



SOCIAL BALANCE AS AN AXIS OF DEVELOPMENT AND MANAGEMENT IN TRANSPORTATION COOPERATIVES IN ZONE 3 OF ECUADOR

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KEYWORDS

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ABSTRACT

The Organic Law of Popular and Solidarity Economy (LOEPS), in the second general provision determines that the organizations subject to this law, will incorporate to their management reports the SOCIAL BALANCE SHEET (BS); the research aims to demonstrate the level of compliance with the principles and social objectives regulated in article 4 and 21 of the LOEPS, the research analyzed the social balance sheets of 382 organizations domiciled in the provinces of zone 3 of Ecuador, of the group "transport cooperatives". The interviews with managers and the documentary review generated results on macro dimensions of the BS

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1. Introduction

In the fabric of Ecuadorian society, transportation cooperatives represent a fundamental pillar that connects communities, boosts the local and regional economy, and promotes values of solidarity and cooperation. These entities, rooted in the universal principles of cooperativism, transcend their merely commercial function to embrace a broader vision of their mission. The beginning of the new millennium represents a drastic change for world society, and sustainable development is becoming a fundamental issue in business activity (Escamilla et al., 2006). (Escamilla et al., 2016).. By merging cooperative values and principles in an integral and transversal way, these cooperatives become engines of development and living examples of how economic and social welfare can coexist harmoniously.

The essence of cooperativism is manifested in its fundamental principles, such as open and voluntary membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and commitment to the community (Spear, 2000). These values not only define the organizational structure of transport cooperatives in Ecuador's Zone 3, but also guide them in their constant search for a balance between economic efficiency and social responsibility.

This analysis is based on the solid foundation provided by the economic model adopted by Ecuador since its Constitution in 2008. In this document, it was established that the country's economic model would be "Social and Solidary", with the main objective of generating conditions, both material and immaterial, that would allow for the "good living" of all Ecuadorians (Da Ros Giuseppina, 2007). This orientation underlines the importance of a holistic approach to prosperity, where economic growth is inseparably intertwined with social development and environmental sustainability.

George Fauquet, in his 1935 work, pointed out the duality of the relationship between the social dimension and the economic dimension in the context of Ecuador, highlighting the importance of the Social Balance (BS). This BS seeks to ensure that collective interests prevail over individual interests, thus promoting the primacy of labor over capital (LEY ORGÁNICA DE ECONOMÍA POPULAR Y SOLIDARIA, 2012). The underlying ideology of cooperativism lies in the union of people with similar needs in the search to satisfy them through a common objective and joint action in the exercise of their activities (Meira & Ramos, 2023). Despite the clear convergence of cooperative values and economic and social development objectives in Ecuador, significant challenges remain. Recent studies indicate that many transport cooperatives in Latin America, including those in Zone 3, do not employ organizational management instruments such as the Annual Operating Plan (AOP) and the budget proforma. This omission makes it difficult to quantitatively and qualitatively measure the social responsibility of these organizations in the environmental, economic and social spheres (Novkovic et al., 2022). In this research, we will explore how the Social Balance Sheet can become a fundamental instrument to address these challenges and improve the management of transport cooperatives in Zone 3 of Ecuador.

The application of BS as a management tool in the fulfillment of the main and complementary activities of transport cooperatives duly registered with the Ecuadorian Control Entity (SEPS) and domiciled in zone 3 (Chimborazo, Tungurahua, Cotopaxi, Bolivar and Pastaza), have the greatest impact when they recognize and take advantage of their organizational values and characteristics, generating accountability, democratic participation of members, transparency in the management of economic resources, so that these results can generate good living and the common good.

In the case of Zone 3 of the country, geographically grouped by the provinces of Chimborazo, Tungurahua, Cotopaxi, Bolivar and Pastaza, the cooperatives of the transportation service group represent 382 organizations duly registered in the cadastre of the Superintendence of Popular and Solidarity Economy (SEPS), which will be the object of study of this research, analyzing the compliance with the cooperativist principles and values according to the legal normative framework established for the organizations under the control of the SEPS, assessing the macro dimensions of the social balance according to the methodology established by the Control Entity, for the subsequent implementation of strategic management tools for the development of the planned activities.

By delving deeper into this topic, we seek to contribute to the strengthening of transport cooperatives in Ecuador's Zone 3 and, ultimately, to the enrichment of the lives of those who depend on their services and the advancement of Ecuadorian society towards a more inclusive and sustainable future.

Novkonic (2022) in his research contribution entitled "Cooperative identity and dual nature: from paradox to complementarities", describes that the purpose of a cooperative is "to unite and involve its members in an economic and social community to provide countervailing market power and access to economic and social resources that, as individuals, members could not accumulate on their own" (Davis, 1995, p. 4). (Davis, 1995, p. 24). The economic ideas of group with equal participation, Skurnik (2002) strengthens and substantiates that cooperatives are common bond enterprises, generating a sense of collective ownership with differentiating characteristics, with group interests predominating over individual participation. The growing importance of the SBS is driven by many factors, among them the relevance of sustainability, the action of entities that promote global standards, and the importance of the SBS (Ramírez and Zicari). (Ramírez and Zicari, 2023), in addition, "The use of the expression Social Balance Sheet has gained space in the last decades, and it is undoubtedly that it has a strong resonance of accounting techniques" (Fernandez et al., 1998, p. 10).. With the analysis of the conceptualization and the importance of the management instrument, the Cooperative Social Balance Sheet is defined as the capacity to offer equity, greater welfare to its members, and to the organizations that contribute responsibly to the social development of their communities, based on the importance that companies and organizations provide information on the social successes of their actions through the so-called BS, within the business context and not only with the objective of maximizing profits, organizations with social and solidarity characteristics should generate this instrument as mandatory when presenting their management and accountability reports.(Fernandez et al., 1998)

This business management tool has been used to quantitatively and qualitatively evaluate the social responsibility of social and solidarity economy enterprises in the environmental, economic and social areas, methodology based on the combination of the principles of the ACI, LOEPS and the ECUADORIAN DEVELOPMENT PLAN, grouped by macro dimensions and related to the mission and vision of the organization, its valuation is periodically.

From the analysis of the BS methodology applied in Ecuador, it is possible to quantify that the activities developed by the organizations under the control of SEPS comply with the ICA principles, verifying that their activities comply with: voluntary and open association, democratic control by the members, economic participation of the members, autonomy and independence, education, training and information, cooperation among cooperatives, concern for the community.(International Cooperative Alliance - ICA, 2008).. The synergy and the analysis applied in the presentation of the management reports reflected in the BS, allows merging the 7 principles of the ICA, with the 8 principles detailed in article 4 of the LOEPS, which show similarity of applicability, allowing to relate and group them in Macro dimensions, in the combination and relationship described: the search for good living and the common good, priority of work over capital and collective interests over individual interests, fair trade and ethical and responsible consumption, gender equity, respect for cultural identity, self-management, social and environmental responsibility, solidarity and accountability, and equitable and solidarity-based distribution of surpluses.(LEY ORGÁNICA DE ECONOMÍA POPULAR Y SOLIDARIA, 2012).

At the conjunction of the seven cooperative principles of the ICA, plus the 8 principles of the LOEPS, the Control Entity combines the 10 principles of Good Living, resulting in 7 macro dimensions for the development of the model to be applied in popular and solidarity economy organizations. The BS represents a tool for social and economic management, which measures compliance with its main and proper activity, maintaining the organizational identity, expressed in the values, social objectives and cooperative principles, through the measurement of qualitative and quantitative indicators that allow determining the level of compliance, expressed in a report that summarizes its achievements, progress and compliance.(Superintendency of Popular and Solidarity Economy, 2023).

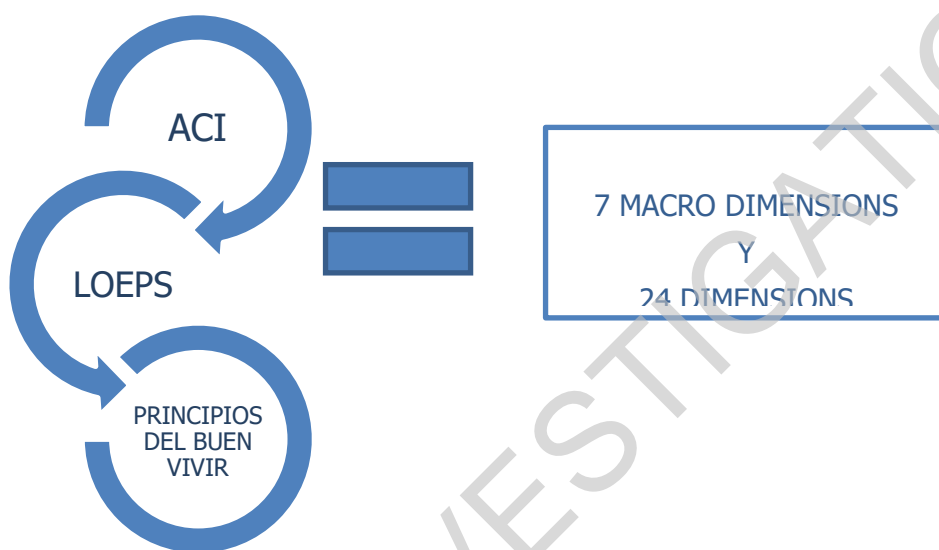
The application of the methodology generated by the Superintendency of Popular and Solidarity Economy (2023). (2023) The following results were obtained, as listed below: Diagnosis of the management of the cooperative's social responsibility, defining actions of social interest.

It allows to generate information to members, clients and other stakeholders related to the cooperative about the management carried out in reference to social responsibility.

Transparency and accountability in the framework of compliance with cooperative principles, values and internal policies.

To measure and obtain relevant information on the contribution made to the real sector of the economy in social terms with priority in the cooperative's areas of influence. The Social Balance reflects the degree and fulfillment of the social responsibility of the cooperatives towards society, making known their ethical and social objectives with the flexibility of decisional processes and the joint improvement of their economic, social and environmental activity, allowing the strengthening of the organization to facilitate the mechanisms of supervision and control of the supervisory entities obtaining good cooperative practices.(Pajon, 1998)

Figure 1. Social Balance Methodology. Own elaboration, 2023.



Methodology

The research has a quantitative approach of cross-sectional and explanatory type. (Hernández Sampieri et al., 2014).. Obtaining information from the transport cooperatives in zone 3 of Ecuador, and the application of surveys to managers, we seek to determine the impact of the application of cooperative principles, the fulfillment of objectives and social values. The dimensions were obtained from the management reports for the year 2022 presented by the different governing bodies of the cooperatives in execution of the activities carried out, compared and verified with the annual operating plan approved by the Board of Directors and known by the General Assembly of Members. A total of 382 surveys were applied to the legal representatives of the cooperatives under study. The questions contained guidelines for measuring compliance with the BS methodology in the 7 macro dimensions and 24 dimensions. The Likert scale was used to measure the level of compliance where: 1 "Never"; 2 "Almost never"; 3 "Occasionally"; 4 "Almost always" and 5 "Always" for all the questions in the questionnaire.

In the Table 1 Table 1 shows the number of items used in each dimension of analysis and the general description of the 24 dimensions.

Table 1. Analysis of macro dimensions and dimensions

Priority of labor over capital and collective interests over individual interests	Priority of labor over capital (1)
	Priority of collective interests over individual interests (2)
	Liberating leisure (3)
	Associative and cooperative accessibility (1)

Voluntary, equitable and respect for cultural identity	Withdrawal of associates (2)
	Cooperative knowledge and knowledge of the social and solidarity economic system (3)
	Access to Institutional positions (1)
Self-management and Autonomy	Democratic control by members (2)
	Information transparency (3)
	Agreements with other organizations (non-HPS) (4)
	Relationship with the State (5)
	Equity Structure (6)
	Real balance of power between partners (7)
	Concentration of social contributions (1)
Economic participation, solidarity and equitable distribution (util. or surplus)	Utilization of profits and surplus (2)
	Cooperative Value Added (3)
	Capacity building of the organization's stakeholders (1)
Education, training and communication	EPS promotion (2)
	Research and development (3)
	Intercooperation (Solidarity with entities in the HPS sector) (1)
Sector cooperation and integration	Sector integration (2)
Economic Popular and Solidarity	
Social commitment, solidarity, community and environmental	Fair Trade (1)
	Community (2)
	Environment (3)

Source: Superintendency of Popular and Solidarity Economy, 2023.

3. Results

First, the average of each of the 24 dimensions was obtained with a maximum score of 5 points and a minimum of 1 point based on the Likert scale, then the compliance per dimension was deducted, which corresponded to the ratio of the points obtained with the maximum or ideal points per dimension, consequently, the satisfaction per macro dimension was calculated, being the sum of the compliance per dimension divided by the number of dimensions that each macro dimension contains, according to the methodology applied by the Control Entity regarding the BS in the transportation cooperatives.

Calculating ideal scores per item (dimension) to be compared with the actual scores that have the surveys, in this way it was possible to know what is the gap between the ideal and the real that contains each macro dimension, in such a way it was estimated how much is gap to fully comply with the social objective values and cooperative principles, this through the difference obtained between the maximum points per dimension and the actual points delivered by the surveyed managers.(Matas, 2018)

Table 2. Results of the application of the surveys

ACRO DIMENSION	Dimensi ons	Average Dimensi ons	Satisfacti on by Dimensio n	Satisfact ion by macro dimensi on	Maxim um points per macro dimens ion	Actual points obtaine d per macro dimens ion	Ga p
Precedence of labor over capital and collective interests over individual interests	1	3.52	1,343.00	1,399.00	15	10.99	-4.01
	2	3.72	1,421.00				
	3	3.75	1,433.00				
Voluntary, equitable partnership and respect for cultural identity	1	3.72	1,421.00	1,373.00	15	10.78	-4.22
	2	3.31	1,263.00				
	3	3.76	1,435.00				
Self-management and Autonomy	1	3.87	1,477.00	1,398.57	35	25.63	-9.37
	2	3.59	1,372.00				
	3	3.33	1,272.00				
	4	3.87	1,478.00				
	5	3.60	1,375.00				
	6	3.73	1,425.00				
	7	3.64	1,391.00				
Economic participation, solidarity and equitable distribution (util. or surplus)	1	3.75	1,432.00	1,479.00	15	11.62	-3.38
	2	3.67	1,402.00				
	3	4.20	1,603.00				
Education, training and communication	1	3.68	1,404.00	1,390.00	15	10.92	-4.08
	2	3.73	1,423.00				
	3	3.52	1,343.00				
Cooperation and integration of the Popular and Solidarity Economic Sector	1	4.05	1,546.00	1,491.00	10	7.81	2.19
	2	3.76	1,436.00				

Social, community and environmental commitment.	solidarity, and	1	3.51	1,402.67	15	11.02	3.98
		2	4.20	1,342.00			
		3	3.31	1,603.00			
				1,263.00			

Source: Own elaboration

After applying the survey to the 382 transport cooperatives located in zone 3 of the country, it is observed that the management carried out by the directors and members of these organizations during the year 2022, have a level of compliance in the 7 macro dimensions higher than 70%, with work and the generation of activities in favor of strengthening the transport cooperative sector.

Table 3. Level of compliance by Macro dimensions

MACRODIMENSION	Compliance
Precedence of labor over capital and collective interests over individual interests	73.2%
Voluntary, equitable partnership and respect for cultural identity	71.9%
Self-management and Autonomy	73.2%
Economic participation, solidarity and equitable distribution (util. or surplus)	77.4%
Education, training and communication	72.8%
Cooperation and integration of the Popular and Solidarity Economic Sector	78.1%
Social, community and environmental commitment.	73.4%

Source: Own elaboration

Priority of labor over capital and collective interests over individual interests:

In our society, where individualistic culture predominates, it is not very seductive to appeal to social responsibility. Although some companies display this banner, many consider it to be a mere advertising slogan. Fraternity or solidarity are values that have lost their appeal.(Segura, 2012) This macro dimension shows a significant negative gap of -4.01 points. This suggests that, on average, transport cooperatives in Zone 3 have room for improvement in terms of prioritizing labor over capital and promoting collective interests over individual ones. They could consider policies and practices that further promote these cooperative values.

Voluntary, equitable partnership and respect for cultural identity:

The socialization of the professional identity that occurs throughout training and professional practice is an unending process, different and complementary to the cognitive changes that result from the acquisition of knowledge, skills and professional abilities. (Pérez, 2023). This macro dimension also shows a considerable negative gap of -4.22 points. Although the average satisfaction per dimension is reasonable, it is important to address the gap and seek ways to strengthen voluntary association and respect for cultural identity within transport cooperatives.

Self-management and Autonomy:

There are various models of decentralization, the ultimate aim of which is to increase the management capacity of teams. All of them have led to improvements in team organization and performance, but none has improved professional satisfaction or efficiency. The path to improving managerial autonomy is probably exhausted (Ledesma, 2012). (Ledesma, 2012). In this macro dimension, the gap is even more notorious, with a deficit of -9.37 points. Despite the fact that the average satisfaction per dimension is relatively high, there is great room for improvement in self-management and autonomy in these cooperatives. These are key principles of cooperativism that could strengthen decision-making and internal management.

Economic participation, solidarity and equitable distribution:

Although average satisfaction is good, the macro dimension shows a negative gap of -3.38 points. This indicates that, although positive results are being achieved in economic participation and the equitable distribution of profits or surpluses, there is still room for improvement in these aspects. As pointed out by Presta (2016), there are contradictions that often erode the emancipatory sense of the social and solidarity economy, especially in those enterprises with a strong link to the market".

Education, training and communication:

Considering that communication is the transfer of information, ideas, knowledge, or emotions through conventional symbols, which is conducive to understanding between one person and another (Pazmay et al., 2017). With this macro dimension we found a negative gap of -4.08 points. The average satisfaction is acceptable, but it is important to focus on improving education, training and communication within cooperatives to strengthen the training of members and the transmission of relevant information.

Cooperation and integration of the Popular and Solidarity Economic Sector:

Surprisingly, this macro dimension shows a positive gap of 2.19 points, indicating that transport cooperatives in Zone 3 are exceeding expectations in terms of cooperation and integration in the popular and solidarity economic sector. This is a positive sign of the strength of these organizations in promoting collaboration.

Social, solidarity, community and environmental commitment:

This macro dimension shows a significant positive gap of 3.98 points. Transport cooperatives are demonstrating outstanding commitment to social, solidarity, community and environmental aspects. This result suggests that these organizations are playing an important role in the community and in protecting the environment.

Overall, these results point to specific areas where transport cooperatives in Ecuador's Zone 3 can improve their practices to align more closely with cooperative principles and sustainable development goals. The identification of gaps provides a solid basis for the formulation of improvement strategies and the promotion of a more effective balance between the economic and social aspects of these organizations, which show that there is management for the benefit of members, related to the level of compliance with their social purpose and the principles established in the LOEPS. The data determine comparative advantages that the members of transport cooperatives in zone 3 have in relation to other organizations in other sectors and classes. The activities carried out during 2022 by the directors have originated trust and support from the members to guarantee the growth of their social base, determining that the leaders prioritized the needs of the members with adequate planning and assertive execution.

4. Conclusions

In the transport cooperatives located in the provinces of Chimborazo, Tungurahua, Cotopaxi, Bolivar and Pastaza, the activities carried out by the directors are based on the search for the collective good, giving priority to the human being, to a dignified life, over the accumulation of capital. In the total

number of organizations analyzed (382), members join voluntarily and openly, without any type of discrimination, cementing the sector as a social potential to build an equitable, supportive and just country. The principle of self-management is applied on the basis of participatory democratic justice in a direct or representative manner, guaranteeing the autonomy of the organization within the framework of an internal regulation of respect for the legal regulations governing these organizations under the control of the SEPS.

The members have a role of equitable and solidary participation, articulating the democratic control over the capital contributed by the members, turning the patrimony into common property, with decisions on profits and surpluses of the fiscal year. It was observed that there are education, training, technological improvement and knowledge programs on the fundamentals of popular and solidarity economy that aim at improving the activities of the transport cooperatives. A large number of the cooperatives develop their activities with a social, solidarity, community and environmental commitment, promote sectoral integration through interaction, economic participation and alliances with entities in the same sector at both the local and national levels.

The data indicate that there is room for improvement in promoting core cooperative values, such as the primacy of labor over capital and the promotion of collective over individual interests. This suggests that transport cooperatives could focus on developing policies and practices that reinforce these core values in their organizational culture, although there is a significant gap in the macro dimension of self-management and autonomy indicating that, although cooperatives have a reasonable level of satisfaction in this regard, there is a significant opportunity to further strengthen members' autonomy and their capacity for self-management in decision making.

It is demonstrated that these cooperatives are achieving positive results in terms of economic participation of members, however an essential aspect to strengthen the training of members and improve the dissemination of relevant information within the organization with a greater focus on education, training and internal communication to continue to exceed expectations in terms of cooperation and integration in the popular and solidarity economic sector which is widely evidenced by the social, solidarity, community and environmental commitment that shows a significant positive gap. This indicates an outstanding commitment of these cooperatives in social, community and environmental issues. They are playing an important role in their community and demonstrating strong environmental awareness.

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