dependence, tables 3 and 4 also show that traditional entrepreneurial structure involves a relatively higher functional dependence than the Social Economy entrepreneurial structure. Therefore, we can claim that SE companies are a higher quality entrepreneurial group from this point of view, generating comparatively more added value than the traditional group, and increasing the possibilities of economic growth in the area.

On the other hand the data confirmed a very important fact in regard to companies belonging to the Social Economy sector, and that is that they are more committed to their local, provincial and regional environment. Figures on the origin of purchases corroborate this, practically being 30% higher in SE companies than in TE firms from Andalusia or Seville: 89% vs 65% and 55% respectively. Thus, the Social Economy entrepreneurial sector contributes to endogenous development creating a drag effect via suppliers.

### 4.1.1 Functional Dependence Index

If we apply the Romero and Fernández formula (2010), it also confirms the fact that companies belonging to the Social Economy group are more independent or less dependent from a functional point of view. Then:

\[
DF\ SE = 0.06 \\
DF\ TE\ Andalusia = 0.09 \\
DF\ TE\ Seville = 0.14
\]

Although not by much difference but enough, we can confirm that, as 0.06 is closer to -1 than 0.09 and 0.14, the Social Economy entrepreneurial structure is more independent from a functional point of view.
4.2 Productive Dependence

Productive dependence reflects the degree to which levels of input and output in a company are concentrated among their suppliers and clients. According to table 5, SE companies are characterized by having their purchases more highly concentrated among their suppliers (84% of SE companies concentrate in 10 suppliers making more than 50% of their purchases). On the other hand, traditional companies’ purchases are relatively more distributed among suppliers than those in SE companies (44% and 54% of purchases of TE Andalusia and Seville, respectively, concentrate more than 50% of their purchases in the 10 principal suppliers), as sales are too (28% and 31% of TE Andalusia and Seville respectively concentrate more than 50% of their sales in their 10 principal clients, vs 64% of companies for SE group).

Thus, SE companies are not at an advantage in regard to TE companies in terms of productive dependence. They demonstrate a worse entrepreneurial quality in this context.

<table>
<thead>
<tr>
<th>TABLE 5: PRODUCTIVE DEPENDENCE/INDEPENDENCE OF SE AND TE COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of companies that concentrate more than 50% of their sales on:</td>
</tr>
<tr>
<td>SE</td>
</tr>
<tr>
<td>TE Andalusia</td>
</tr>
<tr>
<td>TE Seville</td>
</tr>
<tr>
<td>% of companies that concentrate more than 50% of their purchases on:</td>
</tr>
<tr>
<td>SE</td>
</tr>
<tr>
<td>TE Andalusia</td>
</tr>
<tr>
<td>TE Seville</td>
</tr>
</tbody>
</table>

Source: Personal Compilation

4.2.1 Productive Dependence Index

Once more, following the Romero & Fernández index (2010), we can calculate the productive dependence index for clients (IDPC) and suppliers (IDPP); and the results are as follows:
TABLE 6: PRODUCTIVE DEPENDENCE INDEX FOR CLIENTS (IDPC) AND SUPPLIERS (IDPP) CONCENTRATION

<table>
<thead>
<tr>
<th></th>
<th>IDPP</th>
<th>IDPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE</td>
<td>0,57</td>
<td>0,40</td>
</tr>
<tr>
<td>TE Andalusia</td>
<td>0,39</td>
<td>0,23</td>
</tr>
<tr>
<td>TE Seville</td>
<td>0,32</td>
<td>0,26</td>
</tr>
</tbody>
</table>

Source: Personal Compilation

So these indices confirm, once more, the fact that social companies are more dependent from a productive point of view. One possible reason is that these kinds of firms very often work with the public sector, which monopolizes to a large extent their purchases and sales. All the same, the reasons will be studied in future researches.

4.3 Innovation

To study this variable, companies were asked in the survey if they had offered a new product or service to their clients in the three last years. 69% of those SE polled firms, 52% of TE Andalusia and 51% of TE Seville, answered that they had. Furthermore the 3 entrepreneurial groups specified whether the innovation consisted of old products with substantial modifications or of a totally new product. Table 7 shows the answers for the three groups. Here we can see that the SE group has a similar percentage of innovative companies to the TE group when we talk about new products, or even higher in the case of incremental innovations (substantial changes) over the already existing products.

TABLE 7: INNOVATIONS IN PRODUCTS BY SE AND TE COMPANIES (% OVER THE TOTAL POLLED FIRMS)

<table>
<thead>
<tr>
<th></th>
<th>Totally New Product</th>
<th>Product with Substantial Modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE</td>
<td>19,00%</td>
<td>31,00%</td>
</tr>
<tr>
<td>TE Andalusia</td>
<td>22,47%</td>
<td>23,35%</td>
</tr>
<tr>
<td>TE Seville</td>
<td>18,18%</td>
<td>27,27%</td>
</tr>
</tbody>
</table>

Source: Personal Compilation

In general, as the SE group implies innovation (because it was created in order to solve society’s problems that were not solved either by the private sector or by the public sector), we can deduce that people who choose this way to run their businesses are usually conscientious enough on the importance of innovation, and it is something they put into
practice once they have initiated the entrepreneurial adventure. Perhaps this is the reason why innovation is found more in firms belonging to the Social Economy sector in Seville than in traditional sectors in the studied area.

However, when we asked about the introduction of innovation in the production process, just 68% of the Social Economy companies answered in the affirmative, versus 82% and 87% of traditional companies in Andalusia and Seville respectively. Table 8 shows the different innovation forms in the production process and the distribution of the answers.

TABLE 8: INNOVATION IN PRODUCTION PROCESSES OF TE AND SE COMPANIES (% OVER THE TOTAL POLLED COMPANIES)

<table>
<thead>
<tr>
<th></th>
<th>New Production Process</th>
<th>Introduction of Specialized Machinery and Computers</th>
<th>Introduction of New Information Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE</td>
<td>9.00%</td>
<td>46.00%</td>
<td>31.00%</td>
</tr>
<tr>
<td>TE Andalusia</td>
<td>25.55%</td>
<td>75.77%</td>
<td>59.03%</td>
</tr>
<tr>
<td>TE Seville</td>
<td>34.55%</td>
<td>81.82%</td>
<td>63.64%</td>
</tr>
</tbody>
</table>

As is seen in the table above, all the percentages of TE firms are higher than those belonging to the Social Economy group. One explanation could be that TE firms usually have more funds to acquire new production processes. Nevertheless, causes will be studied in future research.

4.4 Cooperation

Graph 1 shows that companies belonging to the Social Economy group have more cooperation agreements than traditional ones (so that 34% of SE polled companies claimed that they did not have any kind of agreement, whereas those in TE Andalusia and Seville groups were 53% and 49% respectively). The principle reason for SE companies establishing more cooperation agreements is related to the reliance or confidence factor, which is usually found more in social enterprises. So, people who set up a business as a Social Economy entity, usually expand the reliance factor further from the internal environment of the company through setting up cooperation agreements. Thus, these firms not only contribute to the local development, but also these agreements can be advantageous for them. If we look into those SE firms which do cooperate, we can distinguish that they prefer formal agreements (contracts signed in an official way) to those based on the reliance between themselves (informal ones). TE groups, in turn, do not show any important difference on the matter.
In respect of the kind of cooperation agreements, graph 2 shows that, whereas in the TE group those related to production and distribution are emphasized (22% and 27%; and 25% and 24% of TE Andalusia and Seville respectively), in the SE group 30% of companies claim to have set agreements in production, 20% in distribution, 19% in research and development and 18% in marketing and advertising. Therefore, regarding the SE group, all fields in establishing cooperation agreements are significant (being emphasized, likewise in TE, those referring to production) and more numerous (regarding the number of companies setting agreements) than in the TE group (with the exception of distribution). It is appropriate to consider the possible reasons in order to explain these differences, which will be treated in future research.
5. CONCLUSIONS

Nowadays, Social Economy is acquiring more importance due to it being based on principles not deeply-rooted in the capitalist system, such as equity, participation, cooperation, solidarity and democracy. It is a sector which considers the environment around it, and establishes a balance between economic profit and the welfare of society. Thus, this study has highlighted what follows:

1) Social Economy companies from Seville are more dependent from a functional point of view than traditional ones from the same area and Andalusia. This is not strange because, as they are more in harmony with their environment, they use local suppliers generating a drag effect which contributes to the endogenous development of the area. These firms are in contrast to the role of “market-maker” which traditional firms from Seville and Andalusia usually assume.

2) Social Economy companies from Seville are more dependent from a productive point of view than traditional ones. Social entrepreneurial structure presents a high concentration of suppliers and, to a slightly lesser extent clients; whereas traditional companies from the province of Seville and Andalusia have a higher distribution of clients and suppliers (the latter of which also to a lesser extent). This higher concentration in the Social Economy sector with regard to suppliers could be due to the Sevillian Economy being extremely atomized (this means that it is composed of predominately micro-enterprises and small enterprises) so that they have little negotiating power and difficulties in diversifying their purchases.

3°) Social Economy companies from Seville have the same level of innovation as traditional companies from the same area and Andalusia regarding the offering of totally new products, and a higher level if we talk about the introduction of products with substantial modifications. However, although the SE group shows a favourable attitude to improving their production processes, introducing computers, specialized machinery and information systems, the improvements and innovations are less numerous than those introduced by the traditional group in the same area.

4°) Social Economy companies from Seville set more cooperation agreements than traditional ones from the same area and Andalusia. Like innovation, cooperation is a basic principle in this sector, and our study demonstrates that their companies put it into practice. Whereas SE companies prefer formal agreements to informal agreements, it is not so clear for traditional firms. Regarding the fields for which agreements are set up, traditional companies focus on production and distribution, whereas in social enterprises research and development and marketing and advertising are all equally important.

Therefore, we can conclude that, with the exception of the variables of productive dependence and innovation in production processes, companies belonging to the Social Economy sector from the province of Seville have a higher quality than those belonging to the traditional entrepreneurial structure from the same area and Andalusia. Thus, this group could constitute a viable and sustainable alternative to the Sevillian traditional entrepreneurial model. Nevertheless, it is proposed to expand this research into other entrepreneurial qualities.
and areas, distinguishing size and production sectors, as well as dealing with the above conclusions in future research.

6. REFERENCES


