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Collection
Études théoriques
(*Working Paper*)

no ET1004

Labour Market, Employment Strategies and Social Economy

Coordinators:
Isabel André and
Alexandre Abreu

KATARSIS (WW 1.1.) Survey Paper

With the contributions from :
Abdelillah Hamdouch, Bernhard Leubolt, Dina Vaiou, Felicitas Hillman, Jorge Malheiros,
Juan-Luis Klein, Laurent Fraisse, Marthe Nyssens,
Patrícia Rego, Tomáš Sirovátka

And comments and other inputs from:
Denis Harrison, Dimitra Siatitsa, Enzo Mingione, Frank Moulaert, Haris Konstantatos, Isabel Vidal,
Jean Hillier, John Andersen, Len Arthur, Serena Vicari, Tommaso Vitale

Lisbon, October 2007

Copublication CRISES/KATARSIS

May 2010

Cahiers du Centre de recherche sur les innovations sociales (CRISES)
Collection Études théoriques - no **ET1004**
« **Labour Market, Employment Strategies and Social Economy** »
Isabel André, Alexandre Abreu (coordinators)

ISBN : **987-2-89605-301-8**

Dépôt légal : 2010

Bibliothèque et Archives nationales du Québec
Bibliothèque et Archives nationales du Canada

Mise en page des cahiers du CRISES : Hélène Gélinas

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Une innovation sociale est une intervention initiée par des acteurs sociaux pour répondre à une aspiration, subvenir à un besoin, apporter une solution ou profiter d'une opportunité d'action afin de modifier des relations sociales, de transformer un cadre d'action ou de proposer de nouvelles orientations culturelles.

En se combinant, les innovations peuvent avoir à long terme une efficacité sociale qui dépasse le cadre du projet initial (entreprises, associations, etc.) et représenter un enjeu qui questionne les grands équilibres sociétaux. Elles deviennent alors une source de transformations sociales et peuvent contribuer à l'émergence de nouveaux modèles de développement.

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- Les membres de l'axe innovations sociales, développement et territoire s'intéressent à la régulation, aux arrangements organisationnels et institutionnels, aux pratiques et stratégies d'acteurs socio-économiques qui ont une conséquence sur le développement des collectivités et des territoires. Ils étudient les entreprises et les organisations (privées, publiques, coopératives et associatives) ainsi que leurs interrelations, les réseaux d'acteurs, les systèmes d'innovation, les modalités de gouvernance et les stratégies qui contribuent au développement durable des collectivités et des territoires.

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- Les membres de l'axe innovations sociales, travail et emploi orientent leurs recherches vers l'organisation du travail, la régulation de l'emploi et la gouvernance des entreprises dans le secteur manufacturier, dans les services, dans la fonction publique et dans l'économie du savoir. Les travaux portent sur les dimensions organisationnelles et institutionnelles. Ils concernent tant les syndicats et les entreprises que les politiques publiques et s'intéressent à certaines thématiques comme les stratégies des acteurs, le partenariat, la gouvernance des entreprises, les nouveaux statuts d'emploi, le vieillissement au travail, l'équité en emploi et la formation.
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Juan-Luis Klein
Directeur

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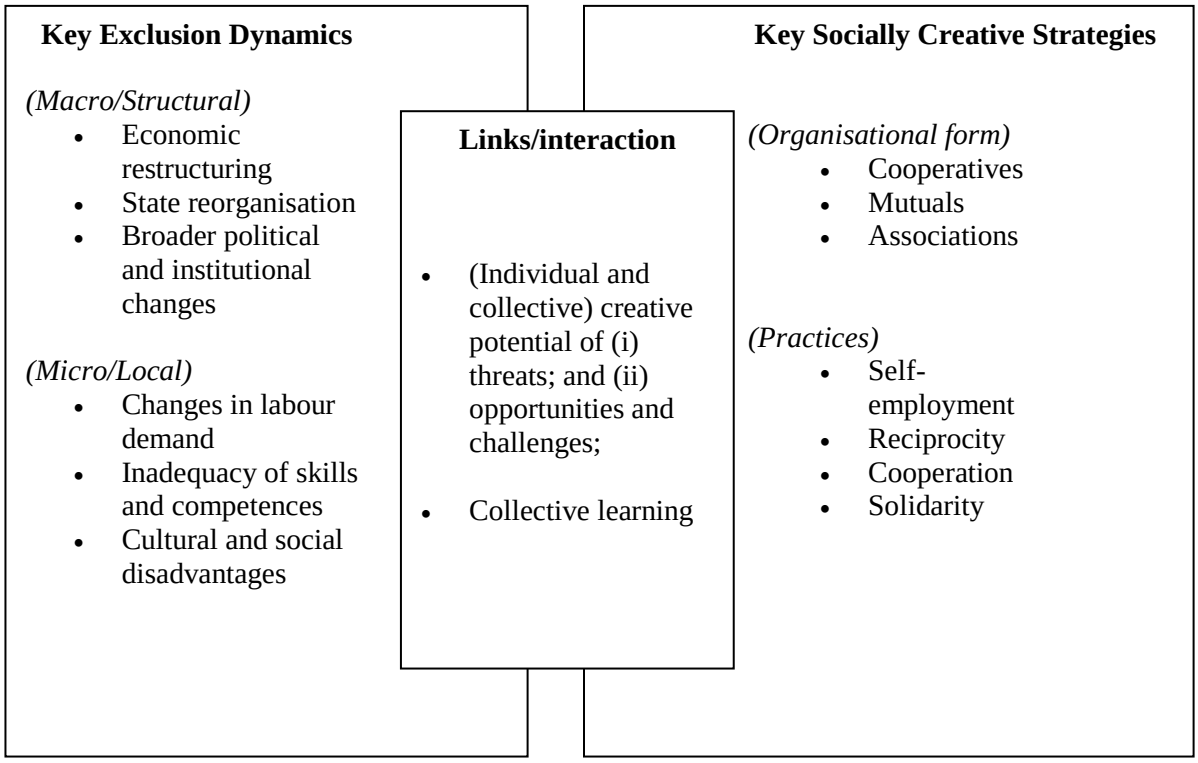
EXECUTIVE SUMMARY

This report focuses on socially creative strategies (SCS), mainly in reaction to exclusion dynamics (ED) in the "labour market, employment strategies and social economy" existential field. This existential field is essentially regarded as comprising all exclusionary and inclusionary aspects having to do with labour (whether paid, voluntary or corresponding to self-employment), work more generally (i.e. including "commodified" labour and "non-commodified" work in a variety of social spheres) and the social economy (regarded as that subset of the third sector that is governed by the principle of reciprocity).

Special emphasis is given to the linkages between SCS and ED, namely the conditions under which the latter give rise to the former, the way in which the former can and should be regarded as representing the contextually-bound outcome of an interplay between practice-oriented goals (seeking to overcome concrete problems and threats) and ideology-oriented aims (seeking to enact alternative societal projects) and the ways in which SCS come to be appropriated, and possibly "neutralised", by agents and in ways that are largely alien and contradictory to their original purpose and content.

Labour Market, Employment Strategies and Social Economy –Key ED and SCS



The "good and best practice" exemplars presented in this survey paper come from a variety of Europan geographical contexts and cover SCS that assume both an *organisational* form, a *project* form and a *practice* form – in this, they contribute to illustrating both the variety of such strategies in this existential field and our conceptual understanding of them. The way in which they are presented is meant to highlight four key aspects: (i) their socially innovative and socially creative content; (ii) their specific governance characteristics, deemed an essential feature of SCS, particularly in the social economy sphere; (iii) the challenges and opportunities which enable (d) their emergence and/or sustainability; and (iv) the threats with which they have been faced along their trajectory and/or continue to be faced. As it turns out, most of the key aspects significantly present in the case-studies are in one way or another "representative" of a much broader set of socially creative initiatives.

SCS CASE STUDIES

- **Mondragón (Euskadi, Spain)**
  - A "cooperative conglomerate" with a history of over 50 years that illustrates the feasibility of long-term, supra-local forms of economic organisation based on cooperation and reciprocity. Key to its success are the emphasis on institutionalised collective learning and a favourable pre-existing "breeding ground" in terms of cultural and political identity.
- **Job Rotation (Czech Republic)**
  - A EU-funded job activation scheme that has been met with considerable success. Network forms of governance, decentralised management and an individualised approach to users provide what might otherwise be a fairly bureaucratic and ineffective initiative with a significant socially creative content.
- **Cova da Moura (Portugal)**
  - An integrated area development project designed as a pilot scheme for country-wide urban policy in Portugal. Though the sustainability of the project is also due to abundant government funding, it is the fact that it is based on extensive participative planning and built on the knowledge base of the pre-existing associative fabric, alongside its emphasis on providing innovative employment- and income-generating solutions to the residents, that has made it possible for its success to occur *because*, rather than *despite*, those residents.
- **Ethnic entrepreneurship (Germany)**
  - The analysis of the prevalence, strengths and weaknesses of the entrepreneurial (largely self-employed) sector among immigrant communities in Germany provides an example of a typical socially creative *practice* – adopted as a survival strategy – and of the ways in which such practices can be appropriated to serve the aims of third parties.
- **Crédal (Belgium)**
  - A credit cooperative that has recently moved into microfinance. This case-study highlights some of the key virtuous features of the socially creative social economy: cooperative governance based on equality and transparency, collective self-help, solidarity, emphasis on collective learning and a facilitating stance towards other social economy organisations.

This existential field has an obviously "transversal" character. Work/labour is the input *par excellence* in all creation of value. Whenever the value thus created is distributed in accordance with the principle of reciprocity and the values of cooperation, self-help and/or solidarity, it adopts a socially creative, emancipatory character that it is also inclusionary whenever its beneficiaries are originally in a situation of actual or potential social exclusion. To this *product or result-oriented* dimension of the socially creative potential of labour adds its *process* dimension: how forms of organisation of work based on participation, equality and creativity can unleash the potential of individuals and communities and serve to countervail the predominantly alienating effects of labour markets and workplaces and create alternative social and economic spaces.

In accordance with the typology presented in this survey paper, socially creative strategies assume the form of either *practices* or *organisations*. Whereas the former can be found anywhere in the economy and society, though most typically in the social economy and in the non-commodified household and community realms, the latter can be argued to correspond to a specific subset of the social economy – that which combines socially creative processes and products and which is *the* main locus of social innovation.

INTRODUCTION

In accordance with the general methodology of Katarsis, the WP1.1 survey paper contains a state-of-the-art overview of the literature on the consequences of inequality and exclusion, as well as on creative strategies as a reaction to adversity and as a way to handle or overcome it. Its main focus, however, is on the social economy and the extent to which this sector of the economy and society can constitute the main *locus* of socially creative responses to exclusion, specifically by virtue of being based on reciprocity as an underlying principle. Arguably, this is because the scope for reciprocity is faced with greater structural constraints both in the case of the public and private for-profit sectors (as a consequence of the intrinsic logics of these latter sectors) and in that of the non-commodified household and community socioeconomic structures (insofar as these rarely transcend the most microscopic of scales). Thus, in general terms, the report focuses on three main issues:

- The answers to unsatisfied or alienated needs: What do the social economy organisations produce? To meet which needs? Why are these needs not or no longer satisfied?
- The allocation of goods and services: many needs are no longer satisfied because the allocation systems do not 'meet' the needy and their needs. How can the social economy address this problem?
- The innovative character of social economy: what does the Social Economy do to promote empowerment, citizenship and new social relations, as regards both the links between supply and demand and labour relations?

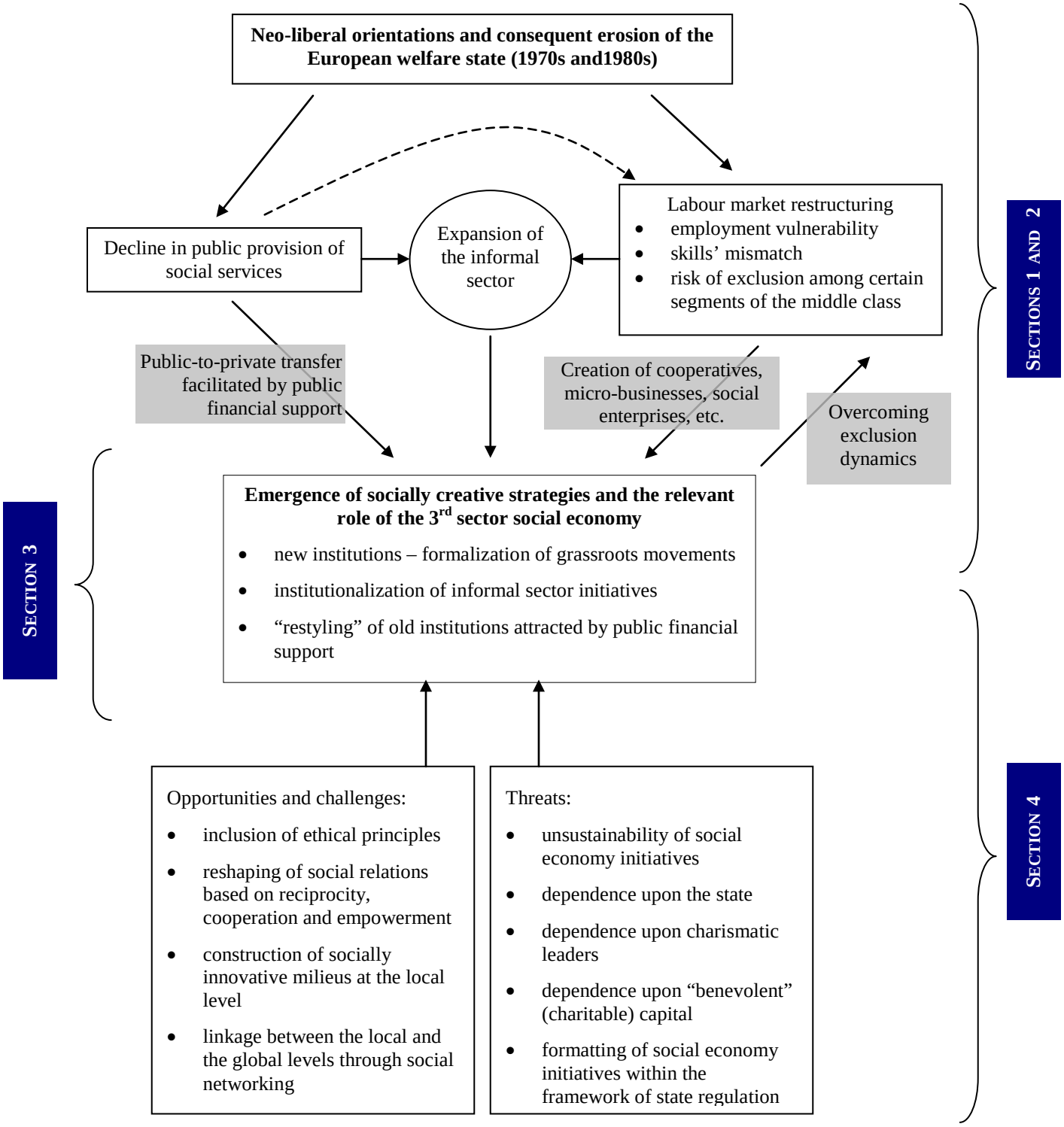
This report follows a roadmap which starting point is the acknowledgement of the consequences of neo-liberal orientations and of the erosion of the welfare state upon social and personal relations and the satisfaction of basic social needs, particularly among those groups that are not a part of the middle class. The decline in public service provision and the precariousness that arises as a result of labour market restructuring concur to give rise to a significant expansion of the informal sector in terms of both employment generation and service provision, particularly in the field of social and personal services such as childcare or care to the elderly and the disabled. At the same time, there is a growing transfer of social responsibilities from the public sector to the private sector (for-profit firms and third sector).

The emergence of responses within the third sector to the rise in unmet social demands takes place in two interrelated ways and may be regarded from two different angles:

- On the one hand, this transfer of competences and responsibilities significantly reduces the burden upon the public budgets and is often justified on the grounds of proximity, effectiveness and subsidiarity.
- On the other, adversity itself fosters the emergence of socially creative strategies, given rise to by challenges and opportunities of a diverse character and subject to a number of different threats, which are undertaken by agents that often seek to challenge the *status quo* and to foster alternative social models and practices that emphasise participation, empowerment and reciprocity.

Within the ambit of the labour market, the rolling back in public service provision and the growth of the third sector is rendered manifest in the creation of cooperatives, micro-businesses, social enterprises and other forms of labour relations that are typically more vulnerable but also potentially more innovative.

ROAD MAP


Neo-liberal orientations and consequent erosion of the European welfare state (1970s and1980s)
Decline in public provision of social services
Expansion of the informal sector
Labour market restructuring
• employment vulnerability
• skills' mismatch
• risk of exclusion among certain segments of the middle class
Public-to-private transfer facilitated by public financial support
Creation of cooperatives, micro-businesses, social enterprises, etc.
Overcoming exclusion dynamics
Emergence of socially creative strategies and the relevant role of the 3rd sector social economy
• new institutions – formalization of grassroots movements
• institutionalization of informal sector initiatives
• "restyling" of old institutions attracted by public financial support
Opportunities and challenges:
• inclusion of ethical principles
• reshaping of social relations based on reciprocity, cooperation and empowerment
• construction of socially innovative milieus at the local level
• linkage between the local and the global levels through social networking
Threats:
• unsustainability of social economy initiatives
• dependence upon the state
• dependence upon charismatic leaders
• dependence upon "benevolent" (charitable) capital
• formatting of social economy initiatives within the framework of state regulation
SECTIONS 1 AND 2
SECTION 3
SECTION 4

The report focuses in particular on: (section 1) the definition of the existential field and of its main mechanisms of exclusion and inclusion, with a major focus on creative strategies within the ambit of the social economy and a minor focus on socially creative strategies within the work and employment domain more generally; (section 2) a survey of specific cross-country variations and patterns, particularly as regards the institutional framework of the third sector and of the social economy in Europe; (section 3) a conceptual and theoretical discussion of the performance and organization of the third (or non-profit) sector; (section 4) the identification of "good" practices that serve as "exemplars" making it possible to highlight the main characteristics features, opportunities, challenges and threats associated with socially creative strategies in the existential field of employment and the social economy. Besides these four main sections, the report includes also four small sections relating this existential field to the KATARSIS endeavour as a whole: section 5 discusses the relations to the other existential fields; section 6 focuses on the identification of particular bottom-up creative and socially innovative initiatives; section 7 highlights the dimensions of multi-level governance; and section 8 seeks to draw some indicative conclusions from the literature with respect to the methodological aspects of research on socially creative strategies. Finally, this report presents a list of key researchers in this existential field (section 9) and a brief conclusion summarising the main lessons drawn from this survey (section 10).

1. DEFINITION OF THE EXISTENTIAL FIELD AND OVERVIEW OF ITS MAIN MECHANISMS OF EXCLUSION AND INCLUSION

1.1. The meaning and diversity of socially creative strategies in the labour market, employment and social economy existential field

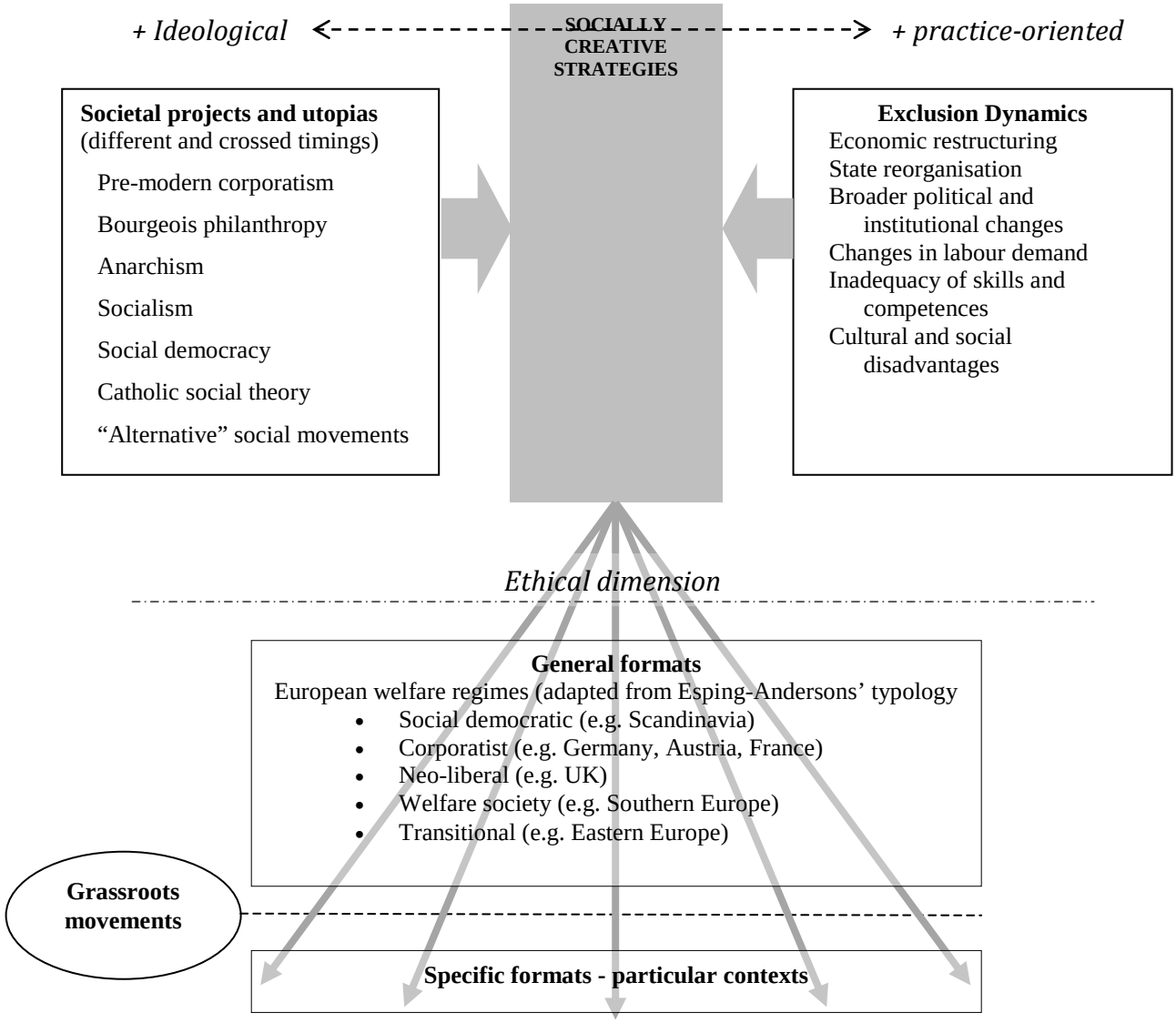
Socially creative strategies (SCS) are new responses, or new ways of rediscovering 'old' ones, to problems that the state and the market cannot, will not or do not know how to address. SCS are also the expression of a will to change society, occurring mostly where tensions are at their strongest but also where is a more deeply rooted tradition of civic participation. "It is where social transformations were faster and where the contradictions engendered were greater that social tensions and movements occurred. This is particularly the case of large metropolitan areas where immigration and urban redevelopment processes were at their most intense. On the other hand, effective social movements had greater chances to develop where there was some historical tradition of social organising 'from below' and/or where they could be included in broader organised movements (e.g. labour unions)" (Martinelli *et al*, 2003:43).

While they are sometimes presented as ideologically neutral, all *truly* creative new responses to social problems incorporate in their essence not only ethical principles but also an ideological vision of change, even though they may be relatively more *practice-oriented* or relatively more *ideology-oriented*.

In the European context, both the specific exclusion dynamics and the specific visions of change that provide the framework for the emergence of SCS are shaped by the various prevalent welfare regimes (Esping-Andersen, 1999; Ferrera, 2005; Mingione e Oberti, 2003; Saraceno, 2002), which give rise to specific formats in specific contexts. But the profile of SCS is also a result of the grassroots movements or spontaneous actions that generated the idea.

The following scheme graphically represents and synthesises the latter assertions:

FIGURE 1.1.
Socially creative strategies in between practice and ideology



SCS are socially creative because they are fundamentally characterised by *social innovation* and typically involve the deployment of *bottom-up creativity*. They are often implemented and pursued by *weak agents*; aim at and serve to empower those agents; and challenge pre-established social relations. They are all the more socially creative insofar as they are inherently characterised by *bottom-up* processes, whether or not they come to be appropriated by the mainstream (Moulaert, Delvainquière, Delladetsima, 1997). Nevertheless, the role of charismatic leaders and the "leverage" effect from 'external agents' seem to be largely necessary, though certainly not sufficient, conditions for the effective mobilisation of weak agents and for the success of the initiatives.

Socially creative strategies are remarkably diverse. A first useful distinction is between those SCS that take an organisational form (a specific type of organisation whose aims are to cater to the members' or the wider community's needs and to contribute to their emancipation and empowerment through collective self-help and reciprocity) and SCS that are simply embodied in any practices that have an emancipatory and empowering content based on reciprocity.

The former can be argued to broadly correspond to the field of the social economy – cooperatives, associations, mutuals and (albeit perhaps to a lesser extent) foundations. The latter can be found anywhere in society and the economy, provided that the aforementioned requirements are met. Thus, there can be socially creative strategies – or at least practices and actions with a socially creative dimension to them – within the public sector, the private for-profit sector, the social economy or in the wider range of economic practices and transactions that are based on non-productive, non-commodified labour (e.g. in the context of the household or local community: Gibson-Graham, n/d; Laville, 2000). However, given that the principle of reciprocity is largely alien (or even antinomic) to the logic of the two former sectors, SCS can be argued to occur first and foremost within the ambit of: i) the social economy formally developed in the context of the non-profit sectors (for an encompassing definition of the social economy, including part of the market sector, Moulaert and Ailenei 2005); and ii) the non-commodified household and community economy largely included in the informal sector.

The origins of social economy initiatives date back to ancient times – examples can be found throughout human history and from all over the world, from ancient Egypt to imperial China, and rooted in cultural-religious traditions as diverse as Islam, Judaism and Buddhism (Defourny and Develtere, 1999). In the European context, they are particularly linked to the "mutual aid" corporatist-based initiatives (confraternities, guilds, corporations) that emerged in the context of the *ancien régime*. In the post-Industrial Revolution era, the social economy has been argued by Moulaert and Ailenei (2005, drawing on Bouchard et al, 2000;

Lipietz, 2001) to have arisen in, and been shaped by, a series of successive "waves" or "generations", each of which in response to a different "period of crisis" in terms of accumulation and regulation.

Throughout the modern era, the main ideological foundations of the social economy initiatives lie in the workers' movements of the 19th and 20th centuries, inspired by the anarchist, socialist and social-democrat matrixes, whose origins themselves overlap in many respects. The key values of *solidarity* and *collective interest* can be traced back to these ideological matrixes and to authors such as Owen, Fourier, Saint-Simon, Anton Pannekoek, Antonio Gramsci or Otto Bauer (Defourny and Develtere, 1997; Moulaert and Ailenei, 2005; Leubolt, 2007, Annex A) and stand in contrast to the *corporatist-based mutual interest* driving forces of the pre-industrial "mutual aid" movements and initiatives.

The contemporary heir to this tradition is the solidary economy, whose main forms have been presented by Singer (2002, cit. in Leubolt 2007, Annex A) as consisting of: i) cooperatives of production; ii) cooperatives for consumption; iii) credit cooperatives; iv) buy-and-sell cooperatives; and v) Local Exchange Trading Systems, or LETS. This typology depicts the solidary economy as a specific subset of the social economy characterised by "self-directed agency" (as opposed to "mediation") and reciprocity.

Many "modern" social economy initiatives, however, cannot be placed in the tradition of counter-hegemonic ideologies and movements and are instead associated with Catholic social theory, on the one hand, and/or bourgeois philanthropy and liberal reformism, on the other. The main values presiding over these latter initiatives are charity and philanthropy and they may be read under the light of Gramsci's *process* and *content* dimensions of hegemony (Moulaert, Martinelli and Swyngedouw, 2005).

In the 1970s and 1980s, the "rolling back of the welfare state" (Graefe, 2005) left many people belonging to 'new' types of groups of excluded, in a precarious situation, due to unemployment and/or stricter conditions of access to social security benefits, which opened up space for the advancement of the third sector and the social economy. The subsequent support by the state in numerous countries to this protagonism of the third sector has been theorised by several authors as consubstantiating a form of "roll-back neoliberalism" that incorporates two intrinsically contradictory dimensions: i) a *"flanking*" one, which "seeks to correct inequality and exclusion through non-market mechanisms" and which includes state policies that "recognize and partially institutionalize the autonomy of social economy organizations by providing them with greater voice (…) and through funding schemes that recognize that their mandate extends beyond the service-provision roles sought by the state"; and ii) a "*marketisation*" one, visible for example in "the

emphasis on social enterprise development and social entrepreneurship" or in the "contracting out of public service delivery", which "transform(s) these (social economy) organizations by emptying out their participatory and advocacy roles in favour of professionalization and service delivery" (Graefe, 2005:9-12). Initiatives such as Work Insertion Social Enterprises, or WISEs, which often have a "mediated" social innovative content (i.e., they are launched and led by individuals and/or groups other than the ones directly affected by the exclusion dynamics that they seek to address), can often be found at the very centre of the aforementioned tensions (Nyssens, 2006) – at least usually much more so than the *solidary* economy forms referred to above (cooperatives of production and so forth). Castells (2005:17) goes as far as to say that a large share of today's NGOs should be effectively regarded as "*neo*-governmental organisations", insofar as they are primarily funded or sponsored by the state and in fact embody "the extreme decentralisation of state functions".

In the present day societies (both in the centre and in the periphery), under the influence of post-industrial views, *altermondialisme*, human rights activism, non-governmental cooperation with developing countries and a variety of alternative social movements with a wide range of agendas have also inspired and given new expressions to social economy initiatives.

Despite the existential and ideological density and variety of the history of social economy in general, and its SCS in particular, it is within the ambit of *social cohesion policies* as pursued at the state level in the European Union and Canada that a large portion of today's social economy SCS is born (or at least shaped at a later stage), in an ambiguous but inextricable relationship between the state and the civil society that has been based on, and given rise to, new governance models (Lévesque, 2006; Moulaert and Nussbaumer, 2005). Again using Gramsci's terminology, hegemonic powers thereby seek to neutralise the sources of resistance by granting them a considerable degree of controlled protagonism.

In stark contrast to these latter forms, SCS can also be found to proliferate in the informal sector of the economy. In fact, informality *per se* may even be argued (albeit rather controversially) to be socially creative, even though of course it can, and often does, also serve to worsen the exclusion of both the self and the others. Nevertheless, it should be regarded as "an important historical feature" through which, particularly in the Southern European economies and societies (and many other throughout the world), "large social groups have found ways of integration not only in the labour market, but also in broad areas of social and economic life, including the provision of housing, property exploitation, ways of avoiding taxation and circumventing bureaucratic procedures, securing care for children, the sick, the old and the disabled" (Vaiou 2007, Annex B: 2). On the other hand, as

shown by numerous historical examples, informal initiatives have often been a stepping-stone to more established and formal ways of economic organisation and employment generation.

1.2. The emergence and appropriation of socially creative strategies

SCS are 'new' responses to either opportunities/challenges or threats. First and foremost, they seek to respond to the exclusion dynamics that come about as a result of economic restructuring, particularly as brought about by the delocalisation of companies and businesses, the consequences of new business cultures, technological change and/or changes in consumer preferences (e.g. the decline in traditional retail).

Within the specific existential field of the labour market, SCS emerge in particular as responses to the segmentation of the labour market and to the worsening problems of flexibility and precariousness. SCS also arise in response to the reorganisation of the central and local levels of government, to the deregulation of the political and institutional environments and to the erosion of the public welfare systems.

At the micro level of the individuals and local communities, SCS may seek to address the problems that result from insufficient market demand for certain skills profiles (which generates unemployment and precariousness) or from a mismatch between that demand and the skills and competences of individuals in those communities. Other threats and sources of exclusion may also account for the emergence of SCS, including difficulties in conciliating work and family life, or all forms of discrimination based on gender, ethnicity, age, etc.

Moreover, besides instances of exclusion *from* work and employment, one also finds examples of exclusion *through* work and employment, e.g. in terms of the impact upon the other spheres of the personal and family life, through the importance of the professional status and labour market position of individuals in co-determining their social status more generally (hence, their command of symbolic capital, power and resources) and through "autocratic decision-making structures in the workplace" (Leubolt 2007, Annex A:1)

The following table organises and synthesises the main exclusion dynamics addressed by SCS in the work and employment existential field. The main underlying idea is that the micro-level exclusion dynamics afflicting individuals and communities are the concrete expression of the ways in which a series of structural and macro-level exclusionary

dynamics in the economic and governance arenas affect local labour markets and the work and employment conditions there.

FIGURE 1.2.
Structural (macro) and individual/local (micro) exclusion dynamics

(I) STRUCTURAL DYNAMICS		
ECONOMIC RESTRUCTURING	**STATE REORGANISATION**	**BROADER POLITICAL AND INSTITUTIONAL CHANGES**
• Delocalization of companies/businesses • New business cultures • Technological change • Changes in consumers' preferences • Expansion of the informal economy • Increasing role of finance • Labour market flexibility and segmentation • Structural change in labour demand to the disfavour of low-skilled workers	• Reorganisation of the central and local governments • State deregulation and regulation of the economy • Devolution of functions to local communities • Erosion of public social protection systems	• New corporatist or elitist arrangements • Lack of democratic control and political accountability • Crisis of political representation

(II) INDIVIDUAL/LOCAL COMMUNITY DYNAMICS		
INSUFFICIENT DEMAND FOR CERTAIN SKILLS PROFILES, I.E. IN CERTAIN SEGMENTS OF THE LABOUR MARKET (DEMAND SIDE)	**SKILLS AND COMPETENCES (SUPPLY SIDE)**	**CULTURAL AND SOCIAL DISADVANTAGES (CONDITIONS OF ACCESS TO THE MARKET)**
▪ Unemployment ▪ Precariousness	▪ Lack/insufficiency of education and training ▪ Inadequacy of skills	▪ Insufficient social (relational) capital ▪ Insufficient access to information ▪ Discrimination ▪ Difficulties with reconciling work and family life ▪ Mobility ▪ Ageing/Ageism ▪ Physical or mental handicaps

Even though the emergence of SCS is inevitably linked to actual or potential exclusion dynamics, in some cases it may be primarily accounted for by specific *challenges and/or opportunities*. The need to make sure that the third sector provided social services of a certain minimum standard (adequate, efficient and effective) has led many European countries and the EC to allocate very significant resources (e.g. through the European Social Fund) and to bind the allocation of these resources to policy orientations focused on social cohesion, cooperation, equality of opportunities, capacity-building and the development of a culture of evaluation. This combination of financial resources and policy orientations has given rise to a vast set of new opportunities and challenges, which are especially important for local agents. Nevertheless, the regulating agents' need to exert control over the initiatives of civil society leads to the mobilisation of resources and to the setting of specific rules of access to those resources, which form a coherent whole that co-determines the structure of incentives and the space of attainable possibilities within which many (in some contexts, *most*) SCS emerge.

On the other hand, while the mobilisation and allocation of those resources may enable SCS to emerge, this process is mostly driven by efficiency and effectiveness concerns, as the social economy and its controlled/neutralised SCS often prove particularly effective in addressing social cohesion concerns. The initiatives within the ambit of the EQUAL Community Initiative in the fields of fostering entrepreneurship, integrating minorities, reconciling work and family life, etc, or the initiatives funded by the pre-accession Phare programme in the field of labour market activation (Sirovátka, 2007, see Chapter 4) are but particularly telling examples of this type of actions. Both the for-profit sector and the national or supra-national state "take over" SCS in order to incorporate them into the set of mainstream practices after their component of challenge to the prevailing order has been adequately "neutralised", thereby reinforcing the overall stability of that order.

The appropriation of SCS by "the mainstream" is Janus-faced: on the one hand, it makes it possible to control and neutralise the development of those strategies; on the other, it provides them with additional resources and added visibility and protagonism. The aforementioned guidelines and actions of the EQUAL Community Program provide a good example of this type of appropriation. By promoting and supporting projects in the area of immigrant entrepreneurship, initiatives based on microcredit, or the active participation of young mothers in setting up and managing housing centres, for example, the EC and national governments are clearly facilitating – indeed decisively determining – the development and success of those initiatives, by providing the financial means to make them possible and, at the same time, the rules and limits to their functioning. Thus, while acknowledging the effectiveness and social creativity of many of the actions supported in this way, there is little doubt that their room for action is conditioned by virtue of their dependence upon this support.

1.3. The space, time and place of socially creative strategies in the labour market, employment strategies and social economy existential field

Socially creative strategies are most typically associated with the local scale (Moulaert, 2000; Amin, Cameron and Hudson, 2003), which is also the most vulnerable and less powerful one from the point of view of globalisation. Due to the relative autonomy of local authorities with respect to national/international ones, that local scale should be regarded as including both local civil society and the local authorities. The local scale enables the emergence of territorial consciousness – an actual sense of belonging to a community – which renders reciprocity viable. The local level plays a mediating role between the State (at which level subordination to economic rationality prevails) and the citizens, either by themselves or organized in local communities, who are threatened or left stranded by market forces but who are also, at the same time, the main targets of public social policies. In Northern and Western Europe the local level is in the first place a socio-politically produced place in the making of which cultural, social and political dynamics nourished by all kinds of social forces play a role.

The regional scale is that which ensures the combination of *critical mass* (which increases with scale) and spatial *proximity* that is optimal for technological and business innovation (cf. the literature on "industrial districts", "learning regions", etc). *Social* innovation is arguably *less* demanding in terms of critical mass requirements and *more* demanding in terms of relations and interaction – hence its optimal, prototypical scale or spatial setting is the local or the dense-network one.

However, ensuring the establishment of proximity relationships is not enough for creative social economy initiatives to emerge. Creativity requires something else. The concept of plasticity, as presented by Dominique Lambert (below), summarizes quite well the essential nature of creative milieus. They should be flexible enough and, at the same time, reasonably ordered, so that they can be reshaped without losing their identity:

> « La plasticité désigne la capacité qu'ont certains composants à s'in-former (recevoir une forme) et à se dé-former, tout en gardant unité et cohérence. La plasticité est donc une condition nécessaire pour que la vie apparaisse, se maintienne et puisse évoluer. » (Interview with Dominique Lambert in Radio France Internationale about the book Lambert, D., Rezsöhazy, R. (2004), *Comment les pattes viennent au serpent. Essai sur l'étonnante plasticité du vivant*, Paris :, Editions Flammarion)

The socially innovative milieus in which socially creative strategies are more likely to emerge typically meet three characteristics: they are characterised by diversity, in the sense of being significantly multicultural; they are tolerant, in the sense of rewarding and not

penalising those who take the risk of doing something new; and they are democratic, in the sense of encouraging civic participation (Moulaert and Nussbaumer, 2005; André and Abreu, 2006).

The specific ways in which *places* articulate the space and time dimensions enable the long run to be taken into consideration. It is the time spans of the communities that are at stake, rather than those of individuals (life cycle) or of political and economic cycles. Places, and local communities, make it possible to detach social practices from the usual short-term time spans. Moreover, as highlighted by Arthur *et al* (2004), *local* ownership and control is what allows for *capital anchoring* (i.e. preventing "the siphoning of value out of the local economy to shareholders elsewhere") and provides local socially creative strategies with a *cooperative advantage* in addressing social problems.

If we acknowledge the fact that many social innovation processes require long run approaches and motivations, only *places* will be able to invest in them, due to their capacity to incorporate the importance of the long run. *Places* introduce a specific form of time-space articulation, which, alongside relational proximity, makes them the optimal scale for the occurrence of social innovation and the emergence of SCS. Moreover, it is also at the local scale of *places* that the collective projects, spaces and meanings can avoid being overwhelmed by those of particular individuals, in a process of holistic territorial consciousness.

1.4 Core principles driving the social relations underlying SCS in the social economy

Restakis (2006) argues that what is truly essential about the social economy (and arguably about socially creative strategies) is the fact that its (their) underlying principle is that of reciprocity – as opposed to efficiency (which is the principle underlying the functioning of the for-profit sector) or redistribution (public sector). This attempt to identify what is truly essential about this sort of strategy/activity is distinct from those which are based on the legal-institutional forms of the social economy or on the values driving them.

Still, there is of course significant convergence between the overarching values that motivate the millions of people engaged in the immense variety of socially creative strategies: as enunciated by Arthur *et al* (2006: 9) with respect to cooperatives, these values include "self-help, self-responsibility, democracy, equality, equity and solidarity".

The most relevant feature of the social economy SCS with respect to governance is their multifaceted character. This means: (i) recourse to hybrid resources - mercantile, non-mercantile and non-monetary (Lévesque and Mendell, 1999); (ii) plural forms of management (possibly bringing together various types of stakeholders – state, market, third sector, families – under a variety of governance structures and arrangements, such as partnerships and networks); and (iii) mixed forms of organisation, combining the formal and the informal in a variety of ways (id, ibid; Lévesque, 2006).

The collective interest is best represented by those social economy agents for whom cooperation supersedes competition. This governance model – based on cooperation – has in fact come to be appropriated by others outside the third sector, in an implicit acknowledgement of its intrinsic merits and advantages. The emphasis on the part of many public policies on the development of partnerships between sectors (private and public) and/or between institutions may be regarded as such an appropriation of this model, as do some forms of corporate social responsibility by private for-profit companies.

Another frequent and important feature of the governance of the social economy is the mix between formal and informal activities, namely the close relation between families and certain social economy entities or immigrants' cultural associations that provide training, social services, etc.

A unique feature of certain social economy initiatives is the joint construction of supply and demand (Lévesque, 2006). Often, the solutions (supply) are shaped and developed through the mobilisation of demand through active participation processes. For example, in the employment field, co-operatives correspond to a fully hybrid construction of the supply and demand for labour.

The strong presence of volunteers is yet another important feature of social economy governance. Volunteers represent some of the distinctive characteristics of the social economy - participation, solidarity, alternative forms of work. In particular, volunteer managers in the third sector emerge as an effective driving force of social innovation. Their role is mainly related to the social capital (more exactly, individual relational capital) that they produce and reproduce. These are often individuals whose trajectories are characterised by a significant degree of spatial mobility and who come from outside the community, bringing along different practices and different ways of thinking ("*alter*-cultures"). At the same time, they often become "special" residents (because they are especially engaged participants, they often develop especially recognized activities, they are in many cases especially skilled, etc.), who can more easily activate the local networks based on proximity social relations. On many occasions, it is these individuals who

eventually become the charismatic leaders that play such a crucial role in the emergence and success of SCS. Of course, many SCS that are too dependent on charismatic leaders run the risk of withering or dying in the wake of that leader's departure or withdrawal, which is usually what happens whenever the local community or organization has not previously succeeded in collectively appropriating the leader's individual relational capital.

Social capital (in the sense of participation in networks) plays a central role in the emergence and sustainability of SCS, since it is most often through social networks that "weak" actors/agents are able to draw on the resources that enable them to develop alternative responses. The access to these networks may be fostered by the strengthening of the internal local social relations – which are often unique in development potential – or stimulated by external processes, such as the need to establish partnerships for intervention (e.g. ESF Community Initiative EQUAL projects). Indeed, Klein (2007, Annex C: 3) argues that "at the local level, these networks take the form of 'local systems' (…), of 'coalition structures' where conflicts are settled locally (…) and where actors 'learn' to make decisions in favour of the community and the development of community competencies (…) [whereas at] the supra-local level, they help to mobilize exogenous resources and combine these with local resources, thus enriching the local 'socio-territorial capital' asset".

1.5. Gender dimensions of socially creative strategies

A gender-oriented view of the social economy and of the socially creative strategies developed therein makes it possible to highlight some of its crucial gender dimensions. These have first and foremost to do with employment generation, the externalisation of traditional household activities, the conciliation of work-family-personal life and the characteristics of the governance model.

The social economy is one of the sectors with the largest share of women in employment, which is mostly accounted for by the type of activities undertaken there – social care, education, health, i.e. activities that have traditionally been regarded as "tasks suitable for women" (Massey, 1994; Corbeil, Descarries and Galerand, 2001). Even though the social economy is more often than not characterised by low wages and relatively precarious employment, the ethical principles that drive a significant share of the social economy organisations (and the non-profit sector more generally) play a relevant role from the perspective of gender equity.

The "externalisation" of household (family, informal and unpaid) chores and activities into the sphere of the social economy provides socially reproductive labour with added visibility

and social recognition. As stated by Razavi (2007:4), "one of the key challenges for feminist economics was to make visible the so-called invisible or unpaid economy". Moreover, the process of externalisation plays a facilitating role with respect to the conciliation of work-family-personal life, which is a decisive factor in improving gender relations.

The aspects mentioned above concur to attenuate the vulnerability of women to social exclusion dynamics and to promote the emergence of inclusive socially creative strategies – often related to the possession of informal skills and to the relation between work and affection that is fostered by family and household activities.

A fourth and equally relevant aspect from a gender equality perspective concerns the governance model that is predominant in the social economy and which is based on systematic dialogue between supply and demand and the joint construction of the two. As argued by Laville (2003:398), "from a gender perspective (Leira 1992, Lewis 1992), the fact that these initiatives contribute to the public sphere distinguishes them radically from the domestic economy. Through these 'micro-public spheres', supply and demand are shaped together through dialogue. As a result, micro-sphere models can address users' fears that their privacy will not be respected as they help to formalize extremely diverse types of demand that may easily allow for the identification of personal characteristics".

The way in which social services, and care services in particular, are regulated and organised, is far from neutral: "Systems of social provision and regulation shape particular ways of organizing and valuing care. While a generic concern for the well-being of families and children may be the stated aim of many of these provisions, what states do and the conditions on which benefits and services are made available (or withheld) carry implicit objectives and significant consequences, supporting particular models of the family and of gender relations (while delegitimizing or undermining others), supporting the reproduction and fertility of particular social groups and 'investing' in the children of particular social groups" (Razavi, 2007:2).

2. THE THIRD SECTOR AND THE SOCIAL ECONOMY IN EUROPE: A CROSS-COUNTRY PERSPECTIVE

This section presents the major patterns discernible throughout Europe's macro-regions with regard to the relevance and characteristics of the third sector in general, and the social economy in particular. This overview seeks to identify those historical features and current characteristics that make it possible to identify and distinguish those macro-regions from each other, based mostly on secondary sources for the main historical and institutional characteristics of the third sector in each region and on survey data for a quantitative presentation of (i) the current size of the non-profit sector; (ii) its main activities/services; and (iii) its main sources of financial support (in each of the suggested regions). As indicated throughout the section, the main sources thus used consist of: a) the results of the Johns Hopkins Comparative Non-Profit Sector Project (Salamon, Sokolowski and List, 2003); and b) the 2004 European Social Survey Data, produced by the Norwegian Social Science Data Services[1].

2.1. Identifying and characterising Europe's various macro-regions with respect to the significance and functions of the third sector in relation to the welfare state

Salamon, Sokolowski and List (2003) identify four distinct patterns within the European non-profit sector, which correspond to four different broad ways in which the civil society has evolved and structured itself in relation to the welfare state. These patterns are characterised by a certain degree of geographical contiguity and can be presented as *macro-regions*: i) the Anglo-Saxon region; ii) the Nordic welfare states; iii) the European-style welfare partnerships; and iv) the Central and Eastern European pattern. To these four macro-regions put forth by the aforementioned authors, we would like to suggest that a fifth one might be added, insofar as exhibits a set of distinct characteristics. This fifth pattern/macro-region corresponds to the Southern European Countries that were subject to authoritarian and repressive regimes up until the 1970's (Greece, Spain and Portugal) and whose 20th Century historical experience arguably contributed significantly to shaping the third sector's characteristics in these countries.

[1] Available online at http://ess.nsd.uib.no/

For each of these five macro-regions, Table 2.1 presents a summary of the key characteristics (size, relevance, main activities and main sources of funding) that provide the grounds for this taxonomy. It should be borne in mind, however, that this rather broad generalisation conceals certain (arguably less significant) differences within each macro-region, which are due to the specific historical and institutional trajectories of the third sector at the local, regional and national levels.

TABLE 2.1.
A taxonomy of European macro-regions based on the main patterns of the non-profit sector

MACRO-REGION	GEOGRAPHY	RELEVANCE OF THE NON-PROFIT SECTOR	SIZE	MAIN ACTIVITIES	SOURCES OF FUNDING
The Anglo-Saxon macro-region	UK (also USA and Australia)	"Relatively small, hands-off role for the state and significant reliance instead on private, charitable activity" (Lester Salamon, S. Wojciech Sokolowski and Regina List, 2004: 38). The welfare state established after the Second World War "retained a considerable level of reliance on private charity even as public social welfare involvement has grown" (idem: 38)	The size of the non-profit sector is significant and volunteer work is quite relevant.	The non-profit sector mainly comprises service functions (social economy). Social services mainly targeting vulnerable groups.	The main source of funding consists of fees and charges.
The Nordic Welfare states	Scandinavian countries	"Broad welfare-state policies adopted [...] in the first half of the 20th century and limited reliance placed on private philanthropy and private civil society organization to deliver basic social services". Nevertheless "a rich social movement history [...] has given rise to strong advocacy and professional organizations" (idem: 41-42)	A very large third sector mainly due to very strong mobilization by volunteers	Strong representation of "expressive functions" (culture, recreation, unions, advocacy, ...)	The main source of funding consists of fees (membership dues). Philanthropy (donations) is also a very important source.
European-style welfare partnerships	The majority of Western Europe countries	"Classic" welfare-state - compromise between the state and the third sector (importance of church-affiliated institutions), often at the local scale. Popular pressures for social welfare protection guaranteed directly or indirectly by the state.	Large non-profit sector mainly based on paid labour force	Mainly service functions, especially education, health and social care.	State budget allocations.
Southern European countries	Greece, Spain and Portugal	Until the 1970s, the Church dominated the provision of social care functions. In the aftermath of the dictatorship regimes, a fragile welfare state emerged at the same time as the welfare state of the other Western European Countries entered a period of crisis. Nowadays, the third sector is quite eclectic, bringing together ancient and conservative institutions with some very innovative initiatives. As in other European countries, the contractualisation of social care services between the state and the third sector is increasingly frequent.	Medium size non-profit sector mainly based on paid labour force. Strong increase in the 1990s.	Mainly service functions.	EU and state budget allocations.
Central and Eastern European pattern	Former communist European states	The communist regimes broke down the old civil society organizations and established a state monopoly over the provision of social services. After the collapse of the Soviet Union, the third sector began to emerge as an expression of social and politic movements and also as a response to social deregulation.	Small scale of the third sector	Importance of "expressive functions", especially mainly those related to sports and recreation	Relevance of philanthropy (donations).

Source: adapted from Salamon, Sokolowski and List (2003)

2.2. A quantitative and comparative analysis of the non-profit sector throughout europe

The presentation and characterisation of Europe's main macro-regions with respect to the third sector based on secondary sources may be usefully complemented and further illustrated through some quantitative primary data. Thus, for a large number of European countries, Table 2.2 presents a number of key indicators of: i) the relative size of the voluntary and total population employed in the third sector; ii) the single most significant (in terms of employment) activity sub-sector within the third sector; iii) the level of membership in trade unions or similar organisations – a disputable and indirect indicator for third sector dynamics; iv) the significance of unpaid assistance to relatives outside the household; and v) the main sources of funding of the third sector.

The first aspect worth highlighting is that the differences in terms of the volume of (voluntary and paid) work in the third/non-profit sector illustrate quite clearly the patterns identified in the previous section. The data also renders clear the internal heterogeneity of the "Western Europe classic welfare state" group – in which the share of the economically active population working in the non-profit sector ranges from 3.8% in Italy to 14.4% in the Netherlands.

The Netherlands, Belgium and Ireland are the countries in which the largest shares of workers are employed in the non-profit sector. In the other end of the spectrum, we find the countries of the former socialist bloc, where the weight of (both paid and voluntary) work in the third sector is very insignificant. Norway and Sweden are characterised by a strong relevance of voluntary work, alongside the relatively minor significance of paid work in the non-profit sector.

Table 2.2 also shows that, generally speaking, the activities that mobilise the largest number of volunteers are sports/leisure and culture – a pattern found throughout most European countries. However, the Southern European countries exhibit some specific features: (i) in Spain and Greece, voluntary work in the sports/leisure domain is relatively less significant; (ii) in Italy, most third sector volunteers perform tasks in humanitarian and/or religious organisations; and (iii) in Portugal, the domains that mobilise the greatest numbers of volunteers are sports/leisure and the activities of religious organisations.

The level of membership and participation in trade unions is another indicator of some importance for characterising the different patterns of civil society organisation throughout Europe, insofar as provides an indirect indication of the level of (social, political and cultural) willingness to, and habit of, engaging in collective action in order to address actual or potential collective problems. The highest levels of all can be found in the Scandinavian countries. Conversely, the lowest levels of membership in trade unions occur in the Mediterranean countries (including France) and in the countries of the former socialist bloc. In this latter case, it is particularly worth highlighting the stark contrast between the low levels of current membership and the high percentage of the adult population claiming to have been a member of a trade union in the past.

TABLE 2.2.
Key indicators with respect to the non profit-sector in Europe

COUNTRY	TOTAL (VOLUNTEER) POPULATION EMPLOYED IN 3RD SECTOR, %, 2004 [1]	MAIN SECTOR OF VOLUNTARY ACTIVITY (% OF POPULATION OVER 18), 2004 [2]	MEMBERSHIP IN TRADE UNIONS, 2004: % YES, CURRENTLY (% YES, PREVIOUSLY) [3]	UNPAID ASSISTANCE TO RELATIVES OUTSIDE THE HOUSEHOLD, % POPULATION OVER 18, 2004 [4]	MAIN SOURCE OF FUNDING (% OF TOTAL NON-PROFIT SECTOR CASH REVENUES), 2004 [5]
AUSTRIA	4.9 (1.1)	Sports/outdoor (3.0)	18.7 (17.3)	15.7	Government (50)
BELGIUM	10.9 (2.3)	Sports/outdoor (8.2)	31.5 (14.8)	15.6	Government (77)
CZECH REPUBLIC	2.0 (0.7)	Not available	7.6 (41.8)	15.0	Fees (47)
DENMARK	Not available	Sports/outdoor (13.1)	63.3 (19.7)	11.2	Not available
ESTONIA	Not available	Not available	5.7 (55.6)	13.8	Not available
FINLAND	5.3 (2.8)	Sports/outdoor (4.0)	47.7 (21.1)	15.6	Fees (58)
FRANCE	7.5 (3.7)	Sports/outdoor (6.5)	6.0 (16.0)	15.7	Government (58)
GERMANY	5.9 (2.3)	Sports/outdoor (10.2)	10.8 (27.1)	17.4	Government (64)
GREECE	Not available	Cultural/hobby (1.6)	8.6 (9.0)	8.0	Not available
HUNGARY	1.1 (0.2)	Cultural/hobby (2.6)	9.0 (42.2)	14.9	Fees (55)
ICELAND	Not available	Not available	72.7 (19.1)	18.9	Not available
IRELAND	10.4 (2.1)	Sports/outdoor (5.5)	19.6 (22.)	15.7	Government (77)
ITALY	3.8 (1.5)	Humanitarian (1.2) and Religious (1.2)	Not available	Not available	Fees (61)
NETHERLANDS	14.4 (5.1)	Sports/outdoor (12.6)	20.3 (12.1)	17.4	Government (59)
NORWAY	7.2 (4.4)	Sports/outdoor (18.0)	47.2 (21.4)	18.5	Fees (58)
POLAND	0.8 (0.2)	Cultural/hobby (1.4)	7.9 (22.7)	13.5	Fees (60)
PORTUGAL	4.0 (1.1)	Sports/outdoor (1.5)	8.8 (10.0)	4.1	Fees (48)
ROMANIA	0.8 (0.4)	Not available	Not available	Not available	Government (45)
SLOVAKIA	0.8 (0.2)	Not available	8.8 (37.6)	20.1	Fees (55)
SLOVENIA	Not available	Sports/outdoor (7.6)	20.3 (32.1)	13.2	Not available
SPAIN	4.3 (1.5)	Cultural/hobby (1.0)	7.6 (9.8)	8.8	Fees (49)
SWEDEN	7.1 (5.1)	Sports/outdoor (17.0)	57.8 (23.0)	15.0	Fees (62)
TURKEY	Not available	Not available	3.2 (3.8)	4.9	Not available
UKRAINE	Not available	Not available	22.7 (49.2)	16.6	Not available
UK	8.5 (3.6)	Religious (6.0)	14.7 (27.1)	21.1	Government (47)
TOTAL	Not available	Sports/outdoor (6.3)	20.3 (23.3)	14.4	Not available

1: Percentage of the economically active population; Source: Salamon, Sokolowski and List (2003);

2: Branch of the 3rd sector exhibiting the highest level of voluntary activity in the past 12 months, % of population over the age of 18; Source: European Social Survey Data, 2004. Norwegian Social Science Data Services;

3: Source: European Social Survey Data, 2004. Norwegian Social Science Data Services;

4: Unpaid house/care help to relative outside the household, not own child, once a week or more often, % of population over the age of 18. Source: European Social Survey Data, 2004. Norwegian Social Science Data Services;

5: Source: Salamon, Sokolowski and List (2003).

The column that shows the prevalence of unpaid help to relatives outside the household provides an indication of the significance of the informal component of the social economy, as well as an interesting complementary dimension to the more formal and institutionalised components of the third sector. Indeed, the data presented there actually shreds to pieces some common misperceptions of the prevalent models of family organisation throughout Europe. In reality, the Southern European countries commonly referred to in the literature as being characterised by the traditional model of (enlarged) family solidarity, are precisely the ones where the *lowest* levels of unpaid help to relatives outside the household can be found. The highest levels are registered in the UK, some Central European countries, Scandinavia and Eastern Europe.

Among the group of countries characterised as representing the "classic welfare model" – France, Germany, the Netherlands, Belgium and Ireland – allocations from the state budget account for the bulk of third sector financing. This model is characterised by the establishment of partnerships between the State and the third sector, through which the former contracts the latter as a decentralised provider of services and welfare. In turn, in a rather heterogeneous group of countries made up of (i) Finland, Sweden and Norway; (ii) Hungary, Poland and Slovakia; and (iii) Italy, user and/or membership fees constitute the main source of funding for the non-profit sector. The remaining countries exhibit a mixed pattern, in which state budget allocations and fees have more or less the same significance. However, the relatively significant weight of philanthropy (donations) as a source of finance for the non-profit sector of the former socialist countries is worth highlighting, especially in the cases of Romania (27% of the total cash revenue) and Slovakia (23%).

3. OVERVIEW OF THEORETICAL DIMENSIONS. NON-PROFIT ORGANIZ-ATIONS AS KEY PROMOTERS OF SOCIALLY CREATIVE STRATEGIES AND SOCIAL INNOVATIONS: WHAT MAKES THE DIFFERENCE?[2]

The conceptual framework presented in section 1 focuses on a number of mostly theoretical dimensions, especially having to do with: (i) the 'ignition'forces of SCS in the social economy, which are often associated with the search for alternative work and employment strategies but which can also be associated with other types of challenges and specific opportunities; (ii) the governance models of the social economy, particularly as regards the relevance of civic participation and empowerment processes.

The present section does not focus specifically on the creative/innovative paths of the social economy, instead seeking to analyse the performance dimensions of non-profit organizations (NPOs). In a way, this section seeks to debate the arguments and anticipate mainstream criticisms concerning the evaluation of social economy NPOs based on market and/or public sector performance criteria.

Typically, it is profit – in the case of the market – or quantitative cost-benefit assessments – in the case of the public sector – that constitute the crucial indicators making it possible to measure the appropriateness of private and public investments. However, when the focus is on the social economy, cost-benefit assessments are no longer satisfactory and should at least be widened to include non-economic indicators. Preferably, the attention must shift to issues of distribution, i.e. surplus appropriation. The particular relation between supply and demand that characterises social economy NPOs implies a specific form of collective surplus appropriation in a broader sense, namely by organizations and user groups and through the decrease in service prices. This effect makes it possible to distinguish the social economy from the private market and public sectors and, as a corollary; the extent to which it occurs ought to be included as a performance indicator.

This alternative market orientation of NPOs translates into original (and often innovative) organizational and managerial features (compared with those of for-profit organisations – FPOs – and governmental and public organisations – GPOs) quite likely to encourage organizational/institutional creativity, empowerment and socially innovative experiments. Two axes of NPOs' differentiation seem particularly important and may explain to a large extent why these organizations, as compared to FPOs and GPOs, are the central locus for initiating and implementing socially innovating approaches to social exclusion problems,

[2] This section was adapted from a text written by Abdelillah Hamdouch.

and for promoting more democratic and participatory processes in the socio-economic field.[3] The first axis is related to the specific performance criteria privileged by NPOs, while the second one derives from the specific determinants of the behavior and motivations characterizing these organizations as compared to FPOs and GPOs.

This contribution focuses successively on these two axes before drawing some general conclusions on the dynamics underlying the role of NPOs as major players for socially innovative actions.

3.1 Performance criteria as a key factor of organizational differentiation of NPOs

If we follow the reasoning of Schumpeter (1935), we can consider the NPO as the result of an "organizational innovation" regarding its legal status as well as the characteristics of its internal functioning. But does this innovation have effect, first on the definition of the organization's goals and the criterion used to measure its performances, and second on the organizational structure stemming from it?

NPOs are by definition non-profit oriented, and in most countries they are not allowed to distribute the profit (surplus) they may yield to their owners or other residual claimants. Profit (surplus), if it appears, should usually be used to finance and support future activities. As a consequence of these 'ontological'-legal constraints, profits cannot be used as an indicator of the organizational performance of the NPO. Furthermore, organizational efficiency cannot be measured in a relevant way by using traditional criteria like productivity, economic output, return on investment, or amounts of profits. On this issue, NPOs really defy mainstream economists, first because their organizational goals may not be easily detectable, second because traditional measures of efficiency might be irrelevant.

As R. Moss-Kanter and her colleagues pointed out, NPOs are not defined in relation to profit but according to their mission and to the services they supply (Moss-Kanter and Brinkerhoff, 1980; Moss-Kanter and Summers, 1987). Hence, traditional financial instruments cannot be used to evaluate their organizational effectiveness. Moreover, as a consequence of the alternative nature and diversity of goals which usually characterize most NPOs, the efficiency criterion, which measures the capacity of an enterprise to reach its financial goals, is not valid here, as social goals constitute the priority. As for the survival of the organization, it appears as the result of the functioning of the NPO rather than as an

[3] Most of the ideas and analyses presented here draw heavily from Hamdouch's previous or ongoing works: Collette and Hamdouch (1993a, 1993b); De Muro, Hamdouch, Cameron and Moulaert (2006, 2007a, 2007, 2008); Ailenei, Hamdouch, Moulaert and Laffort (2007a, 2007b).

objective per se, strictly speaking. Therefore, as R. Moss-Kanter and her colleagues assert, we cannot derive the efficiency of a non-profit organization as an implicit outcome of its survival. Indeed, the stating of the survival of the NPO does not give us useful information on the immediate efficiency neither does it help to raise conclusions on the 'health' of this organization and on the success with which it reaches its goals in the medium-long range. Another factor, which in R. M. Cyert's (1975) view makes the analysis even more complicated, is the fact that NPOs are usually stable (or in decline) but rarely growing. Depending on the context, growth may in fact compromise the goals, insofar as it calls for increasingly complex forms of management that are not appropriate for most social economy organizations, in which personal relations and interaction are made possible by the relatively small scale and in which the relevant role of voluntary managers and workers are crucial success factors.

Taking these facts into account, and in accordance with R. Moss-Kanter et al. and R. M. Cyert, it seems necessary to propose a specific multi-criteria approach and alternative evaluation categories in order to estimate the efficiency and global performance of social economy organizations. In fact, this should be the case for ALL types of firms. On this issue, the review of efficiency criteria proposed by J. P. Campbell (1973, 1977) is a relevant starting point. Indeed, one of the strengths of this review is that it proposes a large number (around thirty) of efficiency parameters which all influence the global performance of an organization, allowing for the evaluation of the outcome according to the types of goals being pursued and to the resources that are mobilised. Nevertheless, it is necessary to classify these criteria in order to use them as an analytical tool and to detect which criteria are dominant for NPOs as compared to FPOs and GPOs.

Therefore, we propose to classify and order these criteria into six sets of indicators: pure efficiency, efficacy, wastes, internal organization (which mixes motivations, incentives and managerial climate), reactivity and coordination (see Table 3.1). These ordered indicators should also help us to highlight how the "*finalités*" of the social economy (responding creatively to unaddressed socio-economic needs of excluded or marginalized people) are "efficiently" addressed through alternative ways of "thinking and doing things".

TABLE 3.1.
Classification of Campbell's efficiency criteria and comparison of their relative importance-relevance in NPOs, FPOs and GPOs

CATEGORY	CAMPBELL CRITERION	FPOS	GPOS	NPOS
EFFICIENCY	Productivity	++	-	-
	Efficiency (stricto sensu)	++	-	-
	Profit	++	-	-
WASTE	Accidents	=	-	+
	Absenteeism	+	-	=
	Turn-over	+	-	=
	Quality	-	-	+
EFFICACY	Growth	+	-	-
	Value of Human Resources	-	-	++
	Efficacy	+	-	+
	External evaluation	+	-	+
	New goals achievement	+	-	++
REACTIVITY	Flexibility and adaptability	-	-	++
	Planning and definition of objectives	+	++	+
	Reactivity	+	-	-
	Control of environment	+	-	-
	Stability	=	++	+
COORDINATION	Relational abilities of manager	=	=	+
	Management	+	-	+
	Information and communication	=	-	+
	Control	+	++	-
INTERNAL CLIMATE	Ethic (Organizational culture, values)	-	=	++
	Cohesion, conflicts	+	=	+
	Consensus on goals	-	-	+
	Assimilation of goals	=	=	+
	Behavioral conformity to norms and rules	+	++	=
	Satisfaction of workers	-	-	+
	Motivations	=	-	+
	Participation and sharing of power	-	-	++
	Internal and professional training	=	=	+

Legend: = Neutral/variable; + Important/very relevant; - Neglected/secondary

At the risk of stereotyping, it seems possible to stress some dominant characteristics for each type of organization concerning the most relevant/important performance criteria taken into account. These provisional conclusions are mostly based on insights drawn from the works of W. G. Ouchi (1981), M. Aoki (1984, 1988, 1990) and H. Mintzberg (1990) on the organizational structures and the functioning of FPOs. The classical works of the Theorists of Bureaucracy (Weber, Buchanan, Crozier and Friedberg...) and recent work by Hamdouch (1989, 1998) are used to raise hypotheses on the functioning of GPOs. Concerning NPOs, the works of S. Rose-Ackerman (1986) and W. W. Powell (1987) are the key references.

In GPOs, the workers seem to be weakly involved and motivated, as reflected by high absenteeism rates and the low quality of many products and services. As the sociological analysis of Max Weber (1947) and M. Crozier and G. Friedberg (1964) pointed out, the principal goal of bureaucracy is stability[4]. This goal leads to the implementation of strict rules and norms of behavior, linked to rather inefficient incentives. This stability may be synonymous with immobility. Generally speaking, bureaucracies do not pay much attention to the nature of demand and to the satisfaction of consumers. Concerning internal organization, routines are structural to the functioning of these organisations. Creativity and initiative are rarely encouraged and change, when it happens, is usually very slow.

FPOs are more concerned with profit-seeking and short-term efficiency rather than with the search for quality and adaptability. Motivations are primarily monetary. Vertical hierarchy shapes information flows and allows the coordination of actions. The attention to organizational culture is very recent and appears more as a consequence of the search for productivity and effectiveness than the result of a genuine interest in human resources and values. Creativity and individual initiative may be pushed ahead in some specific cultural environments, but within strict procedures – as it is the case in large Japanese companies (see Aoki, 1984, 1988 and 1990).

But the organizational culture cannot not be disconnected from the "*finalités*" of the organization. Hence, the fact that social economy organizations display specific cultural features (participation, mutual adjustment, individual initiative…) is also a logical consequence of their "raison d'être" and their ambition to provide social, economic, cultural good and services through creative, innovative strategies and organizational processes. As a matter of fact, in NPOs the indicators of efficiency, effectiveness, waste and reactivity are

[4] Bureaucratic processes have apparently changed significantly over the last decades, although without losing their essential features. Stability is different from inertia. The law of "required variability" from cybernetics constitutes a good metaphor that makes it possible to explain this: stability consists in the controlled regulation of a system, with security levels that allow for its functioning and adaptation without compromising its very structure.

not easily measurable for reasons mentioned above, and especially because of the non-redistribution constraints. Indeed, it is usually difficult to measure the efficiency and effectiveness of the NPOs as far as profit is not the main goal of the organization, and as far as these organizations might not witness fast and regular growth (Cyert, 1975). By contrast, criteria such as internal cohesion and consensus on goals are important and significant variables. As E. James (1989) demonstrates, one of the principal motives for the creation of a NPO is the promotion of an ideology or a belief. As a consequence, ideology and shared beliefs define to a large extent the organization and shape its structures of participation, power and authority.

As noted in section 1, the internal climate of an NPO is also deeply influenced by the strength of ideology, ethical values and common goals shared by the participants. The group's culture is built on ideology and norms that this ideology implies. The sense of mission seems to diminish the probability of conflict between participants on goals and objectives. From this point of view, Mintzberg's models of “missionary organizations” and “entrepreneurial organizations” in which the mission is defined by a charismatic entrepreneur or a leader can be very useful to the understanding of the functioning of NPOs. According to H. Mintzberg (1986, 1990), the mission which prevails in creation of a “missionary organization” is inspiring, clear and gives rise to fidelity and loyalty of the participants towards the organization. Hence, the type of “mission” that takes priority has an impact on the organizational dynamics of the NPO. Participation and sharing of power are usually high according to the internal rules. Coordination requires a minimum of supervision thanks to the rules, norms and leadership characterizing the organization. But these rules are usually flexible and leave a substantial room for autonomy and individual initiative.

It seems that Mintzberg's models are very relevant for explaining the functioning of NPOs where entrepreneurs/leaders are playing a major role at the creation stage of the organization and for its structuring and functioning, through reinforcing the cohesion of the participants thanks to ideological shared beliefs and mission, and by implementing a management strategy in accordance with the values and goals of the NPO. Eventually, the entrepreneur/leader can be compared to a “visionary person” who has a “charismatic authority” (in the Weberian sense). This comparison seems to be particularly accurate when we deal with religion-driven organizations (Jeavons, 1993).

Finally, if we focus on the internal functioning of NPOs, one can suggest the idea that NPOs are at the origin of organizational differentiation and innovative features, which make them specific and original structures for undertaking activities insufficiently or badly addressed by FPOs and GPOs. This idea has a lot to do with the criticism of capitalism and top-down

organizations. Many NPOs want to do better or differently from that perspective: meeting more and more varied needs, through more democratic decision-making systems, etc.). Because of the irrelevance of traditional criteria of efficiency, the NPO has to create an internal climate, a structure of incentives and coordination mechanisms that can ensure its sustainability. Ideology and shared beliefs are usually the key factors of such a differentiation-innovation orientation which lead to original organizational features in terms of access to resources, authority, internal functioning and management of human resources. These features, which often in NPOs open large doors to participation, cohesion, autonomy and experiment, are likely to encourage innovative initiatives and actions. On the other hand, new initiatives are often defined through struggle and debate, even though once they have taken off they need sound organizational structures which the NPOs can deliver – provided that they understand what is at stake. The latter dimensions then can only but reinforce the ability of the NPO to last through supplying high-quality adapted and innovative services to the people and the communities it addresses.

3.2. Stakeholders' behavior and motivations in NPOs as a key source of socially innovative action

If we assume that NPOs are characterized by original-innovative structures and rules, can we notice specific types of behavior in NPOs? In other words, which factors determine the motivations of stakeholders (participants and claimants) in NPOs? The literature on NPOs addresses the motivations of workers, volunteers, managers and other claimants by insisting on the ideological and political dimensions of motivation that shape their behavioral patterns (James, 1983, 1989; Rose-Ackerman, 1986, 1990; Young, 1983, 1984, 1986, 1993).

E. James' empirical studies on the Japanese and Indian cases show how religious and ideological concerns can motivate the creation of NPOs. In the same vein, the works of S. Rose-Ackerman insist on the particularity of the behaviors and beliefs of participants which attach high importance to the mission they fulfill, and where donors are also very attached to the respect for ideology and goals of the NPO they support. Finally, D. R. Young proposes eight models of entrepreneurs in NPOs and isolates four factors which can influence the type and the level of compensation offered to potential participants: preoccupation with quality, sensitivity to the image and prestige of the organization, possibility of non-monetary compensation, and constraints on resources.

These different approaches help us to define some of the motivations of the participants in NPOs, but they don't provide us with a general explanation of behaviors in these organizations. If we go back to the creation of a NPO, the motivation of participants and claimants is an important dimension of the entrepreneurial-initiation act. Indeed, the capacity of the entrepreneurs-initiators to convince people of the viability and validity of their project and to induce them to participate directly determines the success and survival of this organization. The credibility of the project and the conviction and relational abilities of the entrepreneur-initiator are fundamental. As Young (1983) shows, one cannot build a unique model of entrepreneurship in NPOs, but one can admit that the entrepreneur-initiator will be driven by his intention to bring his project to success, this project being inspired of his beliefs and preferences.

Furthermore, the ethical dimension remains important despite the fact that the public conception of the nonprofit sector has been marred as it has grown and extended its prerogatives in most developed countries. As a matter of fact, it seems quite likely that the ethical, ideological and charitable dimensions remain the key motivating factors to the participation of volunteers[5]. As D. R Young demonstrates in a very interesting paper on general incentives in NPOs, the motivation of volunteers for joining NPOs is partially explained by the feeling they gain from participating in a generous and useful enterprise dedicated to improving public welfare. Young adds that the content of the organization's project and its prestige also influence the volunteer's choice to enter a specific organization. In the same vein, Olson's (1978) findings that people can get satisfaction from participating to a charitable or socially useful project open an interesting perspective. Indeed, it could justify the introduction of the concept of altruism in the explanation of the constitution of groups, communities and organizations such as NPOs, as far as one can understand the creation of a group as a result of a community of interests (which may be altruistic).

As mentioned above, participation in the NPO, including that of the entrepreneur-initiator, can also be motivated by opportunities to gain prestige and an improved reputation while pursuing at the same time social or ethical objectives. This phenomenon, studied by James (1989) in Asia, seems to be widespread in many different fields and areas.

For the other categories of participants, especially workers and volunteers, the experience of working in a NPO can be a source of prestige and experience as well as a means to live in accordance to their beliefs and convictions. The work of D. R. Young mentioned above gives us a very good general survey of the motivations and incentives of the different classes of

[5] On this point, it could be very interesting to try to apply the models developed by the “economists of gift”, and especially the models developed by G. Akerlof (1982, 1983, 1984) and H. Leibenstein (1982, 1987), to better understand the behavioural patterns of volunteers and workers in NPOs.

participants in NPO, even though these participants can belong simultaneously to various classes (and play various roles).

This quick and incomplete presentation of the motivation of the participants in NPOs, based on a partial inventory of the literature and case studies, leads us to three main conclusions. First, some motivations are common to all the different categories of participants. As Young shows, the attachment to the mission of the organization and to its ideological background is common to the different participants (entrepreneur-initiator, workers, volunteers, donators, etc.). Second, the determinants of motivations are complex and are not easily identifiable, but they are at least partly related to some idea of common interests and useful commitment. Finally, the objectives held by different categories of participants are diverse and sometimes contradictory, but they converge at least partly toward the necessity of cohesion and shared goals. Therefore, the strength of ideology, shared beliefs and the sense of mission can function as a means to avoid conflicts and inertia, and then favor the internal cohesion in the NPO as well as its ability to engage in creative initiatives.

If then we assume that motivations, preferences and goals in NPOs (as shaped by their specific socio-economic "*finalités*") are diverse but partly convergent and consistent, can we identify specific-original models of behaviors in NPOs (as compared to FPOs and GPOs)? This issue, which is not widely treated in the literature, is crucial to understanding the functioning of NPOs and to comprehending why it can be a central locus for initiating socially creative actions and promoting social innovations.

To this end, it seems of analytical interest to consider A. O. Hirschman's (1970) three kinds of interaction between an organization and its participants when the latter are dissatisfied with its functioning or policies, namely: Exit, Voice and Loyalty. Briefly speaking, unsatisfied people can choose to quit the organization and try to find another job, occupation or structure in better tune with their preferences or objectives. In this case, they choose "Exit". But Exit (defection) is usually irreversible while not truly helping to solve the sources of dissatisfaction (the dissatisfied people leave, but the problems often remain unaddressed…).

At the other extreme of the spectrum, they can also choose to be totally "loyal" to the organization, meaning here that they don't even mention their frustrations or disapproval. Here again, there is no real chance to initiate any positive change because "Loyalty" translates quite systematically into passivity and the "law of silence". By contrast, an open conflict could 'open the eyes' and 'shake the minds' about what is going wrong, but at the risk of provoking a dangerous crisis or clan battles which, in addition to jeopardizing the

organization, are nonetheless likely to result in the exit of the 'losers' without solving anything at all (for a critique, see Moulaert and Nussbaumer, 2005).

Finally, dissatisfied groups and people can demonstrate their discontent through organized means such as unions, demonstrations, negotiations, strikes, etc. In this case, they choose "Voice" and express their dissatisfaction through institutionalized groups and the established rules in the organization. Voice appears therefore much more likely to improve the organization than through Exit or (passive) Loyalty. But the latter is nonetheless needed if one wants Voice to be legitimated ("I have the right to demonstrate my dissatisfaction and to contribute to the design of a possible solution because I am loyal towards the organization"). Then, according to Hirschmann, the best attitude for improving things is a mix of Voice and Loyalty. This mix, which opens the door for negotiation, adaptation and positive action within the 'legitimate' framework of (active) Loyalty, is preferable in that it offers a possibility of problem solving without bearing the irreversibility of brutal Exit (which nevertheless remains an ultimate potential issue in case of failure of the attempt) and the risk of inertia implied by a passive Loyalty.

Using these three types of interactions as a reference, we can raise hypotheses concerning the behaviors of each category of participants in NPO (as compared with those in FPOs and GPOs) roughly speaking.

In brief, in FPOs Exit and (conflicting) Voice are usually dominant. The weakness of Loyalty is a direct result of the importance given to short-term efficiency. If the enterprise culture may partly compensate for the defect of Loyalty, the dominant logic remains Exit (voluntary leaving, resignation or dismissal), and (conflicting) Voice (demonstrations, strikes) in response to discontent. In GPOs, on the other hand, Loyalty is structural, due to the rules and norms that usually prevail in bureaucracies. Negotiation is often institutionalized, again thanks to the internal bureaucratic structure and functioning, but it often leads to a weak form of Voice likely to promote the status quo and the "usual way of doing things" even if this "way" is notably known to be inefficient of counterproductive. Finally, Exit is but the exception in GPOs and takes mainly the form of employee/civil servant transfer or early retirement.

By contrast, in NPOs the relationships between the participants (especially the employees and volunteers) are strongly shaped by the objective of the NPO which is one of the main factors bringing participants together into this NPO. Hence, these relationships usually build on an original combination of cultural and institutional factors (such as faithfulness, collaboration and solidarity) and on coordination mechanisms the most likely that favor dialogue and negotiation (which correspond to "Voice" in Hirschman's terminology). Of

course this does not mean that any kind of conflicting behaviour which could lead to dissatisfaction, and possibly exit, is precluded. It only points out to the idea that a "collective action" logic in NPOs is more favourable for Voice dynamics than for exit "extremes". Here, Loyalty plays a critical role. This can be explained by the importance of ideology, shared beliefs and mission, as H. Mintzberg (1986) shows. Negotiation (active Voice) is similar to the mechanisms of "mutual adjustment" described by Mintzberg. If loyalty is the key factor that explains most of the behaviors in NPOs, it can operate differently depending on which class of participants one considers (see table 2). As a matter of fact, the diversity of interpretations of the meaning of "loyal attitude" may allow for the pursuit of different goals without threatening the survival of the NPO. Even in the extreme case where the manager/leader decides to (slightly or more substantially) modify the goals of the organization so that they could better fit his own convictions, the organizational mission can be preserved.[6] By contrast, in a traditional organization (FPO), this phenomenon would lead to its failure or bankruptcy.

[6] This malleability of goals in NPOs can be illustrated by the behavior of a fictional entrepreneur in John Irving's novel "The Cider House Rules". In this Cider House (a non-profit private orphanage), the manager, Doctor Wilbur Larch, pursues parallel goals, according to his preferences and beliefs: He secretly performs abortions, but he also continues to welcome orphans and take care of them with great commitment, and thus respects the initial mission of the organization. Therefore, he is twice loyal: he is loyal to the founders and claimants of the organization, and to their ideology; but he is also in accordance to his own principles and certainties through helping desperate pregnant young women. In this sense, he is on the side of God, while making the Devil's job…

TABLE 3.2.
Types of behaviors in NPOs based on Hirschmann's Exit-Voice-Loyalty "Trilogy"

PARTICIPANTS	EXIT	VOICE	LOYALTY
ENTREPRENEUR/ INITIATOR/ FOUNDER	Rare. They quit if they disagree with the management of the organization, or die.	They have bargaining power, and they can reorient the strategy of the NPO.	Very high as far as they are the creators/initiators of the organization.
MANAGERS	They can resign or be laid-off.	They can negotiate to in order to change the strategy of the organization according to their own preferences.	The level of loyalty depends on their motivations, incentives and beliefs.
WORKERS	They can resign or be laid-off	They have a bargaining power, mainly according to the importance of their competences for the organization	The level of loyalty depends on their motivations, incentives and beliefs and on the management style prevailing.
VOLUNTEERS	They quit if they disagree with the general policy of the organization and in case of "scandals".	Their bargaining power depends on the number and cohesion of volunteers.	The level of loyalty depends on their motivations, incentives and beliefs.
INDIVIDUAL DONORS	They don't give to the organization if they can't afford anymore to give, or if they disagree with the policies or actions adopted.	Their bargaining power depends on the amounts of their gifts	The level of loyalty depends on their motivations, beliefs, incomes, situation, etc.
PRIVATE ORGANIZATION'S DONORS	They refuse to give to NPO if the benefits they expect from their gifts are insufficient.	Their bargaining power depends on the amounts of their gifts.	The level of loyalty depends on their motivations, incomes, beliefs, strategies, etc.
PUBLIC DONORS	They can refuse to give if they disagree with how gifts are used or with organization's goals.	Public organisations can implement laws in order to canalize, supervise or control the functioning of NPOs.	The loyalty towards NPOs (which can be high), depends on the political choices of government and public organisations.
BENEFICIARIES	They can quit if they are unsatisfied.	Their bargaining power depends on the degree of cohesion and coordination of beneficiaries.	Their loyalty depends on the degree of differentiation and quality of services provided, on the prices or fees, and on their "dependence" toward the goods or services supplied.

It appears then that NPOs differ sharply from other organizations through the importance given to an "active" and multidimensional loyalty by the different classes of participants towards the organization. The importance of ideology and shared beliefs and the existence of altruistic behaviors in these organisations could explain this importance of loyalty. According to experience and analysis this loyalty is usually the result of a tough social construction phase. It takes a lot of negotiation and conflict before an entrepreneurial agenda is put in place. Democratic mechanisms can work 'conflict avoiding' once the NFP is put in place. But conflict governance can also be very creative. Loyalty then constitutes a particularly powerful "facilitator" not only for expressing individuals' opinions on what is going on within the organization (Voice in Hirschann's view), but also for developing and sharing new ideas about the very activities of the NPO as a service provider. This context encourages the undertaking of creative initiatives and innovative experiments by individuals on a participatory and interactive basis because their active loyalty towards the organization legitimates their ideas and facilitates trustworthy collaboration. The case of "Rome – World" (a Committee under the auspices of the Rome Municipality), and the way the participating Civil Society Organizations of the Roman Metropolitan Area committed in development actions in the Third World managed to make this Committee emerge, be structured, function and evolve, is very telling about how active loyalty can sustain voice, positive interaction and creative actions.[7]

Loyalty is also an important ingredient for engaging in creative experiments because it amortizes the risks inherent to any innovative initiative or experiment: In case of failure, the people committed in a "new way" of thinking or doing things know that their loyalty – combined with the participation and adhesion of other members – protect them at least partly against negative consequences or even retaliation (as it is often the case in FPOs and GPOs). Furthermore, loyal participation and enthusiastic commitment in useful and innovative activities can only but foster the learning bases of the NPO (including through errors and failures), increasing therefore its ability to engage further in new creative activities with more confidence and likelihood of success.

This section has sought to show which organizational and behavioral features of NPOs differentiate them from FPOs and GPOs and make them particularly prone to initiate and implement socially creative actions and innovative initiatives. It then stressed the crucial role of specific performance criteria and of a multidimensional form of loyalty as the most distinctive features of these organizations.

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[7] For more detail and additional insights on other cases, see De Muro, Hamdouch, Cameron and Moulaert (2006, 2007a, 2007b, 2008). The work undertaken on a sample of Social Economy Organizations in the Lille Metropolitan Area provides also useful converging insights (see Ailenei, Hamdouch, Moulaert and Laffort, 2007a, 2007b).

These features open doors for individual and collective creative initiatives and for the emergence and promotion of social innovations (including in the internal functioning of the NPO) as far as profit and monetary incentives are not the primary drivers of these organizations Rather, their "*finalités*" (their objectives in terms of need satisfaction, mobilizing, empowerment, etc., and the specific ways of achieving these objectives) are the core driving and structuring forces. The people (especially employees and volunteers) in NPOs are rather ideologically and ethically committed in the achievement of a "mission" for promoting the interests or responding to the social or human needs of some group or community. Their loyalty toward the organization (and more precisely, to its goals and commitment) is then structurally rooted in their beliefs and willingness to do something useful while escaping the norms and rules of market-oriented activities or the rigidities of public-governmental organizations. These people belong to the same social movements, mobilization dynamics, etc. This explains also why these people are also motivated by modes of coordination that leave them room for initiative and mutual adjustment (through participatory and more democratic decision-making processes). Here resides probably the main source for social creativity allowing NPOs to be a crucial locus for socially innovative initiatives and actions.

As a matter of fact, in order to meet the needs of specific groups or communities, NPOs devote great attention to service quality and customized (adapted) solutions very often because they are rooted in movements with explicit change agendas, which then constitute an important criterion for their differentiation with other kinds of organisations (Collette and Hamdouch, 1993a, 1993b). As H. Hansmann (1986) showed, NPOs usually operate in markets where consumers/beneficiaries/users cannot easily appreciate the quality of goods or services because of mere lack of purchasing power. In this case, the "non-profit" nature of NPOs is a guarantee in the eyes of the consumer/beneficiary that quality won't be sacrificed on the altar of profit, even if quality is not measurable. In other words, according to H. Hansmann, in a situation of asymmetric information, NPOs will be trusted because the non-redistribution constraint is synonymous with better quality of service and innovative efforts (see also Wooten, 1990). This logic contributes, in turn, to guarantee the viability of the NPO while creating at the same time a constant incentive for innovation and service-quality improvement. But these positive dynamics operates only as far as the motivations of the participants in a NPO are preserved, i.e. as far as they feel that their convictions and (individual and collective) capacity to engage into useful actions and creative initiatives are secured… Being part of a broader movement, being supported by facilitating governance dynamics, help. Lobbies of NPO can be instrumental in setting up proper governance structures.

4. SURVEY OF "GOOD" PRACTICES

The 5 cases/practices presented in this section serve to illustrate the main features identified in the road map (introduction) and discussed in the sections 1, 2 and 3. In order to integrate the practices into the conceptual and theoretical framework, the next table highlights the key aspects in each case-study.

FROM THE ROAD MAP CASES/ PRACTICES	SOCIALLY CREATIVE FEATURES	GOVERNANCE FEATURES	CHALLENGES AND OPPORTUNITIES	THREATS
1 - MONDRAGÓN (EUSKADI, SPAIN)	The 'cooperative conglomerate' Non-mercantile dimension of the local economy Permanent adaptive processes Bottom-up learning community	Cooperative form Strong leadership in the beginning	The deep crises in Euskadi after the Spanish civil war and WW2. Basque nationalism (relational capital) Support by the government of Euskadi Demand from Spanish markets in the 50s and 60s	Contradiction between Modragón's principles of internal organisation and its external relationships (foreign investments)
2 - JOB ROTATION (CZECH REPUBLIC)	Temporary replacement as a successful way to access the labour market and permanent jobs Individualized approach and empowerment of the beneficiaries	Public policy Private agency coordination Plural partnerships at the local level Network management	Inclusion of the unemployed from the most vulnerable groups Financial support from the EU	Unsustainability of the process Dependence upon the state
3 - COVA DA MOURA (PORTUGAL)	Plural participative planning (including the residents) leading to the design and implementation of socio-urban interventions in deprived neighbourhoods (Project *Sabura*) A "cultural and gastronomic route" in an excluded neighbourhood	Associativism A community of practice in urban planning including vulnerable groups (immigrants) Pilot experience of national urban policy Network structure	Local economic dynamics associated to micro-enterprises Initiative and technical capacity on the part of the local associations Specific cultural supply Opening up and changing the image of the neighbourhood	Dependence upon public financial supports Weakness of the local economic actors The intervention may give rise to such an intense process of socio-spacial change that the entire process may be jeopardised
4 - ETHNIC ENTREPRENEUR-SHIP (GERMANY)	Entrepreneurship as a survival strategy "Ethnic enclaves" as an *instrument of local development*	Market relations with strong public regulation	Public interest on intercultural initiatives ESF support	Ethnic entrepre-neurship may become a mere strategy of city marketing Ethnic entrepre-neurship often leads to forms of precarious integration
5 - CRÉDAL (BELGIUM)	A comprehensive approach to microfinance Mobilisation of individual savings for socially beneficial purposes	Cooperative governance emphasising equality (all members have the same voting and decision-making rights, regardless of the amount of their financial participation in the cooperative) and transparency	Inclusion of weak agents in the credit system Promotion of collective learning	As with all microcredit as a solution to poverty and social exclusion, there is the risk of predatory behaviour vis-à-vis other forms of social assistance (namely with regard to groups suffering from forms of deprivation not addressable through credit)

The narrative of each case-study highlights the aspects considered by each author as most illustrative of the socially creative features of these initiatives.

4.1. Mondragón (Euskadi, Spain)[8]

Mondragón and its surrounding region (the Alto Deva district in Spanish Euskadi) is an innovative industrial district located far from the main metropolitan areas. The social and economic viability of Mondragón was built throughout a history that goes back more than 50 years and which has its roots in the Catholic social movement, in reaction to Franco's dictatorship, and particularly in the role of a priest (D. José María Arizmendiarrieta). The socially creative character of this initiative lies in part in the non-mercantile dimension of its internal economy, which assumes a cooperative form. Mondragón's cooperative universe, made up of 120 cooperatives and around 32,000 associate workers (most of which live and work in Euskadi) constitutes a paradigm of the third sector. It includes a very strong and remarkably "plastic" dimension of endogenous and territorially-bound collective learning (namely through the presence and activity of vocational schools, higher education institutions, research centres and business and innovation incubators), which serves as a driving force for this local initiative. From the outset, it has also included a mutual insurance company (Lagun Aro) and a cooperative credit institution aimed at financing cooperative development initiatives (Caixa Laboral Popular), alongside numerous other cooperatives in the manufacturing and distribution/consumption sectors.

The Mondragón region is significantly more industrialised than its neighbouring areas and exhibits a low unemployment rate (3%, compared to 7% in the whole of Euskadi and 12% in Spain) and a relatively high standard of living. Endogenous resources play a central role as regards both technology and finance. The cultural and political dimensions are also crucial: the strong feelings of nationalism affirmation and territorial belonging lie at the core of the political-cultural identity which underlies this initiative and which has played a key role in its success and sustainability over a remarkably long period.

- ***Industrial fabric***

Industrial perspective – This local system specialises in three main industrial sectors: machinery (electric appliances and tools), metalwork (automobiles and the traditional locksmithing sector, which has evolved into a sophisticated security equipment sector with a significant electronic content) and metallurgy (mostly catering to the automobile industry).

[8] Written by Patrícia Rego.

Territorial perspective – The employment rate, the pattern of industrial specialisation and the characteristics of the industrial fabric differ substantially among the various municipalities that make up the Alto Deva district. The lesser or greater degree of export-orientation of those municipalities' main companies also constitutes a relevant criterion of territorial differentiation. It is therefore possible to identify a number of central municipalities (e.g. Mondragón, Bergara and Oñati), others with peri-central characteristics (e.g. Eskoriatza and Aretxabaleta) and others still with a peripheral character (e.g. Antzuola, Elgeta and Gatzaga).

Whereas SMEs predominate in municipalities such as Bergara and Elgeta, it is the cooperative firms that take central stage in Mondragón and Oñati, on a par with non-cooperative, for-profit firms.

- ***The role of local actors***

The quality of service provision plays an essential role within the cooperative universe, which is why there is a strong emphasis on certification, evaluation and training. This "cooperative conglomerate" has proven capable of adapting to a changing reality and of overcoming the economic and political crises that have beset it by creating and developing supporting institutions based on inter-firm cooperation, by adopting an export-oriented policy (exports accounted for 27% of total cash-flow in 2002, up from 15% in 1990) and by launching the Mondragón Corporatión Cooperativa vertical district in 1991. The Mondragón cooperative initiative thus constitutes a process of institutional innovation with a twin economic and social dimension (Chaves, 2003). Its member cooperatives produce and provide the region's social, cultural and economic infrastructure and reinforce its territorial identity and cohesion, thereby ensuring the sustainability of the region's development dynamics. The central and regional government bodies have entered into a number of cooperation agreements with the region's third sector, under which they have agreed to co-finance numerous activities that are managed at the local level.

- ***Sustainability***

The main strengths of the cooperative include: strategic positioning of the cooperative sector in emerging industrial sectors with a significant growth potential; governance of worker self-management (profit distribution and reinvestment, strategic reconversion plans, admission of new associates and capital expansion); promotion and dissemination of knowledge as a basis for collective learning; assimilation of the cooperative and solidarity culture by the local population, spanning several generations; importance of the geographical proximity and cultural identity dimensions for the local productive system.

Challenges and potential threats include: the expansion of the "cooperative conglomerate" has been based more on firm buy-outs than on business start-ups (Prades, 2005); only about half of MCC's employees are associates; the flows of people, goods and services are significantly concentrated within the Mondragón territory; unsatisfactory external accesses and lack of available land for new productive and residential uses, which can only be addressed through additional investment by the regional government.

In conclusion, and despite the challenges with which it has been – and continues to be – faced, the Mondragón cooperative conglomerate provides a remarkable example of two aspects that are seldom associated with the third sector: long-term sustainability and action on a regionally significant scale. It has systematically proven able to expand its activities throughout a 50-year period, by adapting to a changing external environment and by building up its own diversity and institutional strengths. At the same time, by playing a central role in the economy and society of a district with a population of almost 70,000 people, it shows how the viability of the cooperative sector certainly need not be limited to isolated, small-scale experiments. Key to these achievements has been the emphasis on institutionalised collective learning and the build-up of territorial cohesion based on a strong political and cultural identity.

4.2. Job Rotation (Czech Republic)[9]

Among interesting examples of projects that were based on partnership, innovative in nature, aiming at the needs of excluded groups and developing social economy was the Phare project "Job Rotation" run in 2004-2005. The purpose of the project was to prepare unemployed from vulnerable groups and employ them as temporary replacements of employees taking some form of training or a long-term sick leave (or parental leave). The assumption was that these workers' employability in terms of skills, self-confidence and motivation will improve, and that the contact with employers will lead to permanent employment. Jobs both in the private and the non-governmental sector were targeted, including social economy/social services.

In general, job-rotation schemes are not much developed or frequently used as a tool for labour market inclusion in any country. In the Czech Republic, surveys showed that the overall socio-economic framework is not much supportive of such activities, given that the legislative framework for educational leave has not been established yet, possibilities for financing through ALMP are weak, and part-time jobs are preferred neither by employers nor by employees.

9 Written by Tomáš Sirovátka.

For these reasons, the project's most demanding task was to identify and involve employers, as well as to prepare the participants/substitutes for flexible workplaces and to effectively support them. The method to achieve the project's goals was a local partnership of private, non-governmental and public actors, which enabled identification of the needs of the target groups and employers, mediation of cooperation and mobilization of resources. The mediating role of a coordinator (a private agency) was crucial. Internal resources, i.e. innovative capacities of the partners that were mobilized owing to the partnership, were another condition of success.

The project's quantitative targets were exceeded by about 3 times, with 218 unemployed participants, 428 employees and 44 organizations-employers. Out of the employers, 37.5% were non-governmental organizations, 37.5% public sector organizations and 25% private subjects. The share of social economy was substantial – especially in social and health services (various jobs in social care and health care).

The project targeted the vulnerable groups of the unemployed quite well: about half the participants were long-term unemployed, and only about 10% of the participants had been assessed as having good chances in the labour market at the entry in the project. Non-governmental organizations were most successful in targeting the long-term unemployed (80%). In public and private organizations the share was only 30% and 20%. The impact on the participants/unemployed was considerable.

We have identified several strong contributions for the participants: for about two thirds of them the project proved to be a path to a permanent job. At the same time, it helped the majority of them to find new job opportunities and gain new skills and experiences, and it reinforced their self-confidence in job search.

TABLE 4.1.
Contributions of the project for the participants/unemployed

CONTRIBUTIONS/GAINS		VERY GOOD	RATHER GOOD	NEITHER GOOD, NOR BAD	RATHER BAD	BAD
FINANCIAL GAIN	No	10	19	11	5	87
	%	7,6%	14,4%	8,3%	3,8%	65,9%
SHORT-TERM JOB OPPORTUNITY	No	64	44	21	3	11
	%	44,8%	30,8%	14,7%	2,1%	7,7%
ACCESS TO A PERMANENT JOB	No	51	31	32	8	24
	%	34,9%	21,2%	21,9%	5,5%	16,4%
WORK EXPERIENCE	No	88	48	17	1	2
	%	56,4%	30,8%	10,9%	,6%	1,3%
NEW SKILLS	No	68	50	25	6	5
	%	44,2%	32,5%	16,2%	3,9%	3,2%
SELF-CONFIDENCE IN FUTURE JOB SEARCH	No	51	66	28	9	
	%	33,1%	42,9%	18,2%	5,8%	
NEW JOB OPPORTUNITIES FOR FUTURE	No	53	55	31	9	2
	%	35,3%	36,7%	20,7%	6,0%	1,3%
BETTER WAY HOW TO SPEND TIME WHEN UNEMPLOYED	No	94	29	17	2	6
	%	63,5%	19,6%	11,5%	1,4%	4,1%

Note: we base our evaluation on 160 questionnaires filled in by the participants.

A big success was that at the end of the project 28% of the participants had a permanent job and another 27% had been promised such a position, although their financial gains were not high during the project. Out of those who did not get a permanent job about 35% said that participation had strongly improved their chances to get one and 56% said that it had fairly improved these chances. It was a surprise that even the long-term unemployed were successful in gaining a permanent job.

TABLE 4.2.
Gaining permanent job at the end of the project

	NO JOB	JOB PROMISED	IN JOB	TOTAL
UNEMPLOYED < 1 YEAR	40	18	32	90
	44,4%	20,0%	35,6%	100,0%
UNEMPLOYED > 1 YEAR	31	24	12	67
	46,3%	35,8%	17,9%	100,0%
TOTAL	71	42	44	157
	45,2%	26,8%	28,0%	100,0%

Even among those who had assessed their chances of getting a job as very poor when entering the project, 30% gained a permanent job and 38% gained a promise of a job. The quality of the new jobs, in terms of their various aspects, was fairly good in most cases.

TABLE 4.3.
Satisfaction with the job gained as a result of the project

		VERY GOOD	RATHER GOOD	NEITHER GOOD NOR BAD	RATHER BAD	BAD
FINANCIAL CONDITIONS	Pono	25	29	11	3	1
	%	36,2%	42,0%	15,9%	4,3%	1,4%
WORKING TIME AND CONDITIONS		31	31	6		1
	%	44,9%	44,9%	8,7%		1,4%
JOB CONTENTS		31	23	13	1	1
	%	44,9%	33,3%	18,8%	1,4%	1,4%
STABILITY OF THE JOB AND JOB PROSPECTS		23	31	11	4	
	%	33,3%	44,9%	15,9%	5,8%	
OVERALL JOB QUALITY		27	33	8	1	
	%	39,1%	47,8%	11,6%	1,4%	

How was the success of the project possible? We can summarise two core, mutually interlinked, factors:

Firstly, it is responsiveness to the needs of clients, an individualized approach and empowerment of the clients:

- identification and analysis of the needs of the employers, as well as identification and analysis of the needs of the unemployed, followed by matching both with participation of the unemployed;
- individual work with the unemployed, attention to their preparation – motivation, vocational training (about half of them were provided with skills training and a sufficient job-experience which in most cases lasted between 3 and 6 months, although it was necessary for the trainees to move among several employers during that time);
- individual support in job search was continuously provided during the project to about 70 per cent of the participants, accompanied with practical assistance in job search in about 45 per cent of cases.

Secondly, it is the application of new forms of local governance:

- the model of network management
- identification of the local social potential within the community
- partnership among non-governmental, private and public actors
- opportunity to formulate new ideas and solutions, a broad variety of activities

The Czech experience confirms the hypothesis that the social inclusion approach is viable in conditions where community resources are mobilized by participation of the civic and private sector. Social innovation then appears spontaneously. However, some level of external resources and an adequate institutional framework seem to be sine qua non conditions.

4.3. Ethnic entrepreneurship (Germany)[10]

This section addresses the issue of the nexus between ethnic entrepreneurship and social inclusion through forms of social innovation. It builds on a on the following hypotheses: i) ethnic entrepreneurship works for the *masses* as a *survival strategy*, and only for some entrepreneurs as a *success model*; ii) many lobby groups have begun to underline the *potential* of this form of labour organisation; and iii) local policies make use of "ethnic economies" as a *tool for local development*. After all, they have a high potential for producing social innovation and, when followed by coordinating actors, for community development.

As regards the composition of ethnic entrepreneurship by national groups, a recent survey indicates that in total 180.000 ethnic enterprises exist. Italians, Greeks and, prominently, Turks are the most relevant groups, to which one must add those that have acquired German citizenship.

With respect to the most relevant features of the ethnic economies, we find that foreigners are more likely to start their own enterprise than German nationals – and they do also tend to give up more often than the native population (high fluctuation). The food sector is still the most important sector for ethnic entrepreneurship – concentration is still on the risky segments of the trade and food business sectors that are labour intensive. Ethnic entrepreneurs are underrepresented in handicrafts. On the other hand, entrepreneurship that requires higher qualifications (services and "liberal professionals" such as lawyers and physicians) is more typically undertaken by naturalised foreigners.

[10] This section is an adaptation of a contribution provided by Felicitas Hillmann.

Most ethnic enterprises employ only up to four employees (while "native employers" employ double as much) and that the working hours of ethnic entrepreneurs are 3 to 6 hours higher per week than those of natives. Family labour is more frequently exploited among ethnic entrepreneurship businesses than among those of the native population.

Curiously, it seems that the influence of cultural features within the business is over-estimated, as there is evidence of little ethnic solidarity. The most important "push" factor into ethnic entrepreneurship (the motivation), is the expectation of coming unemployment – not unemployment itself. Working conditions are precarious for many ethnic entrepreneurs and there is strong competition among entrepreneurs within a number of segments.

Ethnic entrepreneurs seem particularly skilled at looking for new places – either new locations (along public transports) or new sectors (flowers, telephone communications,etc.). However, in certain districts like Kreuzberg (Berlin), we can now find a mixture of ethnic and alternative milieus that attract creative professionals. This was also the area in which the mainstreaming of ethnic parades began.

In any case, ethnic entrepreneurship has, over the past few years, been discovered as a way to solve social problems. Certain actions indicate this:

- The strengthening of ethnic entrepreneurship became one of the preferred strategies at the local level, within the concepts of city marketing and Quartiers management (Schader Stiftung et al, 2005). A forum of experts has considered that "besides more general educational training and language courses, it is especially migrant economy which enables migrants to participate in the labour market with the aim to reach independence from state transfers (social benefits) and thus able ease the integration process". These authors also maintain that "local migrant economies might upgrade the district and could function as bridges towards the native population. We might think especially of the growing importance of the ethnic economy to meet the immediate consumer needs in the district and to create vocational training and new employment." (2005: 37);
- ESF-sponsored projects like KAUSA aim at working with ethnic entrepreneurs (i.e. vocational training for the youth);
- The authorities started to ease the access to self-employment by introducing intercultural elements into their overall work;
- The institutions of the civil society, such as foundations, are trying to create a platform for the various ethnic groups and their entrepreneurship – even though there is strong opposition to this at the moment.

In conclusion, what is novel about ethnic entrepreneurship in this respect is the following:

- Migrants have become relevant actors for city development – not in a traditional way, but "from below" and out of a marginalized position in marginalized districts. These are changes in the dynamics of social relations;
- The reason why ethnic entrepreneurship is a successful model lies in part in the fact that there is more involvement of informal strategies into the business. In itself, this is, in a controversial way, a socially innovative strategy;
- Ethnic entrepreneurship leads to forms of precarious integration and new forms of inclusion: the presence of ethnic entrepreneurship is perceived as part of urbanity and urban structure (changes in agency and institutions);
- The high expectations of policy makers should be followed by network creation with the ethnic entrepreneurs and by the development of new strategies;
- New problems arise in the communities: who are the legitimate representatives of ethnic pioneering?

4.4. Cova da Moura (Portugal)[11]

Cova da Moura is a neighbourhood that resulted from a process of spontaneous and informal urbanism associated to the arrival and settlement of *retornados* (Portuguese formerly settled in Africa that returned to Portugal in the period 1974/1976 when de-colonization of the Portuguese ex-colonies of Angola, Mozambique, Guinea-Bissau, Cape Verde and S. Tomé occurred) and African populations. With its basic genesis in the period of 1976-1978, the neighbourhood grew up in the following decades due to the continuous arrival of African immigrants, particularly Capeverdeans that is associated with the densification of the urban fabric. Nowadays, the neighbourhood hosts more than 5 500 inhabitants (the majority Cape Verdeans and Cape Verdean offspring) in an area of 165 000 sq. metres and is considered a "problematic zone" of the Lisbon Metropolitan Area, that has integrated a EU URBAN II project (which also intervenes in surrounding neighbourhoods) and more recently the *Government Experimental Programme Operational Initiative on Qualifying and Urban Reinsertion of* ***Critical Neighbourhoods***[12] aiming to develop participative processes (local population representatives, local authorities and bodies of central government) leading to the design and implementation of socio-urban interventions in deprived neighbourhoods.

[11] Written by Jorge Malheiros.
[12] Cabinet Resolution n. 143/2005 of the 2nd of August.

As far as Cova da Moura is concerned, the major problems identified are the poor housing quality of several dwellings and also of the majority of the public space, the over-representation of some forms of criminality, namely drug traffic, low education levels associated to school failure and school drop out and the very negative image that is spread by the Portuguese media and shared by LMA population. On the contrary, we may stress the population's youth, the local economic dynamics associated with micro-enterprises, the embeddedness, initiative and technical capacity of the local associations as well as the specific cultural offerings associated with the African presence as positive elements of the neighbourhood.

Within the framework of the Critical Neighbourhoods Initiative, a process of participative planning was set into motion, involving the construction of a SWOT diagnosis (which combined a technical component and contribution from all actors involved in the process) and an Intervention Programme under the motto Cova da Moura: a sustainable neighbourhood, with the following seven main axes:

- COVA DA MOURA, a legal neighbourhood - to solve the land property issues
- COVA DA MOURA, a rehabilitated and open neighbourhood - to requalify the neighbourhood and to increase mobilities (inflows and outflows)
- COVA DA MOURA, a neighbourhood with a new image, quite and safe - to reconstruct and to ensure security for all (preventive and repressive measures))
- COVA DA MOURA, a good neighbourhood for youth - to upgrade the skills and competencies of youths and expand their spaces of participation
- COVA DA MOURA, an economically active neighbourhood - to support, upgrade and develop the local economy
- COVA DA MOURA, a creative place - to support local specificities (associative fabric, local activities and cultural offers)
- COVA DA MOURA, an ecological neighbourhood - to improve urban environment

These intervention axes are composed by a number of specific measures and actions which lie outside the scope of this text, with the exception of the *Sabura Project*, that we have selected as a potential example of SCS. The *Sabura Project* (Axis 5) was integrated in the global framework of the Intervention Programme but is already in motion, although in an early stage of development.

Although not expressly assumed as an ethnic tourism[13] project, *Sabura* has the positive ingredients associated with this kind of initiative. This project, promoted by the local association *Moinho da Juventude*, involves several "African restaurants" of Cova da Moura that contribute with African dishes to a flexible local "cultural and gastronomic route". This flexible route is advertised (in newspapers, radios, leaflets…) and groups of interested people contact the *Moinho da Juventude* with the purpose of benefiting from a guided tour to the neighbourhood and its African cultural elements (music, table games and handicraft, etc…), including an African cuisine meal in one of the participating restaurants. This experience contributes to the opening and change of image of the neighbourhood, divulges local cultural productions and generates some profits for the restaurant owners.

Our SCS reading of this initiative starts with the agents involved - a local association, the immigrants themselves (as visit guides, for instance) and local petty restaurant entrepreneurs – and continues with the basic goal: to fight the exclusion of a community (group of African immigrants and their offspring) living in a closed and stigmatised place where immigrants cluster. Benefiting from the diversification and the changes in the demands of some consumers, the success of the project is also dependant on a significant level of relational capital (the links and the trust between *Moinho da Juventude* and the restaurants, the network structure of the restaurants and even the long distance links of the association and also of the restaurants, fundamental to ensure the provision of some goods, cultural practices and eventually work).

4.5. Crédal (Belgium)[14]

Crédal is a Belgian credit cooperative created in 1985, which is active in the areas of solidary savings, peer-lending, microcredit and credit provision to the third sector in the French-speaking part of Belgium. It arose out of the social demand for a channel through which private savings could be mobilised and applied in financing projects and initiatives with high social returns (i.e. valuing employment generation, poverty alleviation and social cohesion over mere financial returns). Crédal, a member of the European Microfinance Network (EMFN), proclaims in the EMFN website[15] that its main goal is to "propose savings products for social purposes and to support social change projects through credit and counselling" – a mission statement that reflects its broader social and political agenda (to

[13] A segment of Cultural Tourism which assumes the principle of ethnicity (autochthonous or transplanted) as the motive for the visit. Ethnic tourism assumes specific cultural values and practices of a certain group as the bases for touristical development in certain communities or enclaves, as a part of a development process.

[14] Written by Alexandre Abreu.

[15] http://www.european-microfinance.org.

promote social change based on the values of cooperation and solidarity) and its awareness of the importance of the production and dissemination of knowledge as a prerequisite for the sustainability of that agenda.

Crédal's initial activity consisted in providing an institutional structure allowing for cooperative peer-lending and in the provision of credit to social economy associations. However, since the latter half of the 1990s, it has also launched a microcredit initiative aimed specifically at individuals excluded from the "traditional" banking sector (the "5 sur 5" initiative), worked in partnership with the Roi Baudouin Foundation to set up and manage the "*Prêts Solidaires*" ("solidary loans") initiative – which, following a report denouncing the role of exclusion from credit in the perpetuation of poverty and social exclusion, seeks to provide small-scale credit and counselling in order to allow its beneficiaries to create their own jobs and lift themselves out of poverty – and is seemingly preparing to launch a peer-lending project aimed at women excluded from the banking sector (the "*Affaires de femmes – Femmes d'affaires*" project).

Although the scale of its microfinance activities remains relatively limited – e.g. when compared to similar but earlier initiatives from other countries, such as France's ADIE network, which has dispensed more than 36,000 loans over a twenty-year period – they have been consistently expanding: a total of 173 micro-loans (adding up to 1,140,000 € in total) were disbursed between 2000 and 2006, 49 of which in 2006. Crafts, proximity services ("*services de proximité*") and cafés and restaurants stand out among the most numerous sectors of micro-entrepreneurial activity financed through Crédal's microcredit initiatives. The number of its members ("*coopérants*"), which include both savers and borrowers, has also been on the rise, e.g. from 890 in 2005 to 1,121 in 2006.

The socially innovative content of Crédal's activity has not only a "product" dimension (mobilising individual savings for socially beneficial purposes), but also a "process" dimension, which is reflected in its governance structure and characteristics. Its model of cooperative governance emphasises equality (all members have the same voting and decision-making rights, regardless of the amount of their financial participation in the cooperative), solidary engagement (the administrators are not remunerated) and transparency (through regular web postings and quarterly reports on the nature of the projects that have been financed and on the financial situation of the cooperative).

Even though Crédal should not be regarded as a "pioneer" or isolated initiative – there is a long-standing tradition of credit cooperatives in Europe (Moulaert and Ailenei, 2005; Leubolt, 2007, Annex A) and microfinance projects and organisations have been flourishing throughout Western Europe, not to mention developing countries, over the past two

decades – it can be considered a particularly representative "exemplar" of the socially creative potential of this branch of the social economy, insofar as it seeks to:

- Mobilise savings from various sources in order to finance projects selected in accordance with "social returns" criteria;
- Provide a structure that enables and facilitates peer-lending, thus reinforcing "capital anchoring" (Arthur et al, 2004) and promoting individual and collective autonomy;
- Provide credit and counselling to other third sector and social economy organisations, thus facilitating the development of these sectors;
- Provide microcredit to socially disadvantaged users, thus enabling them to overcome the credit constraint in overcoming poverty;
- Adopt internal "process" characteristics that are coherent with its mission statement and overarching values, by emphasising equality, solidarity and transparency;
- Acknowledge the crucial role of individual and collective learning in ensuring the sustainability of alternative social projects and initiatives, by emphasising counselling, follow-up and the dissemination of information in all of its activities.

In conclusion to this section, it is worth highlighting that, precisely because one of the characteristic features of "successfully socially creative" initiatives is the fact that they are anchored in the local context and tailored to that context's specific needs and resources, it makes little sense to speak of "best practices". However, the case studies presented in this section do serve as exemplars of the challenges and threats with which many SCS are faced, as well as of the kind of governance structures, adaptive processes and internal dynamics that can bring about collective learning and bottom-up creativity and thereby enhance their own prospects of sustainability.

5. RELATIONS TO OTHER EXISTENTIAL FIELDS

The work and employment dimension of this existential field has a "transversal" character with regard to the remaining EFs, insofar as work – whether paid labour or voluntary work – is a basic input for and dimension of any structured initiative or any form of collective action in the education, health, housing, etc. domains. As such, the socially creative strategies and exclusion dynamics that operate *through* work and employment can be found, and ought to be addressed, within those initiatives – as in other activities and sectors. On the other hand, insofar as social exclusion typically has a multidimensional character whereby different forms of exclusion serve to reinforce one another, instances of multi-dimensional exclusion combining exclusion *from* work and employment with exclusion *from* and *through* housing, education, health, etc., are also commonplace.

As regards governance and democracy in the broader sense, a crucial relationship emerges in that labour market regulation has traditionally occupied – and continues to occupy – a central place in the regulation of society, and that therefore (as apparent in Figure 1.2), many of the structural dynamics operating to worsen the exclusion of individuals and communities are of an intrinsically governance/political nature.

Finally, as regards the third/non-profit sector in general, and the social economy in particular, the relationship to the other EFs is also a very strong one, insofar as many socially creative strategies in these latter domains are to be found within the legal-institutional ambit of the non-profit sector and are driven by the principles (self-help, solidarity) and mechanisms (reciprocity) that characterise the social and solidarity economies.

6. THE THIRD SECTOR AS A SOURCE OF BOTTOM-UP CREATIVE AND SOCIALLY INNOVATIVE INITIATIVES

In general terms, as alternatives to the mainstream answers to social exclusion, social economy initiatives often give rise to social innovation through the empowerment of weak agents and by challenging pre-established social relations, including gender relations.

Adopting a more specific point of view, the potential of the social economy (and of the third sector in general) as a source of innovation is significant and eclectic, both at the macro level and within the ambit of smaller-scale local initiatives (OECD, 2006).

The following contributions to macro-innovation are particularly worthy of mention:

- The emergence of new forms of social organisation based on cooperation and on solidarity networks (as shown by the examples of Mondragón/Spain and Crédal/Belgium);
- The upgrading and improvement of social services undertaken within the ambit of the for-profit and public sectors, by way of the affirmation of ethical principles such as redistribution and reciprocity (Job Rotation/Czech Republic, Ethnic Entrepreneurship/Germany and Cova da Moura/Portugal);
- Local development, insofar as proximity relations facilitate the creation and consolidation of the social links out of which third sector initiatives tend to flourish. Moreover, the flexible and multiscalar character of the third sector renders it especially suitable to addressing the diversity inherent in local problems and contexts (Mondragón/Spain and Cova da Moura/Portugal).

As regards micro-innovation, the social economy may be regarded as providing a particularly relevant contribution to:

- The development of new services that are better able to meet the people's and the communities's needs by not being subject to the short time horizons faced by for-profit organisations (Mondragón/Spain, Job Rotation/Czech Republic, Cova da Moura/Portugal and Crédal/Belgium);
- The promotion of social inclusion by way of the collective dimension of the social linkages and initiatives that develop in the process (as shown in Mondragón/Spain, Cova da Moura/Portugal and Crédal/Belgium);

- The transformation of the impacts of new technologies into sources of social progress, namely because the productivity gains associated with those technologies take the form of *social* productivity gains, as illustrated by the example of the internet centres that cater to the needs of immigrant communities (a distinctive feature of Mondragón/Spain that is also present in Crédal/Belgium);
- The upgrading of informal activities, namely those that are transferred from the sphere of the family/household to that of the third sector, e.g. childcare or care to the elderly and the handicapped (an aspect that is present in Cova da Moura/Portugal and, though in rather incipient form, in Ethnic Entrepreneurship/Germany).

7. IDENTIFICATION OF DIMENSIONS OF MULTI-LEVEL GOVERNANCE[16]

One of the most distinctive features of the social economy consists in its prevailing governance models. Typically, these models have a crucial multi-level dimension that is most apparent in:

- The close relationship between the prototypically *local* scale of social economy initiatives and the *global* character of the principles and societal projects and utopias that inspire those initiatives;
- The link between proximity relations (based on cooperation and reciprocity) and long-distance networking (which is crucial in mobilising the required resources: knowledge, information, funding, etc).

The mobilization of endogenous resources is very important, but exogenous resources are just as important – sometimes even more important. The challenge is in the capacity of local actors to mobilize these resources while maintaining a local leadership, and to combine them with locally mobilized resources. This is clearly seen to be the case in the examples of case-studies 4.1 and 4.3 (Mondragón and Cova da Moura), which in part accounts for their success so far. On the other hand, case-study 4.4 (ethnic entrepreneurship in Germany) shows that the failure by 'weak' agents to mobilise exogenous resources largely compromises the sustainability of socially creative strategies and limits those strategies to a "survival" function.

By mobilizing exogenous resources, the community is integrated into supralocal networks and by combining them with local resources, strong social links are created or recreated within the community. This mobilization of actors and citizens generates a positive sense of identity, which fosters self-esteem and commitment to economic and social projects that have effects on the standard of living and quality of life of the community.

Based on this hypothesis, the success of local initiatives, i.e. their capacity to generate processes to improve citizens' standard of living and quality of life, depends on:

- The capacity of local leaders and actors to mobilize a great diversity of endogenous and exogenous resources and to combine them;
- The existence of a socially constructed leadership;

[16] Adapted from Klein 2007, Annex C.

- The existence or construction of structures and organizations which help to settle conflicts between actors locally and to learn to act collectively; and
- The collective identification of strategic goals aimed at using public programs and other structures to support the development of communities.

Again, all or most of this is especially apparent in those that arguably the two "most successful" case-studies presented in section 4, namely Mondragón and Cova da Moura (4.1 and 4.3). Indeed, the identification of these factors leads us to emphasize networks which allow the actors to mobilize and combine diversified resources, the capacity of local actors to integrate into these networks in the urban or rural context, and in central or remote areas, and the leadership they must exert in implementing the initiatives and the resulting projects. This perspective puts the social economy in a context of innovation and the "new economy," while refuting the views of researchers who associate these solely with the action of the most "talented," with technologies and investments in leading-edge sectors, and thus siding with those who put forward the perspective of equity (Klein and Harrisson, 2007). This approach focuses on mixing strategies which concentrate on the local community (local development, community-based economy, solidarity economy, popular economy, community-based action, social creativity, and social innovation), but also identifies the reconnection of the local community to global networks as a condition of their success. This is how the social economy brings long-term solutions to local communities while contributing to the construction of a fairer and more equitable global and plural economy.

8. METHODOLOGY

The literature survey carried out within the ambit of this existential field has made it possible to identify a number of key methodological aspects that should be borne in mind as a matter of "good methodological practice" in the analysis of socially creative strategies. These aspects and practices are certainly unequally (dis)regarded by different authors, but it is clear that, by giving them due attention, it is possible to gain better insights into the genesis and functioning of social innovation and social creativity. In particular, they consist of the following:

- The need for a comprehensive and holistic approach (Moulaert and Nussbaumer, 2005) that seeks to identify the relationships between facts and processes and between principles and practices, while taking the context into account;
- The importance of bringing to bear the insights from institutionalism and institutional analysis, particularly with regard to the specific ways in which human agency and structural constraints interact in complex and path-dependent ways through evolutionary processes of successive innovation and institutionalisation.
- The usefulness of an integrated approach that combines extensive (cross-country) and intensive (case-study) analysis, as well as essentialist and holistic definitions as heuristic devices (Moulaert and Nussbaumer, 2005);
- The importance of bringing social processes out of the "black boxes" of the informal sector, gender relations and the non-commodified sphere of neighbourhood and family relations.
- The relevance of multi-criteria approaches when it comes to assessing the performance of the third sector and social economy organizations.

9. IDENTIFICATION OF KEY RESEARCHERS

NB – table highlighted as follows: Katarsis partners - Katarsis users.

RESEARCHER	UNIVERSITY/ORGANISATION	AREAS OF EXPERTISE
Alain LIPIETZ	CNRS (France)	Globalisation, productive restructuring and intra-urban impacts
Angus CAMERON	University of Leicester (UK)	Geographies of welfare and exclusion
Ash AMIN	University of Durham (UK)	Social, political and economic change
Benoît LÉVESQUE	Universite du Quebec a Montreal (Canada)	Social economy; Social innovation; Local development
Erik SWYNGEDOUW	University of Manchester (UK)	Contemporary capitalism; Globalisation; Urbanisation
Flavia MARTINELLI	University of Reggio-Calabria (Italy)	Regional development and policy
Helmut ANHEIER	Center for Civil Society, UCLA (USA)	Scope and characteristics of the private non-profit sector
Julie GRAHAM	University of Massachusets Amherst (USA)	Community economies; Community-based economics; Poststructuralist feminist theory
Katherine GIBSON	Research School of Pacific and Asian Studies (Australia)	Community economies; Community-based economics; Poststructuralist feminist theory
Nancy NEAMTAN	Chantier de l'Economie Sociale (Canada)	Social economy
Jacques DEFOURNY	Centre de l'Economie Sociale, Universite de Liege (Belgium)	Social economy; Social exclusion; Social enterprises
Jean-Louis LAVILLE	CNRS-CNAM - Laboratoire Interdisciplinaire pour la Sociologie Economique (France)	Social and solidary economy; Economic sociology
Lester SALAMON	Johns Hopkins Center for Civil Society Studies (USA)	Alternative tools of government action; non-profit sector in the US and throughout the world
Pascuale De MURO	Facolta di Economia, Universita Degli Studi RomaTre (Italy)	Regional development; Local development; Institutional economics
Patrick DEVELTERE	Leuven Centre for Global Governance Studies, Katholieke Universiteit Leuven (Belgium)	Civil society; Cooperative movements; social movements
Ray HUDSON	University of Durham (UK)	Regional development; Industrial change; Social economy
Susan Rose ACKERMAN	Center for Law, Economics and Public Policy, Yale University (USA)	Economics of Non-Profit Institutions

CONCLUSION

The literature survey carried out within the ambit of the "labour market, employment strategies and social economy" existential field has brough to the fore the significant impacts of several different economic and political (in the broad sense) dynamics prevalent in today's world, in terms of bringing about situations of deprivation and social exclusion of individuals and communities in a variety of contexts and places. It has also highlighted how creative those individuals and communities can be in facing up to the challenges and difficulties associated with those situations, and that such creativity is mostly expressed through reciprocity and largely based on (typically sociospatial) community attachment, identity and solidarity.

The social economy constitutes a privileged *locus* for this: in it, socially creative strategies not only assume the form of practices (products and processes) bringing about social inclusion, empowerment and emancipation (whether of those engaged in the practices themselves or of other possible beneficiaries) – they become institutionalised as organisations built on these principles. In the best of cases (and there are many to be found), this makes it possible for them to draw on a larger pool of (material and immaterial, exogenous and endogenous) resources and to unleash processes of cumulative collective learning and identification.

While, insofar as they are typically undertaken by 'weak' agents, these strategies usually remain in a position of structural vulnerability – both to the lack of material sustainability and to the possibility of 'neutralisation' on the part of market and political forces – this literature survey has made it possible to identify a series of factors that tend to play a decisive role in ensuring the sustainability of their socially creative character. These factors, all of which are present to a smaller or greater extent in the case studies presented in this survey, include the existence of collective learning and permanent adaptive dynamics, the adoption of flexible and contextually defined approaches, the existence of plural, democratic and participatory governance structures and mechanisms, the ability to draw on multiple types of resources (e.g. different forms of capital) from multiple sources and through multiple mechanisms (e.g. participation in the market, state allocations, voluntary work and contributions) and the pre-existence and subsequent fostering of group, community and/or sociospatial identification and attachment.

Bottom-up creativity can prove a very powerful force to overcome social exclusion and bring about empowerment and emancipation, while carving out an alternative space in which the distances between production and the satisfaction of needs, as well as between society, the economy and politics, are significantly shortened. A large body of literature has in the past few decades paid testament to this and should therefore be taken into account by policy-makers and researchers of society and the economy alike.

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ANNEXE 1
GOVERNANCE AND THE SOLIDARY ECONOMY

Bernhard Leubolt[17]

A central point of integration to the WP 1.5 on Governance and Democracy would be the workplace-democracy and its current development. Therefore autocratic decision-making structures within the workplace can be viewed as main exclusionary dynamics[18] whereas participation in decision-making leads to the inclusion of citizens.
In this text the solidary economy will be presented as a socially innovative form concerning the labour market covering a broad variety of initiatives, from worker and consumer cooperatives from different ideological backgrounds (left wing, anarchist, religious, philanthropic) to experimental labour market policies against mass unemployment. Current forms of solidary economic practices in South America will be presented as well as historic practices which.

MAIN PRINCIPLES OF SOLIDARY ECONOMY

A very good book to start with is written by the current Brazilian federal state secretary for solidary economy, Paul Singer (Singer 2002). He first presents *economia solidária* as an alternative to the capitalist economy, focusing on cooperation instead of competition. The main principle within the solidary economy is the right of all workers (called associates) to vote. Different from shareholders who "vote" according to their financial share of the firm the associates' votes count equally. This leads to self-management [*autogestão*] instead of hierarchical management of capitalist firms (Singer 2002: 7-23). The figures below (designed according to the text in Singer 2002: 16-18) show on the left the hierarchical structure whereas on the right the structure of a self-managed firm is shown. The roles of management and workers within the firm changed. Workers are now deciding upon the guidelines for management.

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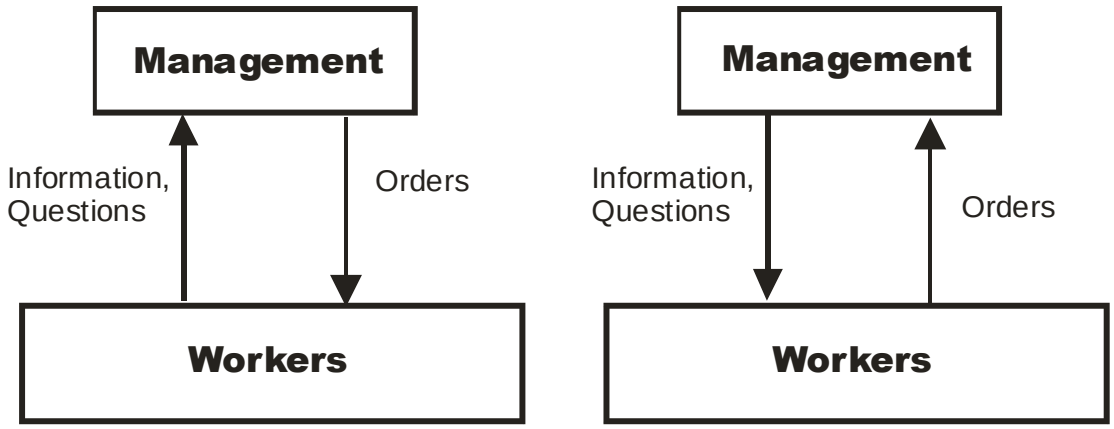
[17] This article draws in large parts on the findings of an article in German, written together with Markus Auinger (Leubolt/Auinger 2006)

[18] In this text I will not enter into the ED of the labor market. I'll first talk to Joachim who is an expert on this field. What seems interesting to me is the janus-faced character of current forms of workplace-participation. Especially within the conception of "management by objectives" workers have to meet goals set up by upper management levels. The increased participation lies in workgroups having to decide how to reach the goals set from above. This leads on the one hand to the disappearance of middle management and on the other hand it often leads to more working hours. Those extra working hours are in many cases not even paid as payment is performance-oriented. Therefore new forms of participation can easily lead to new forms of exploitation and therefore to ED.



Paul Singer pointed out (during a workshop held in Austria) that there are currently problems concerning democratic management within Brazilian cooperatives, as more then 10% doesn't even have a general assembly once a year. Due to societal pressures managers mostly get paid better than workers but the differences are much smaller than in the classic capitalist firms.

Michael Albert (2004) presents a much more elaborated concept of a society which is guided by the principles of the solidary economy which he calls Participatory Economics (ParEcon; on which there is also plenty of material available at http://www.zmag.org/parecon/indexnew.htm). The main difference to Paul Singer is that Albert presents his arguments on a theoretical basis whereas Singer draws his arguments from a practical point of view, concerning the historical praxis in Europe and the currently running projects in Brazil and other parts of the world – mainly as a strategy to fight poverty and unemployment (Singer/Souza 2000; see also Santos 2002 [portuguese version]; Santos 2006 [english version]). Another interesting point of view on the field is represented by Gibson-Graham (2006) who mainly refer to the Basque project *Mondragón* for their version of "post-capitalist politics".

Paul Singer (2002: 39-108) does also differentiate between different forms of solidary economy: (1) The most prominent form is the cooperative of production. There the main elements of self-management can be found as described above. This can be treated as the most radical form in counter-hegemonic terms. (2) Cooperatives for consumption originated in England with the Rochdale Cooperative in 1844. Workers organized themselves collectively to by consumer goods at good quality and reasonable prices, which could be obtained via quantity discounts. (3) Credit cooperatives began in the 1850s in Germany in urban and rural forms as kind of conservative forms of social policy. The idea was basically the same as implemented in Bangladesh's *Grameen Bank* by the current peace-nobel prize winner Yunus: Poor people are granted credits which have to be spent on productive investments. As all the associates are fully liable for debt payment they have access to credit and receive better conditions on the financial market than individually. (4) Buy-and-sell cooperatives [cooperativas de compras e vendas] work via the same principle as credit cooperatives and help small- and medium-sized enterprises to get the same

favourable conditions as the big cooperations. They originated 1866 in Denmark. (6) Local Exchange Trading Systems (LETs) are systems which introduce a special currency for trading goods, instead of the official currency. Even more than other forms of solidary economy the mainly dwell in situations when the economy is in a severe crisis and usually feature a mechanism to prevent accumulation, e.g. an automatic inflation. Popular examples can be found in Austria, where the mayor of the village Wörgl successfully introduced "Schwundgeld" [fading money] to fight economic recession during the 1920s; and during the recent crisis in Argentina when more than 1/3 of the country was organized within LETs.

HISTORICAL BACKGROUND FOR GOVERNANCE BY FORMS OF SOLIDARY ECONOMY

The ideas of Michael Albert (2004) and Gibson-Graham (2006) are not new. They originated within the anarchist and partly the socialist movements in the 19th century. The pioneer was Robert Owen who was politically active in England and the USA beginning in the mid 1810s.

His ideas were central to socialist and anarchist ideology which preached to socialization of private property. They were especially important for anarchists who treated the cooperatives as forms of societal organization free from state influence. Anarcho-syndicalist tendencies sought to organize a network of cooperatives via trade unions. Socialist tendencies differed from the anarchists in their point of view of the state, which should be used to "expropriate the expropriators" (Marx 1986: 791). Until the First World War this was consensus, even among reformist tendencies of social democracy (Przeworski 1980).
The main socialist theorists on syndicalism were the Dutch Anton Pannekoek (2003), the Italian Antonio Gramsci (cf. the introduction of Gramsci 1971) and the Austrian Otto Bauer (1976a; Bottomore/Goode 1978). Pannekoek and Gramsci were supporters of a revolutionary socialist tendency which followed the strategy of the occupation of factories by their workers. As in the anarcho-syndicalist strategy, the different occupations should be linked to form the basis of a democratic state which would be governed by workers. The Austro-Marxists followed a different strategy which tried to implement radical reforms within the bourgeois democracy. Since 1918 the Austrian constitution obliges the big companies to have a factory council which is responsible for co-management. Social democrat ideas to implement measures which would increase workers' control together with the size of the company to provide a basis for the socialization of the economy failed (Bauer 1976b). Nevertheless, Otto Bauer had a clear understanding that socialization of the means of production is different from nationalization.

Yugoslavia was perhaps the most comprehensive experiment to implement a democratic system which has its roots in self-managed enterprises. Workers were officially the owners of the firms and enjoyed democratic rights to vote their management. The national democracy also had its roots in this system which caused problems for the unemployed. Another problem was how to deal with the communist party, who decided most of the macro-level decisions while the micro-level was the reign of self-management. Apart from autocratic structures of actually existing socialism this was also rooted in the need for

territorial redistribution between the unequal Yugoslavian republics (Hunnius 2005; Weißenbacher 2005).

Another example is the Basque cooperative Mondragón which has been founded 1956 with big efforts by the catholic Father Arizmendi. It nearly has the dimensions of a "parallel state" as it even includes a self-managed bank, research facilities, a university, schools and a hospital. With more than 70.000 employees it is the biggest Basque company. Sharing profits and losses between the different branches enables the enterprise to compete in the market, leading to an unemployment rate below the national average in the surrounding region. Recent trends of reorganization led to outsourcing into Africa, where workers are employed with relatively low wages and not associates (Gibson-Graham 2006).

CONCLUSION

Solidary economy has its roots in the European workers' movement of the early 19th century. It aims at workplace-participation on the one hand. On the other hand it has been an instrument of the poor to survive in harsh economic conditions via mutual self-help. Counter-hegemonic governance concepts were mainly developed by socialist and anarchist tendencies. Other forms of the solidary economy are also rooted in catholic social theory[19]. Solidary economy seems to be a "classic" socially creative strategy to escape from conditions of social exclusion. If hierarchies in the workplace could be replaced by democratic forms of workplace-participation there is a large counter-hegemonic potential in the solidary economy.

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[19] This explains why it was mainly CARITAS, who introduced solidary economy in Brazil (Singer, personal communication).

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ANNEXE 2
SOME NOTES ON THE INFORMAL

Dina Vaiou

In our discussion of EDs, as well as SCSs, I believe that more attention should be paid to the workings of the informal. This may be not a very fashionable area of research and policy any more, but its importance remains, also for the topics we are dealing with. In what follows I raise some preliminary points, which, I hope, clarify its many-faceted workings. Several references and relevant texts have been sent to Lisbon earlier.

1. Some clarifications

"Informal" is an umbrella term which sometimes leads to confusion, at the level of theory as well as at the level of policy – as a result its usefulness has at times been questioned. However, its use persisted since it captures, even imperfectly, trends and processes, which would otherwise be overlooked and which play an important role in urban and regional development in many places and affect processes of inclusion/exclusion. Followed by "economy", "sector" or "activities", the term is used to describe different phenomena. I (propose to) use "informal activities" to refer to economic activities and forms of work, "informal arrangements" to refer to social practices and "the informal" as a general reference to legal and/or illegal activities and practices which have certain features in common: they produce products and services for the market; they are not registered (totally of in part); they absorb low paid labour, usually women, minorities and migrants; they evade control by the state.

2. The importance of the informal

The informal sector/economy/activities, after a long-standing association with Third World development, has gained currency in the 'First World' as well, particularly since the end of the 1970s, with a mass of academic publications and policy documents throughout the 1980s and 1990s. Recently, a new take can be identified, associated with international migration flows and, in particular, with the emergence of Southern Europe as a place of destination of new migratory flows.

> Informal activities are an important historical feature of Southern European economies and societies, through which large social groups have found ways of integration not only in the labour market, but also in broad areas of social and economic life, including the provision of housing, property exploitation, ways of avoiding taxation and circumventing bureaucratic procedures, securing caring services for children, the sick, the old and the disabled. In short, the informal has been central in the development of a

> certain ***know how of survival*** which legitimated, among other things, the limited and sometimes controversial involvement of the state; the latter goes hand in hand with limited expectations from, or in some cases mistrust towards, the state. Therefore, informal activities and practices are not a sign of "underdevelopment", they do not take place in the realm of "social anomie", they rather enjoy widespread social acceptance. Moreover, they have been a major domain for the development of SCSs.

Informal activities and practices do not develop in a vacuum, on the contrary they are linked to *intricate regulatory mechanisms* by the state, combining tolerance and (attempts to) control but leaving many "gaps", in which such activities and practices develop into a structural part of social life and a major means of social integration, extending well beyond the labour market. Such activities and practices are not a homogeneous whole: they comply with images of backwardness and marginality but also with dynamic firms and restructuring processes, they are linked with illegal, even criminal, activities but they also form part of generally legal operations and ways of doing things. As a result, those who work informally, on a regular or ad hoc basis, are not marginalised or culpabilised. On the contrary, in many cases they overcome EDs (through, for example, paid work, neighbourhood life, personal contacts and links), although this is not to underestimate the inequalities, which exist and probably increase, also through the workings of the informal.

3. New migrants

In Southern European countries as destination of the new migratory flows a bulk of research indicates that the informal has to be seen as a "cause" or a parameter of attraction, rather than as an effect of the arrival of migrants. For the migrants themselves the informal may be positive in the short run, as an immediate source of earning an income and getting by, and therefore as a way out of social exclusion; but it may become an exclusion mechanism in which they may be caught in a vicious cycle (a growing demand for informal, low paid, flexible labour and the reproduction of that demand also through the migrants' acceptance of informal jobs – for lack of alternatives outside the informal).

In the less regulated context of the informal, migrants have more chances of insertion in the labour market and opportunities to make a new start. Discrimination and inequality in the conditions of work and pay are important determinants of their condition, but informal and irregular jobs are not exclusive to migrants or socially unacceptable. Through paid work they do not only secure income, they also establish relationships with locals, come to contact with local conditions of everyday life and become acquainted with the city.

ANNEXE 3
SOCIAL ECONOMY AS A BASIS FOR LOCAL DEVELOPMENT INITIATIVES: A METHODOLOGICAL REFLECTION[20]

Juan-Luis Klein

There is growing interest in the social economy as a launching ground for initiatives of economic and social development (Develtère, 1998; Demoustier, 2004; Moulaert and Nussbaumer, 2005). Various studies conducted in Quebec and elsewhere all agree that, in disadvantaged communities in both urban and rural areas, the fight against poverty can, initially, rely on the social economy, indeed even on the social capital of communities. Several authors emphasize the importance of the social economy as a basis for action to combat poverty and exclusion. According to these authors, local projects rooted in the social economy and community-based action have effects on job creation (Schlüter, 2004; Clerc, 2004; Comeau, 2003; Ninacs, 2002), the re-integration of people living in social exclusion (Lukkarinen, 2005; Kearney, 2003; Beaudoin and Favreau, 2000) and the delivery, to the most deprived citizens, of services which are neglected by private enterprise and are not provided by the state (Bardos-Féltoronyi, 2004; Klein & al., 2004; Van Kemenade, 2000).

However, while agreeing with the conclusions of these studies regarding the specific and local impact of the social economy on the integration of those living in social exclusion, services to the deprived and the viability of communities struggling with economic devitalization processes, some authors disagree or are less enthusiastic when it comes to making it the basis for a more comprehensive policy to combat poverty. Many authors maintain that the success of such projects is not automatic and the positive effects are often minimal and short-term. The most discussed spin-over effects are those linked to long-term jobs. As regards the services provided by community organizations, it is argued that they institute precariousness and contribute to social dualization (Amin et al. 2002). Moreover, several authors consider that public policies centred solely on social capital or the capacity of local actors to implement development projects will add to the burden on devitalized local communities (Markey, 2005; Amin, 2005; De Mattos, 1999), which may widen the gap between rich and poor rather than narrowing it.

It emerges from this debate that local initiatives rooted in the social economy are important but that, on their own, they cannot reverse the major trends related to poverty and

[20] Text of a presentation made at the KATARSIS group meeting, WP1, in Barcelona, September 16 and 17, 2006. In drafting this text, the author took advantage of the comments of colleagues Jean-Marc Fontan, Gérald Larose, Carole Saucier, Diane-Gabrielle Tremblay and Pierre-André Tremblay.

inequalities (Lachapelle, 1995). However, if they are developed in interrelation with activities established in other economic spheres which are more successful economically speaking, i.e., the private economy and the public economy, they lay the basis for a sustainable and dynamic "plural economy" (Bouchard, 2004; Fontan, Klein, Tremblay, 2005). This emphasis on interrelation and plurality raises the issue of proximity and the centre-periphery relationship, as pointed out by Amin (2005) in his writings, because the investments and activities associated with these successful spheres are concentrated in the largest metropolii. According to this author, the capacity of the social economy to take action on poverty is limited and confined to regions and areas which are already dynamic economically. The assessment of growth prospects for the central and outlying regions conducted by Polèse and Shearmur (2002) is also of this view.

However, the issue of proximity to successful metropolitan economies should be reviewed in light of what is known about the new economy, the so-called Knowledge-Based Economy. This new economy is flexible, reticular and informational, which has numerous impacts on societal regulation (Castells, 2004; Veltz, 1996). The advent of the new economy has divided society into two major social categories: those who have the competencies to integrate into it and benefit from the advantages of the wealth created by it, and those who do not have these competencies and are surviving in precarious conditions. This social division cuts across all communities, and translates into a break of social links at the local – and national– levels and the difficulty of actors to establish effective and inclusive structures of local governance.

Spatial analyses of poverty must therefore take this situation into account. Exclusion can quite certainly be found in neighbourhoods of large metropolii and the connection with new economy networks can definitely be established in localities considered to be remote. The proximity which should be examined in this context is relational proximity, which can be facilitated through physical proximity but is not necessarily subordinated to it (Tremblay & al. 2003).

Relational proximity is determined by the integration into local and global networks. At the local level, these networks take the form of "local systems" (Guillaume, 2005), of "coalition structures" where conflicts are settled locally (Hula et al. 1997; Stone et al. 2001) and where actors "learn" to make decisions in favour of the community and the development of community competencies (Prévost, 2006; Joyal, 2002; Arocena, 2001). At the supralocal level, they help to mobilize exogenous resources and combine these with local resources, thus enriching the local "socio-territorial capital" asset ("Capital socio-territorial": See Fontan, Klein & Tremblay, 2005).

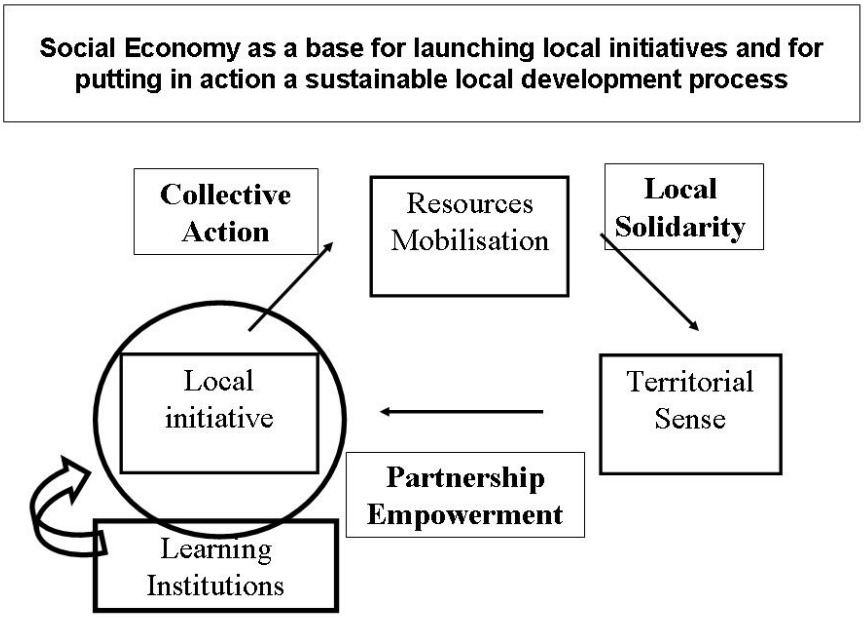
Endogenous and exogenous resources can be developed in a coordinated way in both metropolitan and rural areas, as shown by the emblematic cases in Quebec of the Technopôle Angus (Fontan, Klein, Tremblay, 2004), located in the Rosemont district, in Montreal, and that of Saint-Camille (Lemay and Venne, 2006; Cassen, 2006), in the Asbestos zone, 200 km from Montreal in a deeply rural area. These two cases, although different, converge on at least three points: the fact of being a response to devitalization caused by external factors, the existence of a strong local individual and organizational leadership, and the mobilization of diversified resources rooted in the private and public social sphere, including those made available through government programs.

Thus, our examination focuses on the local capacity to mobilize and coordinate a multiplicity of resources in order to connect devitalized territorial communities to institutional and organizational networks. We argue that the root of the problems of exclusion and poverty experienced by the populations of devitalized zones can be found in the dualization of the local economy and their disconnection with diversified networks (productive, technological, cultural, financial, and political) at the regional, national and supranational levels.

This argument gives rise to the following question: Can local initiatives which mobilize social capital and the social economy rectify this situation, recreate social links leading to prosperous local governance, and connect the local community to global economy networks? We assume that they can, as shown by the afore-mentioned cases of Angus and Saint-Camille, but as long as they are not confined to local resources, which are crucial for initiating projects to combat poverty, but not enough when it comes to implementing them and making a success of them.

The mobilization of endogenous resources is very important, but exogenous resources are just as important, sometimes even more important, and the challenge is in the capacity of local actors to mobilize these resources while maintaining a local leadership, and to combine them with locally mobilized resources. By mobilizing exogenous resources, the community is integrated into supralocal networks and by combining them with local resources, strong social links are created or recreated within the community. This mobilization of actors and citizens generates a positive sense of identity, which fosters self-esteem and commitment to economic and social projects that have effects on the standard of living and quality of life of the community.

FIGURE 1



Source: Klein, 2005

Based on this hypothesis, the success of local initiatives, i.e. their capacity to generate processes to improve citizens' standard of living and quality of life, depends on:

(1) The capacity of local leaders and actors to mobilize a great diversity of endogenous and exogenous resources and to combine them;
(2) The existence of a socially constructed leadership;
(3) The existence of structures and organizations which help to settle conflicts between actors locally and to learn to act collectively; and,
(4) The collective identification of strategic goals aimed at using public programs and other structures to support the development of communities.

The identification of these factors leads us to emphasize networks which allow the actors to mobilize and combine diversified resources, the capacity of local actors to integrate into these networks in the urban or rural context, and in central or remote areas, and the leadership they must exert in implementing the initiatives and the resulting projects. This perspective puts the social economy in a context of innovation and the "new economy," while refuting the views of researchers who associate these solely with the action of the most "talented," with technologies and investments in leading-edge sectors, and thus siding

with those who put forward the perspective of equity (Klein and Harrisson, 2006). Thus, our reflection focuses on mixing strategies which concentrate on the local community (local development, community-based economy, solidarity economy, popular economy, community-based action, social creativity, and social innovation), but also identifies the reconnection of the local community to global networks as a condition of their success. This is how the social economy brings long-term solutions to local communities while contributing to the construction of a fairer and more equitable global and plural economy.

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