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Interuniversity Attraction Pole on Social Entrepreneurship and Social Enterprise  
"IAP-SOCENT" · 2012 - 2017

## THE "INTERNATIONAL COMPARATIVE SOCIAL ENTERPRISE MODELS" (ICSEM) PROJECT

A broad research project funded by the Belgian Science Policy Office  
to be extended to a large international research community  
in partnership with the EMES European Research Network

**INVITATION TO JOIN THE "ICSEM" PROJECT**

BELGIAN SCIENCE POLICY OFFICE

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## I. INTRODUCTION: FROM “IAP-SOCENT” TO THE “ICSEM” PROJECT

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### 1. The “IAP-SOCENT”

Funding “**Interuniversity Attraction Poles**” (IAP) has been the major type of support provided by the Belgian Science Policy Office (BELSPO) for the last 25 years. Proposals for IAP are submitted every five years by networks formed by several research teams from various Belgian universities across all disciplines to foster interuniversity and interdisciplinary collaboration at both national and international levels.

In 2012, a IAP proposal entitled “**If not for Profit, for What? And How?**” was submitted by four Belgian universities and selected to be funded from October 2012 through September 2017. It is formed by:

- the “Centre d’Economie Sociale” (**CES**, University of Liege), as a coordinating centre;
- the “Centre Interdisciplinaire de Recherche Travail, Etat et Société” (**CIRTES**, Catholic University of Louvain);
- the “Centre Européen de Recherche en Microfinance” (**CERMI**, Université Libre de Bruxelles);
- the “Micro-Economics of the Profit and Non-Profit Sectors” Research Team (**MICE**, Vrije Universiteit Brussel).

Around **45 faculty members and researchers** in economics, management, sociology and psychology from Belgian Universities and around 10 international research partners are involved in this IAP (although only some of them are directly financed by the IAP). They focus on one overall objective, which is defined in the subtitle of the research program, i.e. “**Building interdisciplinary and integrated knowledge on social entrepreneurship and social enterprise**” – a subtitle from which the acronym of the network, namely “**IAP-SOCENT**”, is derived. This whole research program covers various thematic lines, among which a major project of social enterprise models comparative analysis: the ICSEM project.

### 2. The “ICSEM” Project

Although it is part of the IAP-SOCENT research program, the **International Comparative Social Enterprise Models (ICSEM) Project** can be considered as a major research project on its own.

The main specific feature of the ICSEM Project is its geographic coverage: it aims to compare social enterprise models and their respective institutionalisation processes *across the world*. Therefore it will rely on the **participation of a large number of researchers from all regions**, who will contribute by providing country-specific or field-specific analysis of social enterprise models. Of course, contributions comparing social enterprise models in two or more countries will be welcome as well.

The ICSEM Project is jointly coordinated by **Jacques Defourny** (CES - University of Liege) and **Marthe Nyssens** (CIRTES – Catholic University of Louvain). Other coordinators will be associated to them for some regions, fields or sub-themes.

### 3. Involvement of international partners

***Participation of interested researchers from all countries is welcome*** and should be discussed on a case-by-case basis with the coordinators of the ICSEM project.

As a means to sustain such participation, the project will rely mainly on participants' own efforts to secure financial support, if needed with the coordinators' support to submit applications to local, national or international funding institutions. As such, the ICSEM budget will only provide financial support, when necessary, to allow participants to take part in major meetings of the ICSEM Project. In addition, it will provide small allowances to some PhD students or post-doctoral researchers willing to link their doctoral or post-doctoral work to the ICSEM Project and to make a contribution during or after their PhD research.

**Becoming a research partner of the ICSEM Project** does not necessarily mean covering all social enterprise models in a country. A partner may focus on one or several geographical parts of the country, on some specific fields of activity and only on one of the two major parts of the Project (see hereafter descriptions of Parts 1 and 2). In such cases, collaboration among partners of a same country or at least discussions to make contributions as complementary as possible to each other will be encouraged.

Experienced or young researchers as well as PhD students who are interested in taking part in the ICSEM Project should proceed as explained in Section IV.

On the basis of personal contacts and presentations of preliminary versions of the ICSEM Project to small audiences, by February 2013, i.e. even before the official launch of the project, researchers from more than 25 countries across the world had already expressed their willingness to participate.

***The official kick-off meeting of the ICSEM Project will take place on July 5, 2013 at the University of Liege***, right after the 4<sup>th</sup> EMES International Research Conference on Social Enterprise (July 1-4, 2013).

## II. BACKGROUND: THE CONCEPT OF SOCIAL ENTERPRISE

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### 1. Introduction

Despite commonplace depictions, our market economies are made of a much broader organizational diversity than the sole “for-profit” business model. Economic activities are undertaken by a broad range of organizations, which each have specific assets in the production of certain types of goods (Hansmann 1996).

In the context of such diversity, social enterprise is increasingly mentioned and experienced as a promising tool to deal with some of the current economic, social and environmental challenges. Social entrepreneurship has received growing attention from practitioners, academics and governments, who view it as a possible answer to a series of challenges and aspirations of our age: the transformation of social protection and solidarity systems, the need for more ethics and transparency in the economic system, the aspiration for sense and motivation on the workplace, etc.

Even if the term “social enterprise” does not have exactly the same meaning for the different schools of thought (see below), we delineate our field of analysis as made of organizations that combine an entrepreneurial dynamics to provide services or goods with the primacy of their social aims.

Social enterprise and social entrepreneurship can be observed in various types of organizations (mainly cooperatives, NGOs and non-profit organizations) and in various economic sectors (health care, recycling, renewable energies, fair trade, microfinance, personal services, integration of low-skilled workers, etc). While observing that most of these organizations actually belong to what has been called the “third sector” (neither for-profit, nor state), recent works should be kept in mind that underline the blurring frontiers between sectors and the existence of opportunities for social entrepreneurship within the private for-profit sector and the public sphere as well (Austin 2006, Dacin *et al.* 2010; Nicholls 2010).

In fact, social enterprises have existed since well before the mid-1990s, when the term began to be increasingly used in both Western Europe and the United States. Indeed, the third sector in which most of them are found, be it called the non-profit sector, the voluntary sector or the social economy (Defourny & Monzón Campos 1992; Evers & Laville 2004) has long witnessed entrepreneurial dynamics which resulted in innovative solutions for providing services or goods to persons or communities whose needs were neither met by private companies nor by public providers (Defourny 2001). However, for reasons that vary according to specificities of national or regional contexts, the concept of social enterprise is now gaining a fast growing interest across the world, along with two closely related terms, namely “social entrepreneur” and “social entrepreneurship” (Mair & Marti 2006; Nicholls 2010; Bacq & Janssen, 2011).

## 2. Concepts and schools of thought

Academic research first focused on “non-profit” organizations, seeking to understand their role and their *raison d'être* within market economies (Weisbrod 1975, Gidron *et al.* 1992, Hansmann 1980 and 1996, Salamon 1987). From the end of the 1990s, both in Europe and in the United States, partly due to the growing professionalization of non-profit organizations and their growing use of market resources (Dart 2004), there has been a gradual shift towards the broader notions of social enterprise and social entrepreneurship (Dees 1998 and 2001, Nicholls 2006, Fayolle & Matlay 2010).

Diverse concepts<sup>1</sup> have been used since the early 1980s to describe entrepreneurial behaviours with social aims, mainly - although not exclusively - within the non-profit sector. To classify the different conceptions of social enterprise and social entrepreneurship, Defourny and Nyssens (2010) rely on Dees and Anderson (2006) and somehow reinterpret their typology as follows.

The first school of thought set the grounds for conceptions of social enterprise mainly defined by earned-income strategies (Weisbrod 1998). The bulk of its publications is based on non-profits' interest to become more commercial in order to diversify their funding base in support of their social mission. In such a perspective, it is straightforward to name that first school the "earned income" school of thought. Within the latter, however, Defourny and Nyssens (2010) suggest a distinction between an earlier version, focusing on non-profits, that they call the "*commercial non-profit approach*", on the one hand, and a broader version, embracing all forms of business initiatives, that may be named the "*mission-driven business approach*", on the other hand. This latter approach also refers to the field of social purpose venture as encompassing all organizations that trade for a social purpose, including for-profit companies (Austin *et al.* 2006).

The second school puts the emphasis on social entrepreneurs in the Schumpeterian meaning of the term, in a perspective similar to that adopted earlier by the pioneering work of Young (1986). Along such lines, entrepreneurs in the non-profit sector are change makers, as they carry out "new combinations" in at least one of the following areas: new services, new quality of services, new methods of production, new production factors, new forms of organizations or new markets. Social entrepreneurship may therefore be a question of outcomes and social impact rather than a question of incomes. Moreover, the systemic nature of innovation brought about and its impact at a broad societal level are often underlined. Dees (1998:4) has proposed the best-known definition of social entrepreneurs; he sees the latter as "playing the role of change agents in the social sector by adopting a mission to create and sustain social value, recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, acting boldly without being limited by resources currently in hand, and finally exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created".

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<sup>1</sup> E.g. "non-profit venture", "non-profit entrepreneurship", "social-purpose endeavour", "social-purpose business", "community wealth enterprise", "public entrepreneurship", "social enterprise", etc.

Finally, in Europe, as soon as 1996, the EMES European Research Network has tried to identify the specificities of social enterprises emerging at the crossroads of the market, civil society and public policy (Borzaga & Defourny 2001, Nyssens 2006, Defourny & Nyssens 2011). While stressing a social aim embedded in an economic activity as in the two previous schools, the EMES approach differs from them in that it stresses specific governance models, often found in European social enterprises, rather than the profile of social entrepreneurs. More particularly, a democratic control and/or a participatory involvement of stakeholders, including citizens, reflect a quest for more economic democracy inside the organization, in the line of the tradition of cooperatives. Combined with constraints on the distribution of profits, these specific governance features can be viewed as a way to protect and strengthen the primacy of the social mission in the organization. They are also likely to act as a "signal" allowing various institutions, including public bodies, to support social enterprises and their scaling up in various ways (legal frameworks, public subsidies, fiscal exemptions, donations, social banking, etc.).

By delineating our field of analysis as made of "organizations which combine an entrepreneurial dynamics to provide services or goods with a primacy of social aims", **we do not choose a priori any of these three conceptualizations**. At this stage, we consider that each school of thought may shed light on the whole set of organizations responding to the abovementioned general definition.

### **III. CONTENTS OF THE “ICSEM” PROJECT**

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Social enterprise models cannot be analysed separately from the environment in which they are embedded. Social enterprises are thus seen not so much as isolated organizations of a different type than as a “sector” or a “field” integrated into the socio-economic landscape. Such integration may be the result of “external” factors, typically public policies, but also support by other actors having an interest in fostering the development of social enterprises. These factors are very likely to depend in turn on cultural, socio-political and economic settings in given regions. But the emergence of social enterprise models may also be the result of social enterprises themselves engaging in institutional work to garner legitimacy for and diffuse their specific model(s). Most realistically, it is a combination of exogenous and endogenous factors that configure the type and size of social enterprise model(s) in given contexts.

In such a perspective, the ICSEM Project has two major parts. The first part seeks to gather detailed descriptions and to build typologies of social enterprise models as they have emerged and developed in several countries of Western and Eastern Europe, North America, Latin America, Africa, South and East Asia, Australia and New Zealand and in different fields of activities. The second part examines the processes through which these social enterprise models have been or are currently being institutionalized.

## **Part 1: Mapping social enterprise models**

### ***1.1. Background***

A broad and precise view of most social enterprise models as they are emerging across the world is still lacking. Apart from the fact that research on social enterprise is rather recent, at least two major reasons explain the absence of such an overall view. First, as explained in the previous section, the concepts of social enterprise and social entrepreneurship can have different meanings in different contexts or for different schools of thought. Secondly, much of the existing literature has relied so far on case studies, especially to highlight achievements of outstanding social entrepreneurs, presented as heroes (Bornstein 2004, among many other authors).

As a consequence, only few countries have witnessed attempts to delimit, describe and analyze the whole landscape (or a great deal) of the social enterprise field at the national level. Because they have experienced specific and strong public or private strategies promoting social enterprise and social entrepreneurship, some countries have been more studied: in the US, Ashoka, various foundations and numerous consulting firms have been providing various types of support to innovative social entrepreneurs and to non-profits pursuing earned-income strategies (Boschee 2005); in the UK, the Blair government has promoted the setting up of a wide spectrum of tools to foster social enterprise (Mulgan 2006); the same can be said for social cooperatives in Italy since the early 1990s (Borzaga & Santuari 2001) and, to a lesser extent, for



other European countries which passed laws focusing explicitly on social enterprise (Defourny & Nyssens 2008).

When it comes to international comparative works, most of them are based on conceptualizations and/or policy frameworks shaped by specific national or regional contexts and not really on comparative empirical studies. For instance, Kerlin (2006) and Defourny and Nyssens (2010) mainly focused on comparisons of conceptual approaches of social enterprise in Europe and the United States. Comparative research including empirical evidence is even more at an embryonic stage. Borzaga and Defourny (2001) at a European level (with 15 member States), Borzaga *et al.* (2008) for Central and Eastern Europe, Defourny and Kuan (2011) for Eastern Asia and Kerlin (2009) at a broader international level made first attempts, based on country chapters describing and comparing the emergence of social enterprise in a significant number of countries. Some of them tried to build pieces of theory highlighting factors explaining differences observed across countries (e.g. Kerlin 2009). However, the obvious limits of such pioneering works call for more in-depth efforts to analyze and understand the diversity of social enterprise models now emerging across the world.

## **1.2. Objectives**

The aim of this first part of the ICSEM project is threefold:

1. To identify and characterize the various sets of social enterprises in each country: fields of activity, social mission, target groups, operational models, stakeholders, legal frameworks, and so on.
2. On the basis of such descriptions, to make additional or alternative groupings so as to build one or several typologies of major social enterprise models in the country and/or field(s) under research.
3. To compare typologies of social enterprise models across countries and fields.

## **1.3. Methodology**

Although depending on the context and already available information, the following steps should help undertake a standard research in each country and/or in the field(s) chosen by the researcher(s):

1. To collect all kinds of existing literature and documentation on social enterprises or organizations considered or likely to be considered as social enterprises.
2. To try to establish a first classification of the main groups/categories of social enterprises, either on the basis of existing classification(s) or through personal intuitive attempts.
3. To select the main indicators or variables expressing the main features that differentiate the various categories of social enterprise. This is of course a crucial step for which

inspiration may be found in various existing works, and the ICSEM project does not impose any particular conceptualization of social enterprise. However, it is recommended to use at least most “EMES” indicators to characterize the various groups of social enterprise with respect to three key dimensions: the economic project, the social orientation and the governance structure. More details of such an approach are presented in the **Appendix 1**.

The main reason for using EMES indicators is to insure a minimum basis of comparability across countries and fields, but researchers are most welcome to cover dimensions that are not explicitly listed in the EMES approach, such as the profile of social entrepreneurs and the embedded social innovation.

4. To identify lacking information and, to the largest possible extent, to carry on data collection in the country or the country’s area(s) and in the field(s) that have been chosen.
5. To built a more precise typology of the main social enterprise models by documenting the distinctive features of the latter to the largest possible extent.

Various typologies of social enterprise models have been proposed by authors like Alter (2007), Nyssens (2006) for work integration social enterprises and Defourny and Kim (2011) for several East-Asian countries, among other examples. They may all provide inspiration but they should complement rather than replace the above-mentioned core dimensions forming a common basis for comparability.

#### **1.4. Field coverage**

Contributions by individual researchers or by research teams may be of different types and scopes, ranging from in-depth studies of a small number (at least two) of social enterprise models in one single field of activity or related to one single broad social/societal challenge (e.g. work integration, fair trade, environmental protection,...) in a limited geographical area of a country, to less deep analyses of several social enterprises models in various fields within a country or even a few countries.

## **Part 2: Institutionalization processes of social enterprise models**

### **2.1. Background**

Social enterprises can be expected to have a special place in the overall economy. The position of a specific social enterprise model in the whole economy varies according to its multiple interactions with its environment. Yet, the reciprocal influences between social enterprises and their environment in the different fields in which they operate, as well as at the society level, have not received sufficient attention so far. While social enterprises are influenced and constrained by institutional tone-givers, they may be able themselves to impact institutional arrangements. While the first, “structural” perspective has been developed by early institutional

theorists (DiMaggio & Powell 1983; Jepperson 1991; Meyer & Rowan 1977), the second, "agency" perspective has emerged more recently, under the banner of institutional entrepreneurship (Battilana *et al.* 2009b; Garud *et al.* 2002; Leca *et al.* 2008) and institutional work (Lawrence & Suddaby 2006; Lawrence *et al.* 2009a). Current writings try to reconcile these two perspectives, using bridging notions such as the "institutional logics" framework (Friedland & Alford 1991; Thornton & Ocasio 1999) or the "political embeddedness" concept (Laville *et al.* 2006).

The relationships between the state and social enterprises, particularly for the provision of services of general interest (health, culture, education, community services, environment, work integration, etc.), have been challenged by the generalization of new forms of governance, following the injunction to implement "new public management" (Pollitt *et al.* 2007). Partnerships and contractual arrangements between the state and the non-profit sector are not new in the provision of social services (Salamon 1987), but such reforms actually have impacts on the "terms of trade" between public bodies and providers, and between providers and final users. Input-oriented funding (to pay staff especially) is replaced by output-based payments, via fixed-term contracts with providers and benchmark-based evaluation. For-profit providers are increasingly allowed - if not encouraged - to enter the market. Supply-side subsidies can be transformed into demand-side subsidies through cash or vouchers, the users being expected to adopt the behaviour of consumers acting on a market to make their choices (Bode *et al.* 2011). A major issue in this new regulatory context is whether and how social enterprises, as "not-for-profit" organizations driven by a social mission, may be able to maintain their autonomy, their goals and their (social) innovation capacity. In neo-institutional terms, this question relates to the impact of isomorphic pressures, mainly of a coercive nature, on field actors such as social enterprises (DiMaggio 1983). More particularly, such an approach questions the capacity of social enterprises to experiment and diffuse innovative practices (democracy and participation, models securing the focus on social goals, etc.) in fields regulated by public policies in the context of new public management. However, in fields that are only in the process of institutionalization, a more realistic view may be that public policies are the result of interactions among social actors, including social enterprises, public authorities and for-profit companies. Social enterprises then no longer appear as mere objects impacted by broader institutions, which remain out of their reach, but as subjects, "institutional entrepreneurs" capable of strategically responding to institutional pressures and taking part in the shaping of institutional arrangements.

The relationships between the market and social enterprises have been challenged by the potential conflict between the instrumental rationality of the market, which tends to be oriented to the maximisation and distribution of profit, on the one hand, and the primacy of social mission and democratic values in social enterprises, on the other hand. Indeed, many social enterprises are clearly market-oriented, even though they pursue primarily a social aim; they can distribute part of their surplus to their owners. Moreover, some of them result from partnerships between third sector organisations and for-profit companies. Such social enterprises are clearly located around the blurred frontier between the not-for-profit and the for-profit areas, which can increase the risks of mission drift associated with the pursuit of conflicting goals.

Finally, when examining areas connecting formal and informal organisations, it is possible to observe trajectories of pioneering social enterprises that informally invent new responses to social demands, often relying on volunteering in a first phase. Their evolution towards formalisation may involve some types of tensions, such as those resulting for instance from the co-existence of deeply committed founding volunteers, on the one hand, and paid staff willing to work in the framework of a clear, fixed-hour labour contract, on the other hand; or from difficulties to combine early informal involvement of various stakeholders and subsequent, strictly defined decision-making processes. This area between informal and formal organisations could also be of interest with a view to analysing the heuristic power of the concept of social enterprises to grasp socio-economic logics of collective initiatives embedded in the informal sector in developing countries. In the latter, indeed, large sections of the population, living on the margin of the formal economy, are involved in various types of economic practices based on self-help principles and aiming to generate income or to improve their living conditions. These initiatives are sometimes labelled as "solidarity economy"; this is for example the case in Latin America (Corragio 2011; Razeto 1998).

Those various behavioural tensions tend to give a polyvalent and hybrid nature to social enterprises, which must act under the influence of and are dependent on different logics - this, in extreme cases, resulting in organisational transformation. It is their combination or "hybridization" of goals, resources and more globally institutional logics which places them at the crossroads of public policy, market and civil society (Billis 2010; Nyssens 2006), enabling them to respond to and possibly influence potentially conflicting logics (Nicholls 2010a; Pache & Santos 2010).

## **2.2. Objectives**

The aim of this second part is threefold:

1. To analyse the extent to which social enterprise models identified in Part 1 are currently institutionalized and to examine the processes through which these institutional frameworks have emerged;
2. To analyse how such institutional frameworks are currently shaping the behaviour of social enterprises;
3. To locate the various social enterprise models in the whole economy as well as their trajectories.

## **2.3. Methodology**

The methodological design of Part 2 may vary across countries as institutionalisation processes are taking a large diversity of expressions and forms. However, the common basis would be at least twofold:

1. A clear reference to the major social enterprise models identified in Part 1;
2. Using the "Welfare Triangle" described in Appendix 2 as a framework to illustrate the position and the trajectories of social enterprise models in the whole economy.

Although they depend on the context and already available information, the following steps may help undertake a standard research for each model of social enterprise identified in Part 1 (researchers may however choose to focus only on some of these models):

1. In order to meet the first objective, researchers will:
  - a. Identify and describe the main "institutions" (at large) shaping the profile of social enterprises: legal frameworks used by social enterprises, public policies and public grants or other tools such as norms or accreditation, federations of which social enterprises are members, private charters to which they subscribe...
  - b. Analyse the way and the context in which the main institutional frameworks for social enterprise have been set up. What is particularly important is to capture both the ways in which institutional arrangements have been influenced by social enterprises themselves and, at the same time, constrained by institutional tone-givers.
2. To meet the second objective, researchers will try to apprehend the extent to which these institutional frameworks influence the behaviour of social enterprises, especially their social mission, target groups, operational models and so on, as well as the extent to which they are drivers of (social) innovation, enablers of or barriers to innovation in social enterprises.

From a methodological point of view, for these two objectives, the analysis can be mainly based on "grey" literature (policy evaluations, programs, and projects documentation) and interviews with key actors, including founders and managers of social enterprises, national and local governments' representatives, managers of for-profit companies operating in the same fields, and other institutional actors such as federations and consultants.

3. Meeting the third objective implies relying on some key characteristics of the social enterprise models identified in the first part of the project (shares of market resources, public grants, voluntary resources, among other characteristics) and on the previous steps of Part 2. On such a basis, researchers will:

- a. Locate each model in the “welfare triangle”. How does the model under consideration combine different logics (market, redistribution and reciprocity, as explained in Appendix 2)? Does this model face any tension or potentially conflicting goals?
- b. For each model, try to identify some kind of “model trajectory” inside the triangle, as well as the exogenous and the endogenous factors which influence such a trajectory.

## IV. ORGANIZATION AND MANAGEMENT OF THE ICSEM PROJECT

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### 1. Towards a large network of senior and junior researchers

As already explained, the ICSEM Project will rely on contributions **from researchers from all over the world willing to join this project**. The ICSEM Project's network will be made of experienced scholars as well as young researchers, including PhD students who would like to make such a contribution as a part or as a side-product of their own doctoral research.

Participation to the ICSEM project will be **on a voluntary basis** and each participant will have to rely on his/her own resources or to apply for funding in his/her own country (if needed, with the support of the project's coordinators).

For participants selected as contributors from developing countries and/or under-researched areas, **fellowships** will be made available once they have shown their involvement and the quality of their first draft contributions. Such fellowships would cover the costs to take part in the Project's meetings and, in some cases, they could include a one- or two-month research allowance to produce a high-quality contribution.

### 2. The role of the EMES European Research Network

The EMES European Research Network is already involved in the whole IAP-SOCENT research programme through several of its members, but it will also play a particularly important role in the ICSEM Project. Indeed, the EMES Network has developed many formal and informal partnerships and collaborations, and all researchers who are or have been involved in the latter are particularly invited to join the ICSEM Project and to propose country-specific and/or field-specific contributions on social enterprise models. However, other researchers interested to join the ICSEM Project are also welcome; they will find in the Project opportunities to become part of a large international research community, and their participation will also allow them to get closer to the EMES Network. Moreover, events jointly organized with EMES will serve as main contact places and meeting places for the joint work sessions that will be held during the whole duration of the ICSEM Project.

General meetings of research partners will be organized before or after EMES conferences and PhD Summer Schools and the **ICSEM kick-off meeting will take place in Liege, Belgium on July, 5, 2013**, just after the 4<sup>th</sup> EMES International Research Conference (July 1-4, 2013).

### 3. How to get involved?

There are several ways to express interest in taking part in the ICSEM Project:

- All (senior or junior) interested researchers having completed a PhD were invited to submit a paper proposal in relation to the ICSEM Project to be presented at the 4th EMES International Conference on Social Enterprise, to be held in Liege on July 1-4, 2013. In case of paper acceptance, invitation to take part in the first ICSEM meeting on July 5th, 2013 was straightforward.
- Interested researchers holding a PhD who did not submit such a paper proposal are invited to contact directly the ICSEM Project's coordinators and explain their possible contribution.
- Interested PhD students are invited to contact the project's coordinators as soon as possible to discuss the feasibility of their involvement in the project. More precisely, they are requested to send the following documents: 1) a CV; 2) a letter explaining how and when their contribution could take place in their research plan; and 3) a draft of 4-5 pages describing briefly some categories of social enterprises in their country, province or area and proposing some thoughts related to both major parts of the ICSEM Project (see section III of the present document).

**To contact the ICSEM Project's coordination:**

**Please write to Sophie ADAM, Coordination Assistant: [icsem-socent@emes.net](mailto:icsem-socent@emes.net)**

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## **APPENDIX 1: THE “EMES” APPROACH OF SOCIAL ENTERPRISE AS A TOOL OF ANALYSIS**

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In Europe, the EMES European Research Network has developed the first theoretical and empirical milestones of social enterprise analysis (Borzaga and Defourny 2001). The EMES approach derives from extensive dialogue among several disciplines (economics, sociology, political science and management) as well as among the various national traditions and sensitivities present in the European Union. Moreover, guided by a project that was both theoretical and empirical, it preferred from the outset the identification and clarification of indicators over a concise and elegant definition.

### **The EMES “ideal-type” of social enterprise as a compass**

Such indicators were never intended to represent the set of conditions that an organisation should meet in order to qualify as a social enterprise. Rather than constituting prescriptive criteria, they describe an “ideal-type” in Weber’s terms, i.e. an abstract construction that enables researchers to position themselves within the “galaxy” of social enterprises. In other words, they constitute a tool, somewhat analogous to a compass, which helps analysts locate the position of the observed entities relative to one another and eventually identify subsets of social enterprises they want to study more deeply. Finally, let us stress that those indicators allow identifying brand new social enterprises, but they can also lead to designate as social enterprises older organisations being reshaped by new internal dynamics.

### **Three sets of three indicators**

Until recently, the EMES indicators had been presented in two subsets: a list of four economic indicators and a list of five social indicators (Defourny 2001: 16-18). In a comparative perspective, however, it seems more appropriate to present these nine indicators in three subsets rather than two, which allows highlighting particular forms of governance specific to the EMES ideal-type of social enterprise (Defourny and Nyssens 2012):

#### ***An economic project***

*A continuous production*

*Some paid work*

*An economic risk*

#### ***A social mission***

*An explicit social aim*

*Limited profit distribution, reflecting the primacy of social aim*

*An initiative launched by a group of citizens or a third sector organization(s)*

#### ***A participatory governance***

*A high degree of autonomy*

*A participatory nature, which involves various parties affected by the activity*

*A decision-making power not based on capital ownership*

## **Questions for a field survey**

On such a basis, here are some key questions which can be raised at the level of all surveyed social enterprises (or in samples of the latter) in order to identify SE models prevailing or emerging in the country or the chosen country's area(s) and/or in the chosen fields.

### ***An economic project***

Which type of goods or services does the SE produce or provide?

What is the proportion of paid staff and volunteers in the SE labour force?

Which kind of economic risk does the SE bear? What are the main resources sustaining the production of goods and services? What are the shares of market resources, public grants and voluntary resources (giving, volunteering)? Where do these resources come from (private customers, public contracts, foundations, etc)?

### ***A social mission***

What is the explicit social aim of the SE?

Who are the users or customers of the SE?

Which kind of profit distribution is allowed, if any?

Who launched the SE?

### ***A specific governance***

Who is the main manager of the SE? Does the board have the right to take up its own position ("voice") and to terminate the activity of the SE ("exit")? Has any external body (public authorities, a for-profit company...) a word to say in such decisions?

Which types of stakeholders are involved in the activity and in the governance of the SE, especially in the general assembly, in the board or through other channels?

How is the decision-making power allocated in the general assembly and in the board?

As explained earlier, the list of dimensions provided here is not exhaustive, and other relevant dimensions, likely to differentiate SE models among them, may be analysed as well. Among the most studied features, research partners of the ICSEM Project may want to look at the following:

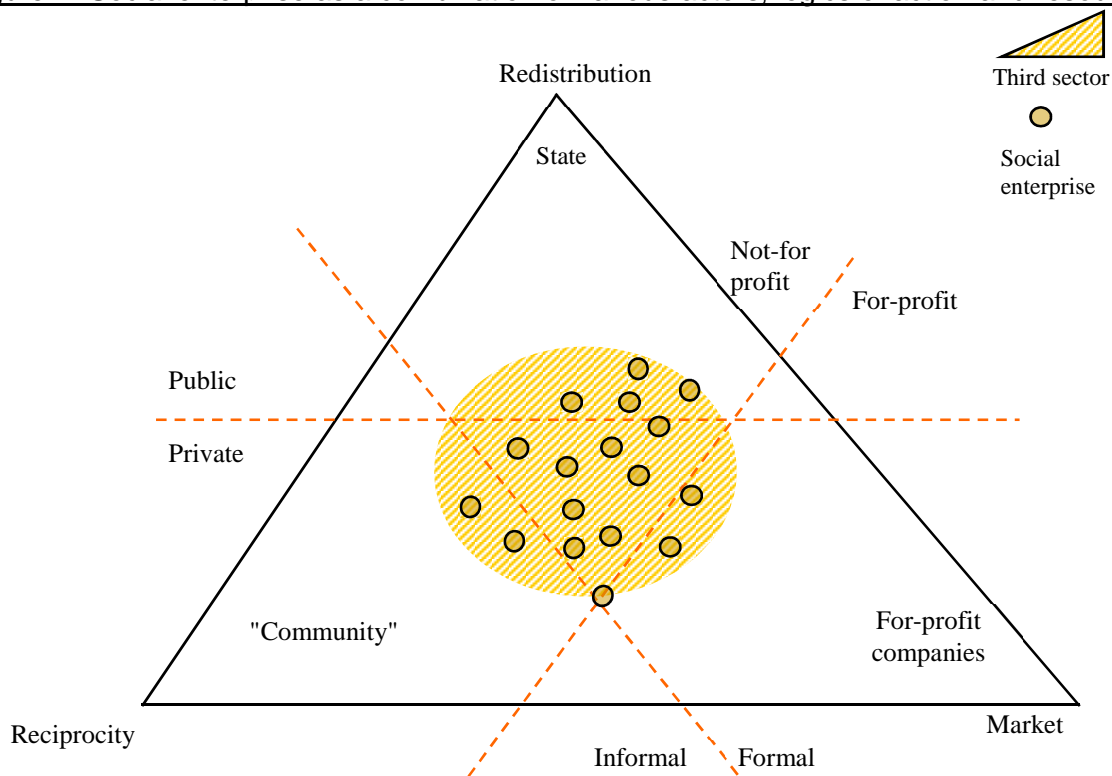
- the profile of the social entrepreneur(s);
- the extent of market resources as a distinctive feature;
- the nature and content of social innovation.

## APPENDIX 2: THE “WELFARE TRIANGLE” AS A COMMON REFERENCE

Social enterprises can be expected to have a special place in the overall economy. To apprehend their positioning, previous research stressed that it is necessary to go beyond conventional "bi-polar" representations of the economic landscape, which only stress the central place of the market and the regulatory role of the state.

In such a perspective, we follow Polanyi (1944) and a historical and anthropological approach. Without denying the importance of the profit motive characterising the capitalist economy, Polanyi also highlights other economic practices, not oriented towards the accumulation of profit: redistribution, reciprocity and household administration. In a similar vein, several European third sector scholars have discussed the "welfare mix" as made of shared responsibilities among various types of actors (Evers 1990 and 1995; Pestoff 1998 and 2005; Evers and Laville 2004) and a diversity of logics (Eme 1991; Laville 1992 and 1994). On such a basis, some have proposed a "triangle" representation, which we have slightly adapted to better understand the relations among those actors and their respective logics of action (see figure 1).

Figure 1- Social enterprise as a combination of various actors, logics of action and resources



Source: based on Pestoff (1998 & 2005).

The first typology in this triangle distinguishes different kind of actors: the state, private for-profit companies, and communities (in which we can include households).

The second typology embedded in the triangle highlights the resources and rationales on which these actors rely to develop their activities; indeed, if we follow the substantive approach of Polanyi (1944) and other converging contributions (Boulding 1973; Mauss 1923-1924; Perroux 1960; Razeto 1992), the economy must be seen as "plural" and characterised by various forms of exchange:

- the *market* principle facilitates the matching of the supply and demand for goods and services for the purpose of trade through price setting;
- *redistribution* is the principle whereby (part of) the production is handed over to a central authority - in our modern societies, generally the state - that is responsible for distributing it. This presupposes the existence of a mechanism defining the rules for raising taxes and allocating those resources. In this way, a relationship is established, for a certain time, between a central authority, imposing an obligation, and the agents subject to it;
- *reciprocity* constitutes an original principle of economic activity based on the logic of symmetry. For Polanyi (1944), actors committed in a reciprocity relationship are voluntarily complementary and interdependent. Exchanges are based on the gift as a basic social fact; it calls for a socially acceptable counter-gift, regulated by social norms rather than perfect equality (Polanyi *et al.* 1957), which takes the form of a paradoxical obligation whereby the group or individual who receives the gift has an opportunity to exercise his freedom. It only has meaning when there is a clear desire for a social bond among stakeholders. The cycle of reciprocity is opposed to market exchange because it is an integral part of human relationships that brings into play the desire for recognition and power. Yet, it is different from redistributive exchange because no central authority is imposing it. A special form of reciprocity is practiced within the basic family unit, which Polanyi calls household administration. For Polanyi, it involves the autarkic production of an institutional unit (such as the family).

Such a view of the entire economy certainly enriches the analysis of the third sector which, according to a European tradition (Evers and Laville 2004), brings together cooperatives, associations, mutual societies and public benefit foundations - or, in other words, all types of not-for-profit organisations (organisations not owned by shareholders), which are referred to as the "social economy" in various European countries. In such a perspective, the third sector can no longer be viewed as fully separated from the private for-profit and the public sectors; instead, it appears as an intermediate sector. According to Evers (1995), third sector organisations are not only in relation with redistribution and the market, but also with reciprocity embedded in the community sphere; this leads to recognise the great variety of ways in which these organisations act as hybrids, intermeshing different resources and connecting with different actors. This view emphasises the synergetic mixes of resources and rationales available to third sector organisations, rather than clear-cut frontiers between sectors. This is why, in figure 1, the borders among the different types of actors and logics are suggested through dotted lines. As most social enterprises belong to or take roots in the third sector, and as many social enterprises are moreover likely to be located in those "connecting areas", they also actually experience those tensions, resulting in what various authors - such as Emerson (2006) - call the "blurring frontiers" of the social enterprise landscape.

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