



TADA
Rural
Support
Network

The economy in Northern Ireland is considered to have three different sectors:

1. The business private sector, which is privately owned and profit motivated;
2. The public sector, which is owned by the state;
3. The **social economy**, that embraces a wide range of community, voluntary and not-for-profit activities.

Social economy can be defined as that part of the economy which is either the private or public sector, but consists of constituted organisations, with voluntary members and boards of directors or management committees, undertaking activities for the benefit of local communities and areas.

The social economy sector is made up of community organisations and businesses working for the greater good of local communities and marginalised groups, which are led and managed by people in the locality.

The Social Economy is often referred to as 'the third sector' and can be broken down into three sub-sectors; the community sector, the voluntary sector and the social enterprise sector:

The community sector includes those organisations active on a local or community level, usually small, modestly funded and largely dependent on voluntary, rather than paid, effort. Examples include neighbourhood watch, small community associations, civic societies, small support groups, etc.

The voluntary sector including those organizations that are: formal (they have a constitution); independent of government and self-governing; not-for-profit and operate with a meaningful degree of volunteer involvement. Examples include housing associations, large charities, large community associations, national campaign organisations, etc.

The social enterprises sector includes organisations which "are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners". Examples include co-operatives, building societies, development trusts and credit unions.

Social economy organisations are different from other organisations because they:

- Are set up for a social and environmental purposes (not just to make a profit)
- Have unpaid leadership (ie Board members, Directors or Trustees)
- Have a lot of community or user involvement in how they are run
- Reinvest profit rather than paying it out to shareholders

They have many advantages compared to other organisations. They are:

- Close to their customers and clients and therefore know and respond quickly to their needs
- Able to provide services to groups of people that are hard to reach
- Able to attract charitable donations (money, labour and contributions in kind).
- Well placed to make experience based contributions to public debate
- An efficient way of building social capital