

Theoretical and empirical arguments to support greater recognition of social economy enterprises and organizations. An international outlook

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Resumen:

Este artículo tiene como objetivo contribuir a los debates a nivel internacional sobre la oportunidad de contar con un instrumento normativo específico en las empresas de economía social y organizaciones. Dos argumentos principales se presentan aquí, en su mayoría sobre basados en la literatura existente. El primer argumento es teórico y trata de demostrar por qué la economía social se define por sus empresas constitutivas y de las organizaciones. Se proponen dos enfoques para aprehender la diversidad de empresas de economía social y las organizaciones, es decir, el enfoque institucional y normativo. Considerando que el primer enfoque mira en las formas institucionales de la economía social, la segunda hace hincapié en los objetivos, principios de funcionamiento y los recursos que distinguen a las empresas de economía social y organizaciones de las demás. El segundo argumento se basa en la realidad que la economía social representa, teniendo en cuenta la importancia económica, pero también la agenda política y las políticas legales puestas en marcha en todos los países y regiones del mundo. Este artículo concluye con la elaboración de oportunidades y desafíos para una organización internacional no

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gubernamental para seguir promoviendo la economía social y sus empresas constitutivas y organizaciones. Sin ánimo de ser exhaustivos, la conclusión más bien trata de compartir alimentos para los pensamientos en general. La principal oportunidad para las organizaciones internacionales gubernamentales es de reflejar mejor la realidad de la economía social. Considerando que sigue habiendo problemas en la definición universal de la economía social y evaluar mejor su impacto de acuerdo a las especificidades de las empresas de economía social y organizaciones.

Abstract :

This article aims to feed discussions at the international level on the opportunity to have a specific normative instrument on social economy enterprises and organizations. Two main arguments are presented here, mostly based on the existing literature. The first argument is theoretical and tries to demonstrate why the social economy is defined by its constitutive enterprises and organizations. Two approaches are proposed for apprehending the diversity of social economy enterprises and organizations; i.e. the institutional and normative approach. Whereas the first approach looks into the institutional forms within the social economy; the second one emphasizes on the objectives, operating principles and resources that distinguishes social economy enterprises and organizations from others. The second argument relies on the reality that the social economy represents; considering the economic significance, but also the political agenda and legal policies put in place throughout countries and regions in the world. This article concludes by drawing up opportunities and challenges for international governmental organization in further promoting the social economy and its constitutive enterprises and organizations. Without the aim of being exhaustive, the conclusion rather tries to share food for thoughts in general. The main opportunity for international governmental organizations is to better reflect the reality of the social economy. Whereas challenges remain in defining universally the social economy and better assess its impact according to the specificities of social economy enterprises and organizations.

Introduction: an increasing interest at the international level

The topic of Social Economy (SE) is gaining interest among international governmental organizations. This increasing interest at the international level reflects the concern and significance played by the SE and its constitutive enterprises and organizations – i.e. the Social Economy Enterprises and Organizations (SEEOs) – from the local to national and regional levels.

Different approaches had been developed to define the SE according to regional and political conditions, to different legal and fiscal environments, to cultural factors and, to economic history and traditions. This variety of approaches and terms related to the SE attests the complexity in analyzing, studying, quantifying, understanding for finally regrouping SEEOs.

Many international governmental organizations define the SE. Among the latter, the United Nations Development Programme (UNDP) for European countries and Commonwealth of Independent States (CIS) defines the SE as follows: *‘The concept of the “social economy” brings together cooperatives, mutual societies and associations (and increasingly foundations), stresses the specificity of the mission of these organizations, namely their aim to benefit either their members or a larger collective, rather than to generate profits for investors. This approach thus includes the non-profit organizational form, but rather than insisting on the non-distribution of profits, it highlights the democratic character of the decision-making process within the organizations, the priority of people and labour over capital in the supervision of the organization, and the limited distribution of profits (rather than the non-distribution constraint)’* (UNDP, 2008, p.16).

The Organisation for Economic Co-operation and Development (OECD) differentiates the SE from the solidarity economy and the third sector:

‘The term “social economy” first appeared at the beginning of the 19th century in France. It was, nevertheless, only at the beginning of the 20th century that it began to be employed to indicate various entities aimed at improving collective working conditions and individual lives. This concept is now also used by Anglo-Saxon countries to refer to the production of goods and services provided not solely by the non-profit sector, but also, in some cases, by private enterprises with shareholder agreements that force the majority of shareholders to agree to social objectives undertaken by the firm. Among the organizations belonging to the social economy, one can find associations, co-operatives, mutual organizations and foundations. This type of economy is essentially regulated by the stakeholder principle, which stands in stark contrast to the notion of shareholder capitalism. The “social economy” is a broader concept than the non-profit sector, as it is less strictly bound to the non-distributional constraint, according to which organizations cannot legally redistribute their surplus to their owners (see also “Third sector”).’

‘Solidarity economy: The idea of the solidarity economy is mainly used in France and Canada (Quebec), and is also widespread in Latin America. It has different meanings according to the geographical context in which it is used: in the South American context, it mainly refers to fair trade and the popular economy, in Quebec it is linked to cooperatives, non-profit enterprises as well as to community economic development (mouvement économique communautaire) and in Europe to solidarity initiatives, mainly, but not exclusively, in the proximity services. Sometimes the term is used in association with the term social economy (as in Quebec) and sometimes in opposition to it, notably where the social economy is seen as composed of

established organizations, while the solidarity economy mainly refers to non-established citizens' initiatives aimed at experimenting with new paths of economic development. In the European context, examples such as the fair trade movement are developing inside the sector, together with innovative forms of financial/non monetary-exchanges based on reciprocity.'

'Third sector: The concept of "third sector" is often used as a synonym to the nonprofit sector and, more recently, also to "social economy", particularly in European literature. The term was chosen to reflect the idea that the sector assembles these otherwise disjointed entities, and that it sits between the public and private sectors and follows unique social goals and internal organizational rules. Its mode of financing is mixed, as it can seek both private and public funding. The idea of establishing a distinct "third sector" has given rise to many hefty debates, which have centered upon the danger of using the third sector as a residual sphere or "dumping ground" for those individuals excluded from the private and public sectors. To avoid the danger of social polarization, the third sector should not merely be seen as an alternative route or juxtaposition to the public and private sectors, but as an interactive and reflexive component of economy and society. Others have argued that the boundaries of the third sector cannot be established with certainty, and for this controversial reason the European Commission preferred the use of the term "Third System" (OECD, 2007).

More recently, the International Labour Organization (ILO) renewed its interest in the SE.¹ The ILO Declaration on Social for a Fair Globalization (2008) states that *'Convinced that in a world of growing interdependence and complexity and the internationalization of production (...) productive, profitable and sustainable enterprises, together with a strong social economy and a viable public sector, are critical to sustainable economic development and employment opportunities.'*

At the 98th Session of the International Labour Conference (2009), the Committee of the Whole on Crisis Responses stated that *'the Enterprises in the social economy – in their majority, SMEs, including cooperatives, mutual societies, non-profit associations, foundations and social enterprises – are mainly rooted locally, community driven, responding to social and economic needs, driving social innovation, often employing and serving marginalized groups and creating new jobs. The social economy encompasses business*

¹ The first ILO official document making reference to the social economy dates back to the proceedings of the 11th Session of the Governing Body (GB – January 1922). Since then, the ILO built a longstanding expertise in supporting SEEOs with normative instruments, technical activities and partnerships.

models that increasingly attract women and youth' (ILO, 2009, Policy packages: Sustainable enterprises).

The ILO Regional Conference (19-21 October 2009, Johannesburg – South Africa)² led to a tripartite consensus among participants on a inclusive definition of SE: *'The social economy is a concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity'* (ILO, 2009, Plan of Action for the promotion of social economy enterprises and organizations in Africa, Preamble, para.1).

Lately, the General Conference of the ILO adopted the Resolution concerning the Recurrent Discussion on Employment (16 June 2010, 99th Session of the International Labour Conference), which defines that *'Priorities of the Office should include: (...) (viii) strengthening its work on cooperatives and social economy as important areas of employment creation'* (Conclusions concerning the recurrent discussion on employment, para.30 (viii)).

As the SE covers a varied array of enterprises and organizations, it is not deemed conducive to define an exhaustive list of SEEOs. In this prospect, it is necessary to look into theoretical grounds that demonstrate why and how SEEOs should be considered as part as a single and same ensemble.

1. Understanding the Social Economy Enterprises and Organizations

1.1. Diverse definitions but inclusive features

The SE relates to a diversity of terms, which comprise a wide range of well legally defined enterprises and organizations; such as solidarity economy, people's or popular economy, associative economy, third sector, non-profit organizations, civil society organizations, third sector.³ These related terms are defined by different and sometimes overlapping approaches to enterprises and organizations that are sharing inclusive values and having similar impacts on both economic, social and societal spheres. This diversity of approaches partly explains why no consensus at the international had been reached on a universal and common understanding of the SE yet.

The main asset of the SE stands, first in the plurality of its enterprises and organizations, and second in the recognition of a plural economy. In other words, recognizing a plural economy implies the recognition both of diverse mechanisms that achieve similar objectives (such as creating jobs, social

² More information on this Regional Conference are available at: www.ilo.org/public/english/region/afpro/addisababa/events/socialeconomyoct12_09.htm

³ A review of these different related concepts could be found in the first chapter of International Training Centre of the ILO (2010): <http://socialeconomy.itcilo.org/en/readers/reader-2010>

protection, innovation, care), and of different types of economic exchanges (monetary/non monetary, market/non market, public/private, formal/informal, for-profit/not-for-profit/non-profit).

From an institutional perspective,⁴ the SE comprises mainly: cooperatives (*'autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise'*; ICA 1995; ILO R193 on the Promotion of Cooperatives); mutual benefit societies (i.e. organizations whose objective is essentially to cater to social needs and satisfaction of their individual members and their dependants); associations, including collective associative forms of entrepreneurship); social enterprises (*'organizations seeking business solutions to social problems'*, Thompson & Doherty, 2006); and, some foundations. However, even if this approach is necessary, it cannot be deemed sufficient for understanding and appreciating the diversity of SEEOs as it does not specify their inclusive features.⁵

From a normative approach a number of characteristics, values and principles are inclusive to the SE and characteristic to most SEEOs. SEEOs are essentially ruled by the stakeholder principle – in contrast to the shareholder principle. SEEOs put people and their surrounding community, rather than financial profit maximization, at the centre of their activities. SEEOs do not primarily pursue the goal to maximize financial profits, but aim to create both economic and social benefit. Another characteristic of SEEOs is that they do business; i.e. SEEOs have a commercial activity. All institutional components of the SE (i.e. cooperatives, mutual benefit societies, associations, social enterprises and foundations) share inclusive – and sometimes common, features.⁶

The objective of SEEOs is to produce or provide goods, services and/or knowledge directly to their members (or beneficiaries in the case of foundations), and indirectly to the surrounding community, rather than serving as a tool in the interest of the general public or investment capital. SEEOs are considered as a complementary way of doing business, while (possibly) collaborating with the public sector, and being part of either the formal private sector or of the informal sector.

SEEOs can be found in both the formal and informal economy; and notably in low-income countries. SEEOs can link the informal to the formal economy. However, SEEOs operate in countries of the South and North. While it might be easier to identify SEEOs in the formal sector in general (and particularly in well

⁴ This categorization in defining the SE between a legal and institutional approach and a normative approach was initially developed in Defourny & Develtere & Fonteneau (2000).

⁵ The inclusive features of SEEOs should be considered as the most salient limits between SEEOs and non-SEEOs. These limits are drawing the boundaries of SEEOs.

⁶ The social economy covers a varied array of organizations, then we could hardly define an exhaustive list of social economy organizations; consequently as long as organizations are fulfilling the essence of these features, they can be considered as belonging to the social economy.

regulated countries), SEEOs may also encompass a significant part of informal socio-economic activities and a multitude of networks in the informal sector. As it may be difficult to identify the latter from an institutional perspective, the inclusive SE characteristics, values and principles defined through a normative approach, which can provide a helpful framework support.

SEEOs are sharing the following inclusive features. First, SEEOs recognize the primacy of people and their community, the primacy of both economic and social objective, as well as the pre-eminence of individuals and labour in the distribution of revenues. While making economic benefits is a necessity for any economic organization, SEEOs' benefits are used to fulfill the common interests of members or beneficiaries; rather than primarily looking for a return on their financial investment or than the maximization of shareholders' benefits. Instead of distinguishing between for-profit – or profit oriented – enterprises and organizations, the positioning of SEEOs between non-profit and not-for-profit ⁷ enterprises and organizations seems more appropriate. Second, SEEOs are democratically controlled and managed. ⁸ Third, SEEOs are based on voluntary participation or membership ⁹ and individual commitment. Fourth, SEEOs are locally rooted and can hardly be relocated. They distinguish themselves by a strong community ownership. They are sharing values of self-help, self-reliance, as well as the defence and application of the principle of solidarity. ¹⁰

These features enable SEEOs to serve and facilitate their members or beneficiaries in taking part in the market; as well as to bring about solidarity and reciprocity, while defending their members' or beneficiaries' economic, social and societal interests and aspirations. The role of SEEOs can make the economy to serve people or in other words to link the economic necessity to social needs (and even beyond with societal impacts), but also to link the informal to the formal economy, or to link rural and urban areas (and employment).

1.2. Distinguishing objectives, operating principles and resources

As far as the institutional approach is concerned, the SE refers to cooperatives, mutual benefit societies, associations, social enterprises and some foundations.

⁷ Not-for-profit enterprises and organization refer throughout the text to enterprises and organizations that do not primarily seek the maximization of financial returns (such as cooperatives and mutual benefit societies).

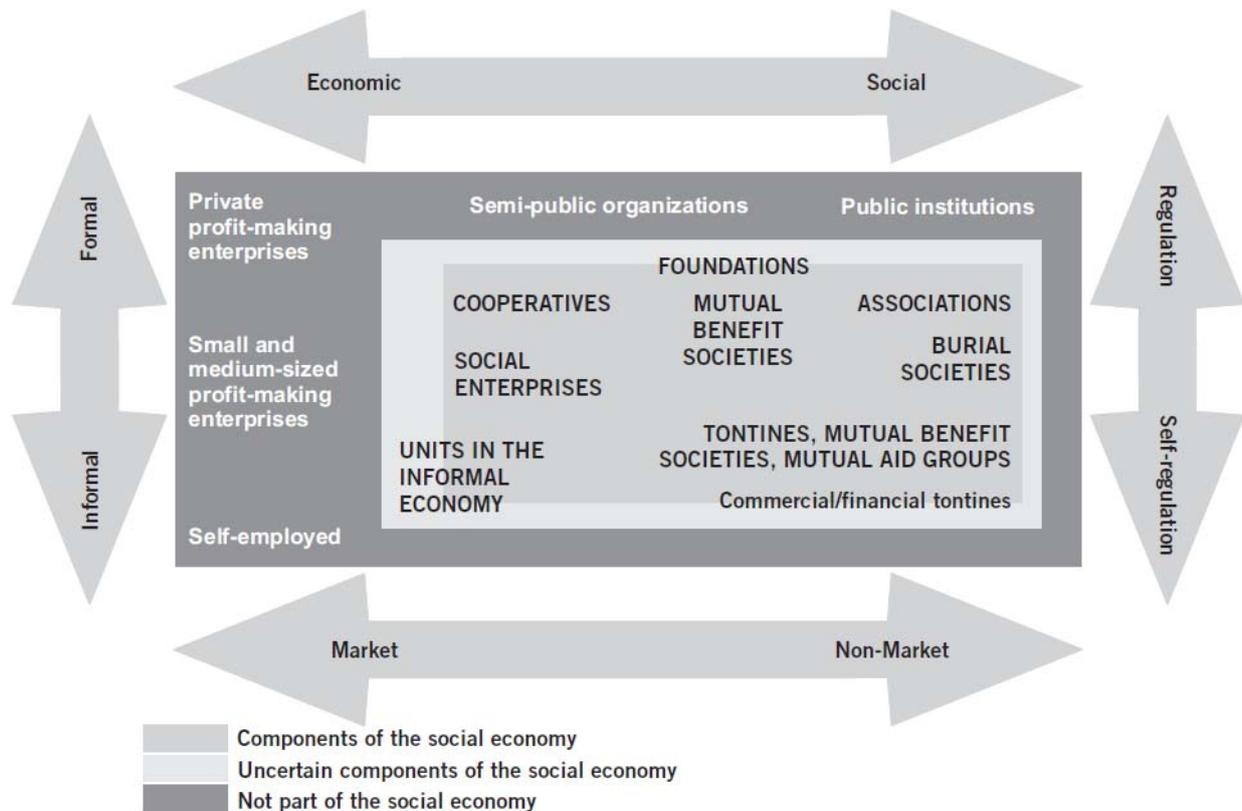
⁸ This shall not be the case for all types of SEEOs, especially for foundations.

⁹ Foundation would rather involve beneficiaries, instead of members.

¹⁰ The term solidarity refers here to the '*mutual support of persons having similar goals for reaching common objectives or for solving common problems, which can exist in different forms: Solidarity among members of an organization, e.g. a co-operative society or self-help group (mutual help). Solidarity with persons to whom one feels attached and whom one wants to help (solidarity in terms of helping others, offering external assistance, supporting third parties), regional solidarity among the inhabitants of a region, international solidarity combining forces for the achievement of political, social or economic goals etc.*', Münkner H-H & Vernaz C. (2005), pp. 228-229.

It is a dynamic and evolving group of actors that all have in common to promote and run economic organisations that are people-centred.

Figure 1: Map showing SEEOs (adapted from Ninacs, 2002).¹¹



Despite the plurality in organizational forms, SEEOs draw inclusive features that distinguish them from public and from profit-oriented (i.e. for-profit) private enterprises and organizations.

Combination of economic and social both with societal objectives

The main distinguishing feature of SEEOs is their double objective: social and economic, which both contribute generating societal impacts. SEEOs produce or provide goods, services or knowledge. This is of importance for distinguishing some associations that for instance only gather some friends playing football together, from a non-profit sport club that is providing sport lessons and training facilities to the public.

¹¹ For consistency purposes, 'profit-making' enterprises in this diagram refer to 'for-profit' or 'profit oriented' enterprises.

Maximizing the return on financial investment or on capital (i.e. the profit) is not the primary goal of SEEOs; however profits are essential for the sustainability and development of any kind of enterprises and economic organizations.

The production or distribution of the benefits generated in SEEOs complies with specific rules inherent to the concerned legal structures and/or are negotiated collectively by the members of the SEEOs. Generating benefits is necessary to the viability and development of these economic and social enterprises and organizations. SEEOs differ from most for-profit, State-owned enterprises and organizations as well as from mixed-economy enterprises and organizations due to: (1) Financial profit maximization is not the primary goal for SEEOs; and, (2) Benefits (financial, social and societal) are used and redistributed amongst the people who helped to generate them in a way that reflects equitably their contribution through labour, capital or other resources, including contributory factors that generate these benefits (e.g. members' transactions with the cooperative).

While the plurality and diversity of enterprises and organizations do not allow considering each SEEO complying with (2) (according to their governance and functioning, as it would be case for most foundations and social enterprises), we can however consider that the great majority of SEEOs do not seek primarily to maximise financial profit.

Since economies of most countries operate according to market economy principles, goods, services and knowledge produced or supplied by SEEOs are traded on those markets; where they compete with the services, goods and knowledge supplied by other private operators. However, in certain cases (e.g. social services), public service rules serve as a reference. The SE may also seek to create special markets – such as the fair trade market, where market economy principles (particularly competition) are combined with certain characteristics (positive externalities for a group of producers, environmental protection, etc.). Another particular example is cooperatives, which are competing in compliance with market law, while activities between cooperatives and their members are considered to comply with non-commercial law.

SEEOs for whom?

The SE is sometimes confused with an economy of the poor or 'for the poor and other vulnerable categories' (e.g. people with disabilities, low-skilled workers, migrants, young workers, and especially women amongst them). This is certainly not a criterion for distinguishing SEEOs from other forms of enterprises and organizations. The SE is not by definition an economy of the poorest or most vulnerable. It is, in fact, a choice that is made by SEEOs stakeholders. People can choose to combine (economic, social, environmental or other) objectives and, to establish inclusive and participatory models of governance.

However, SEEOs are often the only forms accessible to people who cannot mobilize sufficient capital or other resources to launch and develop economic activities. And necessity is often a condition, which prompts the emergence of SE initiatives (Defourny, 1992). Given the combination of economic, social and societal purposes of the SE, it naturally tends to attract groups, users or clients who do not have, or have a limited, access to employment or to certain goods, services or knowledge.

In this way, the SE develops as much by necessity and by the free choice of stakeholders. It is, however, in the interests of SEEOs to ensure a sociological mix in their membership as long as they guarantee that their members (or user or beneficiaries) have common interests.

Operating principles

Participation

Members, users or beneficiaries of SEEOs have the opportunity to be either the owners of the enterprise or organization, and/or to actively take part in the decision making process on a basis of equity. This participation can take different forms.

In cooperatives, mutual benefit societies and, associations, the principle is, in theory, '*one person, one vote*'. This principle aims to ensure that the various contributions of individual members (such as work, contribution in kind, money and contributory factors as previously specified) are, firstly given the same recognition; and secondly, that none of these inputs are valued higher than others, in terms of carrying more weight in the enterprise or organization, as well as in the decision-making process. In these SEEOs, members democratically elect managers.

The possibility of control (and of imposing sanctions), which is inseparable from participation, contributes to guarantee that the decisions are taken in line with the goals agreed within SEEOs.

Solidarity

SEEOs function on the basis of solidarity¹² both in terms of operating methods – which aim to include rather than to exclude, and because SEEOs' goals are not limited to accumulating capital or to generating financial profits. These goals include the use of resources to achieve common objectives that will benefit to

¹² The notion of solidarity should be considered as compulsory, especially in SEEOs (e.g. because of the legal status, or under social pressures); whereas charity is based on a voluntary action.

the initiators (or to beneficiaries in the case of most social enterprises and foundations), as well as both the involved workers and users.

This solidarity aspect explains why flexibility often characterizes SEEOs. Their fundamental aim is to find solutions and to meet the constantly changing and evolving needs of their stakeholders and/or beneficiaries. SEEOs maintain close links with the needs of their users/beneficiaries (whether they are members of the enterprise and the organization or not), which explains why these enterprises and organizations constantly focus on adapting themselves to their environment, in order to continue fulfilling this function of solidarity.

Voluntary involvement and autonomy

A distinctive feature of cooperatives, mutual benefit societies and, associations (including collective associative forms of entrepreneurship), is their open and voluntary membership. People are free to enter and leave on a voluntary basis. In some countries or under specific periods, SEEOs are/were not automatically associated with the principle of voluntary membership or collective action, because these types of enterprises and organisations have seen their autonomy limited, since they are/were used by governments or colonial authorities to organise the population in a compulsory way for production or political purposes. Under these particular circumstances, these enterprises have a juridical status that would make them 'eligible' to be considered as part of the SE. This example demonstrates the importance of complementary defining SEEOs from both an institutional and normative perspective; one perspective being necessary, the other one being complementary and sufficient.

Collective dimension

The emergence of SEEOs is the result of the will of persons and/or groups to pool resources (skills, work, capital, infrastructure, etc) in order to meet their own needs or those of others. Social cohesion and collective identity are virtually systematically associated with SE initiatives (Defourny, Develtere & Fonteneau, 2000); whereas, the central figure of the entrepreneur (conceived as an individual) is presented as the driving force behind for-profit enterprises and organizations.

The collective dimension of cooperatives, mutual benefit societies and associations are reflected in the conditions in which they emerge (collective or commonly-shared needs) and in their operating methods; particularly in terms of pooling resources, decision-making methods and distribution of benefits. But this collective dimension is not found to the same extent in all SEEOs, neither in their evolution over time. This collective dimension can also be questioned for social enterprises and foundations.

One of the key factors in the success of SEEOs remains in the leadership of their founders or leaders. This leadership is conceived as the expression of legitimacy, but also as a factor facilitating access to (internal and external) resources. Leadership is not intrinsically antinomic to the collective dimension of an enterprise or an organization, but it can lead to less collective forms of governance. This explains the emergence of the concepts of social enterprises or social entrepreneurs. Social enterprises differ from other SEEOs because they emphasize a feature of profit-oriented enterprises: the individual figure of the entrepreneur, with his or her dynamism, personal commitment and innovative practices (Defourny & Nyssens, 2009).

Resources

There is no single model representing the resources of enterprises and organizations of the SE. SEEOs use the resources provided by its initiators/members. They can use public resources and resources generated by trade and the market, but also a resource to which few other forms of the economy have access: voluntary involvement and voluntary work.

Available resources can be distinguished between market resources (stemming from the sales of goods and services), redistributive resources (issuing from eventual public aids, as by instance from the international development cooperation through the support given to groups by NGO), and resources emanating from reciprocity relations, embedded in local networks of solidarity (Polanyi, 1944; Laville & Nyssens, 2001).

In a cooperative, these resources will take the form of members' participation (decision-making and control, financial participation, and participation as users). In an association or mutual benefit society they will take the form of members' subscriptions. In social enterprises, this income would take the form of contributions to the capital or assets in kind. In foundations, it is endowments or bequests that enable the organizations to achieve its goals.

Voluntary work is a resource to which few profit-oriented or public enterprises and organizations have access. SEEOs are able to mobilize voluntary workers, essentially because they subscribe to SEEOs operating principles and consider SEEOs' aims to be relevant and their actions legitimate. In addition, their participation and control can take place both within the activities of the enterprise and organization and within decision-making bodies. In compliance with core labour standards, voluntary work is a special resource and a tremendous asset for SEEOs, but unless there is a balance, it can also constitute an obstacle for the development of these enterprises and organizations, in terms of professionalization and, of adequate skills or sufficient availability of involved voluntary workers.

2. The reality of Social Economy Enterprises and Organizations

2.1. An economic actor of importance

SEEOs have a significant and growing economic and social contribution worldwide. It is possible to measure economic dimensions of SEEOs, as some statistics to this regard already exist. Their social contribution is however less obvious to measure or quantify but also has to be taken into account.

SEEOs define the SE as a coherent and integrated whole that constitutes a sizeable reality in terms of both jobs and (economic) wealth creation. Among other forms of enterprises and organizations, SEEOs contribute to create wealth and employment in all sectors of both the formal and the informal economy.

Rough estimates indicate that non-profit enterprises and organizations of the SE ¹³ contribute to US\$ 1.9 trillion in operating expenditures, 48.4 million full-time jobs and serves 4.6 percent of the economically active population (Tremblay, 2009, p.21). ¹⁴ As a complement to these non-profit enterprises and organizations, latest estimates from the International Co-operative Alliance (ICA) show that 1 billion individuals are members of more than 750,000 cooperative societies around the world and they provide 100 million jobs. In 2008, the 300 largest cooperatives in the world were responsible for an aggregate turnover of US\$ 1.1 trillion; this is comparable to the size of the 10th economy of the world. ¹⁵

In the European Union (EU), SEEOs provide approximately 12 million jobs, which is the equivalent of 6.3 percent of the working population of the EU ¹⁶ who are working in non-profit associations (70 percent), in cooperatives (26 percent) and in mutual companies (3 percent). SEEOs represent 2 million enterprises in EU (i.e. 10 percent of all European businesses). ¹⁷

In Southern Africa, 152 mutual insurers provide coverage to 7,000,000 beneficiaries. ¹⁸ The 45 mutual health insurance cooperatives members of the

¹³ Statistics considering non-profit SEEOs do not include cooperative enterprises by definition. Since there are no reliable statistics for SEEOs as a whole, the significance of SEEOs is here segmented between non-profit SEEOs and cooperatives.

¹⁴ These figures were presented by Salamon L. at the 1st International CIRIEC Research Conference on the Social Economy (2007).

¹⁵ www.global300.coop

¹⁶ Figure from EESC (2007), updated by Mattson & Olsson in 'Det mänskliga företaget – om social ekonomi inför 2000-talet', Stockholm, 2009.

¹⁷ <http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/>

¹⁸ i.e. South Africa, Namibia, Botswana, Zimbabwe - www.rencontres-montblanc.coop/457-A_few_figures&l=en

International Association of Mutuality (AIM) operate in 32 countries and represent 155 million insured households. 49,000 credit unions with 177 million members from 96 countries organized in the World Council of Credit Unions (WOCCU) are supported and manage 1.2 trillion US-\$ in assets. The world's cooperative banks have assets worth US\$ 6 trillion. The 141 insurance companies from 70 countries organized in the International Cooperative and Mutual Insurance Federation (ICMIF) collect 7 percent of the world's insurance premium.¹⁹

However, these figures do not cover the entire range of forms and practices of SEEOs within the formal economy (and even less within the informal economy). Many actors in the informal economy are SEEOs: they involve production and redistribution, as well as bringing solidarity to meet the needs of the family group or community. SEEOs are locally grounded and solidarity based. This enables SEEOs to act innovatively and flexibly as they know and strive to match people's (common) needs. And is also to a large extent the reason why SEEOs may function as shock absorber in times of crisis.

It is important to note that SEEOs, as any other enterprises, also develop in times of non-crisis. However, they have proven to be relatively more resilient than other types of enterprises and organizations in times of crisis. Therefore, historically speaking, SEEOs development is often connected and associated with periods of crisis.²⁰ According to Develtere & Fonteneau (2009),²¹ *'this connection between the social economy and crisis is simple: the social economy provides a means of counteracting imbalances in the economic and financial system and of enabling everyone to have access to the goods and services that are essential to daily life and economic activities – and in crisis situations the number of people with such needs is greater'*.

2.2. Legal and policy recognitions from national to regional levels

Many legal and policy enabling environments are, or are being put in place for SEEOs development across the different regions of the world.

Most of the time, cooperatives, mutual benefit societies, social enterprises, foundations or, associations fall under specific legal status, or in some cases they fall under a general legal status applicable to all types of enterprises and organizations. As such, SEEOs are not defined as part as a coherent, integrated whole, through a normative action. Sometimes, legal frameworks go beyond and a growing number of countries develop specific legal frameworks to

¹⁹ ICMIF is a sectoral organization of the ICA, thus being part of the ICA structure.

²⁰ International Labour Office (2009), *Resilience of the cooperative business model in times of crisis*. (www.ilo.org/wcmsp5/groups/public/--ed_emp/--emp_ent/documents/publication/wcms_108416.pdf).

²¹ International Labour Office (2009), *African responses to the crisis through the social economy*.

SEEOs. However, a specific legal framework does not automatically ensure a supportive legislative and regulatory environment for SEEOs (ILO, Peel et al., 2010).²² SEEOs are embedded in some national Constitutions (e.g. Spain, Ecuador). Or they are widely recognized both by national institutions, academics and other already established forms of SEEOs (e.g. mutual benefit societies), like in France, Portugal and Spain.²³ Furthermore, some countries developed comprehensive policy strategies for SEEOs, as notably in the United Kingdom (UK) – e.g. with Community Interest Companies, and Canada.

Tremblay (2010) conducted a review of public policies that support the SE and its enterprises and organizations as an integrated whole throughout the different regions of the world.²⁴

In Latin America, many countries implemented public agencies and public policies aiming at promoting SEEOs. This is particularly the case in Brazil, Colombia, Ecuador, Mexico, Argentina and Bolivia. In Brazil for example, the National Secretariat on Solidarity was created and the government supports the *Forum Brasileiro de Economia Solidaria*. Both of these two entities are now forming a civil society government partnership for the co-construction of a SE supportive public policy. In addition, a new legal framework governing the relationship between the SE and the State was established. Governments of Bolivia, Ecuador, Argentina and Mexico (among others) are also developing new public policies aiming to support SEEOs (Neamtan, 2009); and SE specific laws were implemented or are being drafted (e.g. Mexico).

In Asia and the Pacific, Tremblay (2010) explains that although there are no national public boards which specifically focus on SE, *‘there are, however, various programs and instrumental policy supports devoted to enhance the socio-economic development through co-operative and community-based models’*. For example: Hong Kong with the Community Investment and Inclusion Fund, which is supporting marginalized labour groups among others; SE developments in Korea with an increase of social enterprise for job creation and capacity building; Bangladesh with micro-credits programs; or Thailand with a focus on the promotion of *‘participatory democracy under the Sufficiency Economy’*. Since 2000, the Japanese government entrusted the care of dependent elderly people to social enterprises called ‘takurojos’; i.e. innovative and alternative care facilities, smaller and more homelike buildings than normal elderly-care facilities.

In Africa, there are only a few examples of public policies or public administrations explicitly dedicated to the promotion of SEEOs as a whole; whereas many policies aim to specifically promote cooperatives, common initiative groups and economic groups or associations (e.g. Côte d’Ivoire, Chad,

²² ILO (2010), *Enabling Environments for Social Enterprise Development - Analytical Framework and International Exploratory Study of Good Practice*.

²³ Monzon & Chaves (2008).

²⁴ Tremblay (2010).

Guinea and Madagascar), or cooperatives and economic interest groups (e.g. Cameroon). The only exception is found in Mali, where the Department of Economic Solidarity was put in place in 2006. However, some countries like Senegal (National Poverty Strategy), Nigeria (National Economic Empowerment Development Strategy) and South Africa (Shared Growth Initiative) adopted strategies and programs fostering SEEOs. This is particularly the case in South Africa with the contributions of SEEOs in economic development strategies. More recently, the government of the Republic of South Africa endorsed a new growth path policy that places employment at the centre of the government economy policy. In cooperation with social partners, this new economic growth path sets a target of creating five million jobs in the coming ten years; i.e. reducing unemployment from 25 to 15 percent. For reaching this target, five 'job drivers' were identified as 'areas that have the potential for creating employment on a large scale and securing strong and sustainable growth in the next decade'. Supporting the SE and its enterprises and organizations was amongst them: 'leveraging social capital in the SE and the public services' for more employment-intensive growth. The potential employment target by supporting the SE is estimated at 260,000 new employment opportunities. 'A development policy package for growth, decent work and equity' will be implemented for supporting these job drivers in facing ranges of challenges in the economy. The microeconomic package involves ten programmes, including rural development policy; in which SEEOs can also contribute for improving livelihoods in rural communities, as well as helping rural households in increase their production.²⁵

In North Africa, countries such as Algeria, Tunisia and Morocco are increasingly supporting the development of SEEOs. During the previous regime, the Presidential Program for Tomorrow's Tunisia was launched in 2004 and aims to prioritize and encourage activities and organisations promoting the approach of solidarity. The Tunisian Solidarity Bank is a microfinance institution, established by the former Tunisian President Ben Ali in 1997 to finance private micro-projects in Tunisia. In Morocco, the department of the SE within the Ministry of Economic Affairs established a strategic policy framework that takes into account the transversal, multi-sectoral nature of SEEOs with their regional and local specificities.²⁶

In North America, the Canadian government created a network of regional research centres to address public policies issues through research papers and teaching programs among others through the SE initiative in 2003. This SE initiative is considered as a first step for the development of a federal policy framework for the SE in Canada. At the provincial level, Québec is particularly committed in developing a public policy agenda supporting the SE. SEEOs are an important component of the provincial government for the enterprise development at the regional and local levels, as well as for poverty alleviation, job creation and the development of new services for matching collective needs

²⁵ Source: 'The new growth path: the framework' on South Africa Government Online (www.gov.za) – 10/12/2010.

²⁶ International Labour Office (2010), *The Reader 2010 "Social and Solidarity Economy: Building a Common Understanding"*.

(Neamtan, 2009).²⁷ The provincial government of Manitoba also implemented a cross-governmental policy framework supporting SEEOs:²⁸ the Community and Economic Development (CED) policy framework. Other similar cross-governmental policies aiming at supporting SE and CED have been developed throughout the different Canadian provinces. In the United States of America (USA), the new Obama administration created the Office of Social Innovation and increased the public investment in community financial development institutions as part of the economic stimulus package for federal governments. This enabled, for instance, the federal governments, Green Jobs initiative. The financial supports focus on local and regional economic development, in cooperation with SEEOs. The concept of social enterprise is also developed in the USA with the 'Low-profit, limited-ability company ('L3C').

Many member States of the EU have set up a governmental body dedicated to SEEOs matter; like in Belgium ('*Secrétariat d'État au développement durable et à l'économie sociale*'); Spain ('*Dirección General de Economía Social*'); France ('*Délégation interministerielle à l'innovation, à l'expérimentation sociale et à l'économie sociale*'); Ireland ('Social Economy Unit'); Italy ('*Ministero dello Sviluppo Economico*' and the '*Agenzia per le Onlus*'); Malta (NGO Liaison Unit in the Governments, Ministry of family and Social Solidarity); Portugal ('*Instituto Antonio Sergio do Sector Co-operativo*'); and in United Kingdom ('Cabinet Office's Social Enterprise Unit responsible to the Minister and office of the third sector, and the Treasury's Charity and Third Sector Finance unit'). While these bodies have been set up to implement public policies supporting SEEOs, many countries have legislation on SEEOs or are now legislating on SEEOs (e.g. Spain, Portugal).²⁹

At the supranational level, the European Parliament adopted a resolution on SE in 2009,³⁰ which recognizes SEEOs in the EU. SEEOs are represented in the European Economic and Social Committee (EESC)³¹ with the '*Social Economy Category*' (i.e. cooperative, mutual benefit societies, associations, foundations and social NGOs). The Council of the EU, the Committee of the Region and the European Commission conducted an initiative aiming to recognise the potential

²⁷ Neamtan (2009).

²⁸ Cross-governmental policies are defined as 'explicit government-defined policy frameworks to use the Social Economy and enable its actors to achieve socio-economic development goals that cross-governmental departments and mandates.' (Tremblay, 2010).

²⁹ Further information on the recognition of social economy in European member States can be found on Social Economy Europe website: www.socialeconomy.eu.org/

³⁰ European Parliament (2009), *Report on Social Economy*.

³¹ The EESC is a consultative body that gives representatives of Europe's socio-occupational interest groups, and others, a formal platform to express their points of views on EU issues. Its opinions are forwarded to the larger institutions - the Council, the Commission and the European Parliament. Members of the EESC are drawn from economic and social interest groups in Europe (employers, employees and various interests). The presence of the various interests group, alongside with the employees and employers, ensures that the Committee is able to give full voice to the concerns of the various social, occupational, economic and cultural organizations that make up civil society. This third group is constituted by farmers' organizations, small businesses, the crafts sector, professions, cooperatives and non-profit associations, consumer organizations, environmental organizations, associations representing the family, persons with disabilities, the scientific and academic community, and by non-governmental organizations.

of SEEOs for economic growth, employment and citizen participation.³² The European Commission has recognized the importance of the '*Social Economy in the European Union*'.³³ Recently, the EESC has adopted an opinion, which outlines several measures for promoting the African SE in development cooperation. This includes: ensuring the recognition by the EU of the role and contribution of the SE to Africa's development, involving SEEOs in the Cotonou Agreement, integrating the SE into the EU-Africa Partnership, recognizing the contribution of the SE to the creation of decent jobs in Africa, including the SE in the 2010 European Report on Development, encouraging an enabling environment for the SE, and including the SE in existing Commission-ILO strategic partnerships.

3. Conclusion: potential ways ahead

SEEOs ground their specificity and unity on the goal they are striving to achieve through their operating principles and resources they use. Political and legal regulations considering this type of enterprises and organizations as a whole constitutes another piece of evidence suggesting the need to further promote SEEOs through a international normative instrument. However, what would be the opportunities and challenges in further promoting SEEOs?

In terms of opportunities, the SE is already a legal and political reality in most member States of international governmental organizations. According to the mandate of the latter, an international consultation on the topic of SE should reflect this reality and would be able to increase international governmental organizations' delivery towards its constitutive members. Secondly, mainstreaming and streamlining SEEOs as a whole would probably enhance their socio-economic impacts, rather than promoting them individually.

The lack of universal definition appears to be the main and first challenge in further promoting SEEOs at the international level. Beyond the question of grouping similar types of enterprises and organizations under the SE label, the major part of the challenge stands in the modalities of promoting SEEOs as a whole, by preserving and strengthening the distinctive features of enterprises and organizations constituting the SE; i.e. the diversity and heterogeneity in SEEOs. The discussions around the concrete terms of such a definition (and the desirability of such a definition) emphasize on the need to find the most appropriate forum to discuss these questions.

³² www.socialeconomy.eu.org/spip.php?rubrique181

³³ 'The set of private, formally-organized enterprises, with autonomy of decision and freedom of membership, created to meet their members' needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote. The Social Economy also includes private, formally-organized organizations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them.' EESC (2007).

Another challenge remains in the need to better and more appropriately appraise impacts of SEEOs. The latter create both economic and social values, and to some extent societal ones too. Values created by enterprises and organizations in general, and those of the SE in particular, should not solely be measured in terms of economic spin-offs, but also needs to be completed with a suitable assessment of social and societal spin-offs. SEEOs' performances could not then be solely measured in terms of economic wealth creation; social and societal performances also need to be adequately appreciated. This is for example the case for cooperative enterprises, which have to be assessed through an audit that is usual to any other private enterprises; but because of cooperatives' nature, they also have to go through both a social and a societal audit.

Similarly, the creation of values by enterprises and organizations is traditionally appreciated in the creation of financial and economic wealth. This appraisal does not take into account voluntary contributions, which represent a significant part of employment within SEEOs, especially within associations. This shows that the real contribution of SEEOs to the overall economy and to the world of work in particular, might certainly be underestimated. This was reaffirmed in the report on the measure of economic performances and social progress, commissioned in 2008 by France to Prof. J. E. Stiglitz, Prof. A. Sen and Prof. J. -P. Fitoussi.³⁴

In addition to classify the different types of enterprises and organizations by sector of activities and/or by their size, there is a need to take the enterprises' juridical status into consideration, including their social and societal purposes if any. This needs to develop new tools of evaluation and measurement; as it was done for instance at the European level by encouraging the implementation of satellite accounts for cooperatives and mutual benefit societies.³⁵ Shifting the focus from economic wealth creation to people's well-being can also represent an alternative. This could for example be done by adapting the UNDP Human Development Index to enterprises and organizations.³⁶

³⁴ Fitoussi J.-P. & Sen A. & Stiglitz J. 2009. *Rapport de la Commission sur la mesure des performances économiques et du progrès social*.

³⁵ Call for Proposals ENT/CIP/09/B/N10S00 Satellite Accounts for Cooperatives and Mutuals Grant Programme 2009 (http://ec.europa.eu/enterprise/newsroom/cf/document.cfm?action=display&doc_id=3097&userservice_id=1&request.id=0). CIRIEC also developed a *European Manual of Satellite Accounts for Enterprises in the Social and Cooperative Economy and Mutual Insurance Associations* (<http://www.socialeconomy.eu.org/spip.php?article1006>)

³⁶ The Human Development Index represents a national average of human development achievements three basic dimensions: health (life expectancy at birth); education (access to knowledge); and, income (gross national income per capita).

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