Social enterprise in France: at the crossroads of the social economy, solidarity economy and social entrepreneurship?

Laurent Fraisse, Laurent Gardin, Jean-Louis Laville, Francesca Petrella, Nadine Richez-Battesti

To cite this version:


HAL Id: halshs-01449222
https://shs.hal.science/halshs-01449222
Submitted on 14 Nov 2017

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L’archive ouverte pluridisciplinaire HAL, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d’enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.
Social enterprise in France:
At the Crossroads of the Social Economy, Solidarity Economy and Social Entrepreneurship?

Laurent FRAISSE
LISE-CNRS, Conservatoire national des arts et métiers, France

Laurent GARDIN
Institut du développement et de la prospective, Université de Valenciennes et du Hainaut Cambrésis, France

Jean-Louis LAVILLE
LISE-CNRS, Conservatoire national des arts et métiers, France

Francesca PETRELLA
Aix Marseille Université, CNRS, LEST, France

Nadine RICHEZ-BATTESTI
Aix Marseille Université, CNRS, LEST, France

ICSEM Working Papers
No. 34
PREFACE AND ACKNOWLEDGEMENTS

This paper is part of a series of Working Papers produced under the International Comparative Social Enterprise Models (ICSEM) Project.

Launched in July 2013, the ICSEM Project (www.iap-socent.be/icsem-project) is the result of a partnership between an Interuniversity Attraction Pole on Social Enterprise (IAP-SOCENT) funded by the Belgian Science Policy and the EMES International Research Network. It gathers around 200 researchers—ICSEM Research Partners—from some 50 countries across the world to document and analyze the diversity of social enterprise models and their eco-systems.

As intermediary products, ICSEM Working Papers provide a vehicle for a first dissemination of the Project’s results to stimulate scholarly discussion and inform policy debates. A list of these papers is provided at the end of this document.

First and foremost, the production of these Working Papers relies on the efforts and commitment of Local ICSEM Research Partners. They are also enriched through discussion in the framework of Local ICSEM Talks in various countries, Regional ICSEM Symposiums and Global Meetings held alongside EMES International Conferences on Social Enterprise. We are grateful to all those who contribute in a way or another to these various events and achievements of the Project.

ICSEM Working Papers also owe much to the editorial work of Sophie Adam, Coordination Assistant, to whom we express special thanks. Finally, we gratefully acknowledge the role of our Supporting Partners, who are listed at the end of this document and presented on the Project’s website.

Jacques Defourny
HEC – University of Liege

Marthe Nyssens
Catholic University of Louvain
ICSEM Project Scientific Coordinators
# Table of contents

**Introduction** ................................................................. 4

I. Social enterprise and the social and solidarity economy (SSE) in France: an historical overview of socio-economic practices and their institutionalization ................................. 5

1.1. The initial institutionalization (19th century) ........................................... 6
   - The pioneering associationism ....................................................... 6
   - The social economy ......................................................................... 6
   - The market and the welfare state .................................................. 7

1.2. The second institutionalization (end of the 20th century and beginning of the 21st century) ................................................................................................................. 7
   - The social economy brought up to date .......................................... 7
   - The solidarity economy .................................................................... 8
   - The social and solidarity economy ................................................ 10
   - Social entrepreneurship: inside or outside the SSE? .................... 10

II. Three models of social enterprise .................................................................. 12

   Model 1. General interest and multiple-stakeholder organisations ........... 12
   Model 2. Entrepreneurial associations: mixing resources and changing scale. A reflection on the socio-economic model of associations .................................................. 14
   Model 3. Priority given to the social mission: Commercial businesses with a social purpose and social entrepreneurs ................................................................. 17

III. Social enterprises, between rupture and continuity .................................. 19

   3.1. What place for the (social) entrepreneur? ........................................ 20
   3.2. What reference to the market economy and the enterprise? ............ 22
   3.3. What kind of governance? The issue of internal democracy .......... 23
   3.4. What project for the social enterprise? .......................................... 25

**Conclusion** ....................................................................................... 27

**References** ....................................................................................... 29

**ICSEM Working Papers Series** ......................................................... 32

---

## Acknowledgements

The research leading to these results has received funding from the European Community's Seventh Framework Programme ([FP7/2007-2013]) under grant agreement n° 613034.

INTRODUCTION

Social enterprise is a notion little discussed in France by comparison with other national contexts. The most commonly used concept today is that of social and solidarity economy (SSE). SSE is now recognized as a major force in the French economy, accounting for more than 10% of total employment. An important step towards its institutionalization has been achieved with the adoption of a specific law in July 2014. This law defines the criteria of the social economy as follows: a purpose other than the distribution of profits, democratic governance, reinvestment of profits in the activity and compulsory asset lock. It therefore includes all associations, cooperatives, mutual organizations and foundations. In addition to these traditional legal forms of SSE, the law opens up the field of SSE to commercial companies whose economic activity has a social utility purpose (support to persons in a situation of fragility, fight against exclusion and inequalities, education in citizenship, sustainable development) and whose management meets the following criteria: the financial surpluses must be allocated in priority to the social mission and to compulsory reserves; the company’s shares cannot be negotiated on capital markets; and an equitable wage policy (with a wage scale in which the highest salary does not exceed 10 times the lowest salary) must be implemented. These commercial enterprises can be labelled as “solidarity enterprises of social utility” (entreprise solidaire d’utilité sociale, or ESUS) by public authorities (prefecture).

It is thus not easy to depict the French situation as far as social enterprises are concerned. The guiding hypothesis of this text is that the social enterprise as initially conceptualized within the EMES International Research Network (Defourny 2004) is little used in France because it does not correspond to a stabilized approach and takes different forms, situating it between three poles that characterize the current French situation: the solidarity economy, the social economy and social entrepreneurship, as represented in figure 1 below.

The criteria traditionally defining social economy organizations were the following: objective of serving the members or the community rather than making profit; managerial autonomy; democratic control by the members; primacy of persons and social objective over capital in the distribution of surpluses (Desroche 1976; Vienney 1994). These were included in the Chart of social economy, written by the organizations themselves in 1980 (see below). The recent law is therefore loyal to these criteria.

The solidarity economy, for its part, brings together all the activities contributing to the democratization of the economy through citizen involvement. The characteristic of this perspective is that it considers these activities not only in terms of their legal forms (association, cooperative, mutual benefit, etc.), but also through their dual—economic and political—dimension (Eme and Laville 2006; Dacheux and Laville 2003).

The aim of social entrepreneurship is to create a profitable or cost-efficient economic activity responding to social and environmental needs in the framework of a private initiative serving the general interest. The emphasis is thus placed on the combination of economic efficiency and a social objective, with the purpose of reinvesting economic surpluses into the social mission. In France, however, this notion is closely related to that of social entrepreneur. As

---

1 Foundations are not really covered by this paper for two main reasons. First, they are, strictly speaking, not engaged in a continuous activity of production, but are rather located on the “financing side” of the economic activity. Secondly, until recently, they were considered as making part of the group of associations in the classification. Finally, they represent only 3%—the smallest share—of total employment within the SSE.
suggested by Mair and Marti (2006), the notion of “social entrepreneur”, by contrast with that of “social enterprise”, focuses on the individual characteristics of the entrepreneur and on his/her behaviour. In the rest of this paper, when mentioning “social entrepreneurship”, we will stress the focus on the individual social entrepreneur and his characteristics.

Figure 1. Social enterprise in France: at the crossroads of three poles

In the first part, we briefly review the history of these various socio-economic practices, identifying the modalities of their different phases of institutionalization and giving some hints to understand their actual coexistence. In the second part, we extract three models or ideal-types of social enterprises, defining what the main types of social enterprises in France could be—even though the term is not often used by the organizations themselves—and identifying tendencies that the research identifies as important. In the third part, we analyse how these models differ from or, conversely, are linked to the tradition of the social and solidarity economy, which dominates in the French context. A conclusion can then be formulated regarding the limits and prospects of the social enterprise concept in France.

I. SOCIAL ENTERPRISE AND THE SOCIAL AND SOLIDARITY ECONOMY (SSE) IN FRANCE: AN HISTORICAL OVERVIEW OF SOCIO-ECONOMIC PRACTICES AND THEIR INSTITUTIONALIZATION

It is impossible to understand the current issues linked to social enterprise and the SSE in France without looking back at history, through a review of what happened in the 19th century. This perspective sheds light on the institutional bases that prevailed until the period 1945-1975, which was characterised by a regime of growth dominated by the synergy between the market and the state. The succession of crises that this regime has faced since the 1970s has underscored the ambivalence of a social economy endowed with a significant socio-economic weight but challenged by the solidarity economy as regards its political scope and by social entrepreneurship as regards its economic dynamism. These disruptions gave rise to new phases of institutionalization in the last third of the 20th century.
1.1. The initial institutionalization (19th century)

The establishment of modern democracies enabled the rise of associationism, which invented democratic solidarity in the course of its action.

The pioneering associationism

Democratic solidarity, which focuses on mutuality and the common good as much as on the expression of social demands for more equality, derived both from self-help initiatives and from social movements. Starting out from the freedom of access to the public sphere secured for all citizens, it strove to deepen political democracy through economic and social democracy. There thus emerged a solidarity that was no longer traditional, as in earlier societies, but which also implied equality. This equality did not mean imposed uniformity; it incorporated difference (for instance, Pierre Leroux [1841], who introduced the term “solidarity” in the French philosophical debate, speaks about “equality in difference”). In France, as William Sewell (1985) has shown, early associationism was anchored in this solidarity, understood as a voluntary social bond among free and equal citizens.

Pioneering associationism demanded equal rights for all citizens, and at the same time fought against an economic system reinforcing inequality. Adamant in their demands for real equality, as part of a movement that was inseparable from democratic progress, associations refused to allow birth to confer any privileges. In this way, associationism suggested another way of managing the economy, at a time when the foundations of capitalism were not yet fully established. Associations defending the rights of workers and women were fundamentally opposed to the idea of a self-regulated market economy governed by natural law.

As the historian Michèle Riot-Sarcey (2016) highlights, this first stage of associationism was forgotten, neglected as utopist and repressed by very violent reactions from authoritarian regimes.

The social economy

In the second half of the 19th century, the struggle for equality gave way to the struggle against poverty, with the emergence of philanthropic solidarity, which referred to a vision of an ethical society in which citizens motivated by altruism fulfilled their duties towards one another on a voluntary basis. Focused on the question of urgency to meet social needs and the preservation of social peace, its object was the relief of the poor. In other words, it carried within itself a mechanism of social hierarchization, reintroducing inequalities based on “social neighbourhood” networks.

There was thus a bifurcation in the second half of the 19th century, which connected the social economy with the question of pauperism and gave rise to a first phase of institutionalization marked by two features: priority given to philanthropic solidarity over democratic solidarity and divisions between the approaches that had hitherto been interlocked in associationism (production, mutual help and protests). On the one hand, the legal recognition obtained followed the recommendations by theorists of the social economy, such as Frédéric Le Play, who privileged philanthropic solidarity and advocated the expansion of patronage, as attested by the decree of 1852 on mutual insurance societies (mutuelles), which created the legal form of approved societies, making their recognition subject to the approval of “notables” (Gueslin 1998: 213-24). On the other hand, the recognised legal forms (cooperatives, mutual
societies, associations), which were designated as belonging to the social economy, differed from one another while also being differentiated from trade unionism.

**The market and the welfare state**

At the end of the 19th century, the principle of solidarity imposed the notion of a “social debt”, and solidarity became grounded in law. This new way of considering solidarity gave a central role to the principle of redistribution and to the welfare state. This was an enormous step forward: it became possible to make legally binding what had previously resulted from philanthropy and benevolence. At the same time, however, sight was lost of the role that associations could play in the very construction of solidarity—or, in other words, of the more horizontal, reciprocal dimension of solidarity. Public redistribution seemed to be sufficient to correct the inequalities created by the market; the complementarity and separation of the economic and the social were consolidated.

After the Second World War, society was understood as the simple addition of the market and the welfare state. In a sense, associations became service providers to the public authorities. They were enrolled in social policies through supervisory regulations; the public authorities financed activities for which they set the norms. In parallel, mutual societies became auxiliaries of the social welfare systems, while cooperatives increasingly asserted themselves as non-capitalist enterprises on the market. The distance between associations, mutual societies and cooperatives increased to the point where, for a number of them, the very idea of a common identity was lost. The social economy thus became stabilized as a set of organizations whose operating rules were distinct from those of capitalist enterprises but whose scope remained limited. This is what is usually called the “statutory” approach of social economy: defining its scope from the legal forms of the organizations. Its significant economic weight contrasted with its weak political role, its components being separated by the state-market dualism.

### 1.2. The second institutionalization (end of the 20th century and beginning of the 21st century)

The limited use of the notion of social enterprise in France can no doubt be linked to the specificity of the process of legitimation, structuring and institutionalization from which a new constellation—referred to as the social and solidarity economy (SSE)—emerged. This emergence is inseparable from the exhaustion of the state-market synergy that was a fundamental characteristic of the “thirty glorious years” (1945-1975) of post-war expansion.

The intensification of the economic crisis then induced, in the first decade of the 21st century, the affirmation of new sensibilities claiming to represent a “social entrepreneurship”, which was encompassed within the scope of the SSE Law of July 2014.

**The social economy brought up to date**

More than in other European countries, the social economy in France has sought to organize itself and secure recognition in the political and institutional sphere. The historic alliance forged in the late 1970s, at the onset of the economic crisis, between representatives of cooperatives, mutual societies and associations around common statutory principles is something of a national specificity: in most other EU countries, cooperatives and associations...
do not see themselves as belonging to the same category (a good example hereof is that of Germany; see Evers and Bode 2004).

Among these statutory principles, the one limiting the distribution of profits and the power of capital contributors brought cooperatives and mutual societies on the same footing as non-profit associations. The social economy sought to demonstrate that non-capitalist enterprises, characterised by property rights not proportional to the capital held, could exist. In this sense, cooperatives—enterprises initiated by the voluntary grouping of associates—were at the heart of the theorization of the social economy. All these organizations grouped together in 1976 to create the national liaison committee of mutualist, cooperative and associative activities (CLAMCA). This committee elaborated a Charter of the Social Economy in 1980 and a Joint Declaration in 1991. The recognition of this “reactivated identity” by the public authorities took place through the regulatory channel, with the Decree of 15 December 1981, creating an inter-ministerial organisation, the “Delegation of the social economy” (Délégation à l’économie sociale). These evolutions are considered as the second phase of institutionalization of the social economy.

In the course of time, with the growth of some of its organizations and the transformation of their environment, the social economy, which sprang from a determination to bring about change, has suffered from a tendency towards banalization strengthened by a vision limited to the enterprise. The social economy has, indeed, concentrated on the form of the enterprise, reducing the democratic dimension to a formal equality between members and accentuating a perception of success as performance on the market. Some of social economy organizations have in fact encountered difficulties in the exercise of democracy, in mobilizing the associates or in supporting processes of emancipation.

The solidarity economy

The solidarity economy emerged in a context of crisis, both at the economic and cultural levels. Whereas the entities of the social economy converged at the national level, the development of the solidarity economy was based on a criticism, at the grassroots level, of the institutionalisation of the social economy and of its tendency towards market isomorphism. Actors who wanted to rediscover a capacity for social change found their cause in the solidarity economy, which offered a more “alternative” approach and claimed a political capacity of social transformation. The distinction—of a political nature—between the solidarity economy and the social economy consists in considering the solidarity associations as belonging to the public domain, in the sense that these are not private organisations but citizens’ initiatives calling for public action. In terms of this logic, the political sphere is seen as the articulation between the action of public authorities and collective action arising from expression in public spaces that are in continuous reformulation. These initiatives are part of the formulation of public problems and this role is as constitutive of their identity as that of productive organizations.

In the course of the 1970s, 1980s and 1990s, the solidarity economy raised new questions about the predominance of a statutory approach of the social economy, i.e. defined on the basis of the legal forms and not of practices, in favour of a return to solidarity practices, a

---

2 Created in 1970 by cooperatives and mutual societies, this liaison committee was enlarged to associations in 1976. In 2001, this committee changed its name to become the “Council of enterprises and groupings of the social economy” (Conseil des Entreprises et Groupements de l’Économie Sociale, or CEGES). Since the 2014 Law, it has become the Chamber of the Social and Solidarity Economy.
reflection on the dynamics of participation and a theorization of exchange (Laville 1994). The solidarity economy is fed by the questions raised within many social movements (from ecology to feminism), and it is probably more accurate, when analysing this movement, to speak about a resurgence rather than an emergence, since the solidarity economy revives the principles of the pioneering associationism of the first half of the 19th century, while criticizing the "simplifications" subsequently made by the social economy. This reflection on the origins, combined with an analysis of contemporary problematics, led to an updated interpretation of the initiatives—no longer considered only as economic but also as political—which echoes the abovementioned difference between pioneering associationism and the social economy. The reaffirmation of the political dimension is accompanied by a questioning on the economic dimension.

As regards the economic order, the solidarity economy is built upon Polanyi’s denunciation of the “economistic fallacy”, which identifies the economy with the market, and on his distinction between the orthodox formal economy and the substantive economy. The former is characterized by the predominance of the rationality principle in the choices of economic agents, in a context of scarce resources, which is the rationale for the market economy. The substantive economy recognizes the embeddedness of the economy into social relationships and the plurality of economic principles, which include the market, but also redistribution (which can be public, i.e. based on contributions established on the basis of rules determined by representative democracy, or private, i.e. philanthropic), reciprocity (based on acceptance of bonds of interdependence between symmetrical groups) and domestic sharing (based on membership of the same family).

All economic activities can be envisaged as involving a combination of the various principles rather than by referring solely to the market principle. To the plurality of types of enterprises highlighted by the social economy, the solidarity economy thus adds the plurality of economic principles that can be mobilized to achieve collective projects. The dynamic of the solidarity economy can be distinguished from that of the social economy in several respects. First, since the 1980s, the solidarity economy has been experimenting with practices that increasingly involve the co-production of neighbourhood services between professionals and users (childcare facilities, neighbourhood management schemes, investment clubs, etc.) and the co-production of local activities by public authorities and associations that are not always affiliated to the big national federations (Laville and Nyssens 2000). These multi-stakeholder dynamics in the creation and management of economic activities were not found in the single-stakeholder pattern that characterised the traditional social economy. Secondly, the solidarity economy also highlights citizens’ involvement in their everyday economic acts (working, saving, consuming, being housed, travelling differently, etc.). It emphasizes the fact that the economy is not just a matter for enterprises, even though they belong to the social economy, but that citizens can contribute to it as well. Thirdly, analysis of the hybridization of resources that is common to many initiatives (many indeed combine resources from the market, redistribution and reciprocity; see Gardin 2006) reveals that such hybridization makes it problematic to consider self-financing on the market as the main means to achieve sustainability. Finally, more generally, solidarity economy actors are often more critical of the dominant norms of production, exchange and consumption than social economy initiatives, as evidenced by their participation in the social forums and their commitment to the anti-globalization movement in the 2000s (Fraisse 2006). The simple recognition of other forms of enterprises on the market is not seen as adequate nor sufficient for a necessary transformation of a development model dominated by neo-liberalism. For solidarity economy actors, the plural economy (Laville 2006) cannot be limited to the affirmation of a plurality of forms of enterprise but implies taking a position and acting on the plurality of modes of regulation and
resource allocation while coming out of a non-critical relationship to the market and advocating for other indicators of wealth, distanced from a progressivist discourse traditionally centred on the pursuit of growth. It is then not surprising that the “Movement for the Solidarity Economy” (Mouvement pour l’Économie Solidaire, or MES) places more emphasis than social economy does on the ecological and social transition (Hersent and Palma Torres 2014).

The social and solidarity economy

After a period of tensions between social economy organisations and solidarity initiatives, their alliance was deemed necessary by the respective actors to strengthen their position in the dialogue with public bodies. There was thus a partial compromise in the 2000s on the term “social and solidarity economy” (SSE). This compromise is partial to the extent that it is not deeply rooted in any internal analysis of the complementarities between the solidarity economy and the social economy but is rather created by external contextual conditions. It resulted from another step of the institutionalization process, in which the main milestones were the creation of a state secretariat for the solidarity economy, which existed from 2000 to 2002, and the appearance of local elected politicians in charge of the SSE, with the constitution of a “Network of territories for the solidarity economy” (Réseau des territoires pour l’économie solidaire, or RTES). Aiming to marshal a broad coalition of actors and networks to construct the legitimacy of a new field of action for local authorities, the local politicians used the term “SSE”, influencing in return the structuring of the territorial grouping of the actors who progressively adopted this terminology. But this compromise does not resolve the question of democratic issues within the SSE, nor does it explicitly delineate the articulation between an organizational model and an institutional dimension. However, while the solidarity economy already makes it possible to take into account some organizations that do not correspond to the historic legal forms of the social economy, it is social entrepreneurship that—strongly—raises the question of the integration of organizations that do not adopt these legal structures into SSE.

Social entrepreneurship: inside or outside the SSE?

Social entrepreneurship does indeed take over a number of critiques from the solidarity economy but considerably changes them. In broad terms, what is criticized in the social economy is its clinging to old formulae, which can give rise to a lack of reactivity in the face of present-day problems and explain its limited attractiveness for younger generations. The social economy is seen as a set of organizations in the hands of “notables”, who justify their positions with a discourse about democracy but cannot be held accountable for their practices, as they are protected by opacity and collusions that make little sense to the new actors. Social entrepreneurship is presented by its advocates as more in touch with modern sensibilities and more accessible to innovators who are attracted by the prospect of action but disconnected from the ways of the social economy. By contrast to the solidarity economy, it is also situated in the context of the rise of the ideology of the enterprise, which is increasingly seen as the only form of legitimate collective action, if Foucault (2008) or Laval (2007) are to be believed.

The Law on the SSE adopted in July 2014 (cf. Box 1), while opting for an inclusive definition, does not dispel the ambiguities that still lurk under the incomplete compromise. Behind the debates on the extent of the SSE lies the question of its role in a time of radical change. In this regard, the period preceding the passing of the Law was one of increased hope of recognition, sustained by the national meeting (États généraux) of 2011 and the first appointment of a designated junior minister (Ministre délégué) in 2012 (until 2014). But the
recognition of the SSE within a framework dominated by austerity policies raises the question of the capacity of its actors, initiatives and enterprises to influence the model of development.

Box 1: The Law of July 31, 2014 on the social and solidarity economy

Since July 2014, and as in a number of other countries, a law now defines the social and solidarity economy in France. In all cases, including the French one, these laws aim to identify common points and interests among actors in different sectors of activity.

The question most discussed in France during the consultations and debates was that of the scope of the SSE. The Law on the SSE is primarily of symbolic significance, in that it gives official recognition to another way of realizing economic activities and provides a legal basis for the “statutory” approach to the social economy, the conditions of which it summarizes in Article I (a purpose other than the distribution of profits, democratic governance, reinvestment of profits in the activity, asset lock, etc.). The novelty lies in Article 2, which opens up the field of the SSE to commercial companies whose economic activity aims to pursue social utility (support to persons in a situation of fragility, fight against exclusion and inequalities, education in citizenship, sustainable development) and whose management corresponds to social demands (reinvestment of a share of surpluses, more restrictive takeover conditions, etc.).

Article 7 defines the criteria for approval as a “solidarity enterprise of social utility” and the organizations benefiting automatically from it (because of their legal form), which in particular opens up access to financing from employees’ solidarity savings. The way in which Articles 2 and 7 are interpreted and applied will make possible to assess in practice the degree of openness of the SSE to new forms of social enterprise, the importance—or absence—of commercial enterprises of social utility and the possible risks of “social washing” or “greenwashing”.

The Law strengthens employees’ power to act. Articles 11 and 12 stress employees’ right to be informed in advance, in case of transfer of business, so as to favour the takeover of enterprises in good health; this is important in a context in which transfer of business is becoming crucial, with the retirement of the founders of many organizations.

As regards associations, grants are legally justified by the statement that the actions and projects supported must arise from the initiative of organisations governed by private law and be justified by their general interest purpose. While the government speaks of a “legal anchoring of subsidy” at a time when public procurements are increasing, others point out that the text merely confirms existing case law.

Article 10 characterizes social innovation as the project of an enterprise or organisation aiming to offer products or services that meet social needs previously not satisfied or inadequately so, through an innovative form of enterprise, an innovative process of production of goods or services or an innovative mode of work organisation.

Finally, the Law makes reference to complementary local currencies.

The introduction, in the course of parliamentary debates, of a reference to other forms of exchanges and to a definition of the SSE as a mode of economic development partially responds to the reservations expressed regarding a law that above all makes the SSE another way of undertaking business (mode d’entreprendre). However, by targeting the productive dimension of specific enterprises, it keeps itself at a distance from a broad approach to the economy that integrates other forms of exchange and consumption involving the citizens as potential actors of transformation. Moreover, an important question such as that of the banking reform is not addressed, although cooperative and mutualist banks are important players in the sector in France.

Since the adoption of the Law, the recognition process of the SSE has been continued by the nomination of a Secretary of State for the SSE in June 2015 and by the creation of an inter-ministerial delegation on the SSE in January 2016 within the Treasury department of the Ministry of Economy, Industry and Digital Technology.
It can be observed that, in a context of intense transformation of the modes of regulation and more generally of contemporary capitalism, the links between the three existing poles in France (social economy, solidarity economy and social entrepreneurship) appear more or less “stretched”. It is in this context and period that the notion of social enterprise has emerged in France. Although not often used by practitioners, its apparition questions the links and boundaries between these three poles.

II. THREE MODELS OF SOCIAL ENTERPRISE

Within this context, what would be the socio-economic practices that could be characterised as “social enterprises” in France, and which ideal-types could be identified? In order to answer these questions, we will refer to the conceptual approach of the EMES Network, characterized by a set of nine indicators, classified within three groups (Defourny and Nyssens 2012):

- the first set of indicators deals with the economic dimension of social enterprises’ activity (a continuous activity producing goods and/or selling services, a significant level of economic risk, the presence of at least a minimum of paid work);
- the second set of indicators concerns social enterprises’ social and inclusive dimension (an explicit aim of benefiting the community, an initiative launched by a group of citizens, a limited profit distribution);
- the last indicators characterize these enterprises’ governance structure (a high degree of autonomy, a decision-making power not based on capital ownership, a participatory nature which involves various parties affected by the activity).

However, as summarized by Defourny and Nyssens (2012), there are several schools of thought on social enterprise, with an important distinction between the US and the EU visions. Within the US conception, two schools of thought are in general identified: the “earned-income school”, which considers as social enterprises all types of organizations, whatever their legal form, that develop market-oriented economic activities serving a social purpose, and the “social innovation school”, that gives a central role to the social innovation dynamic, most often driven by a social entrepreneur, who possesses crucial personal characteristics to pursue his/her social mission (Dees and Anderson 2006).

In this context, we propose to distinguish and characterize three models or ideal-types of social enterprise in contemporary France. The first two can be seen as evolutions of the French SSE initiatives. The first one emphasizes the enlargement of governance to multiple stakeholders, which led to new legal forms within SSE, and to the legal form of collective interest cooperative in particular, and to territorialized cooperation. The second one corresponds to a reflection, conducted within the “associative movement” but not only, on the socio-economic model of associations in the context of budgetary constraints, tensions on welfare states and increased competition. Many associations have adopted a more entrepreneurial model that leads to growth and cooperation issues. The third model emphasizes the emergence of commercial businesses with a social purpose, in line with the social entrepreneurship pole described earlier.

Model 1. General interest and multiple-stakeholder organisations

Historically, as mentioned in the previous part, the social economy first claimed to exercise economic activity on the market through the cooperative form. Traditional cooperatives are mainly governed by one type of stakeholder (workers, consumers, producers). However, as in many European countries, the need to take into account the interests of a plurality of
stakeholders and to pursue a general interest purpose within a cooperative form emerged, leading to the creation in 2001 of a new legal form, the collective interest cooperative (société coopérative d’intérêt collectif, or SCIC). SCICs “are joint-stock or limited liability companies with variable capital, governed (…) by the Code of Commerce. They have as their objective the production or provision of goods and services of collective interest that have a social utility character” (Law of 17 July 2001). They can be regarded as the translation into French institutional terms of the new social enterprise statutes that appeared in Europe in the 1990s and 2000s (Laville and Nyssens, 2001). The aim then was to take into account and encourage multi-stakeholder dynamics in the creation and provision of local social utility services.

The first novelty of SCICs lies in the fact that this cooperative statutory framework allows for multiple stakeholder involvement, with governance by several possible “colleges” (of employees, users, volunteers, local authorities, …; any physical or legal person who contributes to the activity can belong to a college). At least three colleges are required, of which two are obligatory: the college of employees and that of users. The second novelty lies in the fact that the economic activity is clearly carried on to the benefit of the community rather than to the benefit of the organisation’s members alone; the social utility character of the production is recognised by the public authorities.

**Box 2: “A taste of illusion”: a cultural collective interest cooperative**

“Un goût d’illusion” is a collective interest cooperative (SCIC) with a commercial form (limited liability company) active in the cultural sector. It aims to support cultural and artistic projects in performing arts. It is a support organization that helps to professionalize and to structure cultural organizations, which often lack administrative, managerial and strategic expertise. Indeed, in the cultural field, the very small size of most cultural associations and the lack of field structuration are impeding their development. The project started in Montpellier (Languedoc-Roussillon Region, South of France) with the creation in 2000 of the association « Iillusion et Macadam », which aimed to support cultural projects, hitherto isolated and led by artists who became entrepreneurs against their own will. The objective was to mutualize competences, reduce job insecurity for artists and projects and support the necessary transformation of the sector.

The project was created as an association but in 2010, it was decided to adopt the collective interest cooperative form, as the project had reached the limits of the associative legal form. With this new legal form, a new name was adopted: « Un goût d’illusion ». The new form was chosen to reinforce the collegial functioning, to make up for the lack of volunteers and to formalize the project’s partnerships. The founders’ wish is to become a kind of cooperative holding, with the SCIC at its heart. The adoption of such a cooperative status is very innovative in this field of activity. In 2012, there were only 40 SCIC in the cultural field in France (15% of the total number of SCICs); more than half of them (23) have been created between 2010 and 2012.

The adoption of a collective interest cooperative form appears to the founders as an innovative way to include the diversity of stakeholders’ interests and issues at stake. The multi-stakeholder governance facilitates the involvement of the multiple stakeholders by formalizing their partnerships and the “network organization” increases the initiative’s capacity to adapt to new opportunities and anticipate changes in the environment. They are open to new collaborations and consider that “the network is their trademark”. Their success comes from their adjustment capacity and their reactivity.

Today the organization has 25 employees, a payroll of 584,000 euros, and a turnover of 1.6 million euros. Beside their support function, Un goût d’illusion also develops an important production activity. They work as a hybrid production office, between an autonomous artist and a big production office, while keeping a handcraft way of doing things, which is an innovative practice in itself in this field of activity.

---

ICSEM Project  c/o Centre d’Economie Sociale  HEC Management School, University of Liege  Sart-Tilman, building B33, box 4  B-4000 Liege  BELGIUM  Website: http://www.iap-socent.be/icsem-project e-mail: icsem-socent@emes.net
Although steadily rising, the number of SCICs created so far remains modest: there were only 400 SCICs in 2014. The limits encountered in their development include: (1) the fact that the recognition of the social utility does not entitle the organisation to a particular tax and regulatory regime as compared to commercial companies; (2) the complex functioning of multi-stakeholder cooperatives; and (3) the 20% ceiling on investment by local authorities (which was raised to 50% by the SSE Law adopted in July 2014).

SCICs’ social utility character and multi-stakeholder governance are their most specific features, which distinguish them most clearly from the earlier cooperatives and bring them closer to the EMES ideal-type of social enterprises as far as the participative and social criteria are concerned.

This enlargement to multiple stakeholders can also be observed at the inter-organizational level, in the emergence of “Territorial Poles of Economic Cooperation” (Pôles territoriaux de coopération économique, or PTCEs). These Poles, created in 2012, are now recognized in the 2014 Law (art. 9). A Territorial Pole gathers different organizations in a given territory, such as commercial enterprises, SMEs, local public authorities, research and training centres and SSE organizations that cooperate in order to develop innovative projects to foster a sustainable local development (see http://www.lelabo-ess.org/+ -PTCE:+.html and article 9 of the Law). Today, there are more than one hundred PTCEs in France. PTCEs are quite similar to clusters and industrial districts patterns, but they differ from them in that they are supported by SSE actors and by their multi-stakeholder governance with a large variety of governance structures (Fraisse 2014).

**Box 3: The South Aquitaine Pole (Le pôle sud aquitain)**

Launched in the South-West of France, at the gates of the Basque country, the South Aquitaine Pole carries out a global socio-economic development project targeting enterprises and inhabitants with the objective of securing trajectories to employment. This project builds upon a strong networking of organizations and practices integrating SSE values and principles. Around the Seignanx employment area committee, 8 autonomous SSE enterprises (among which a work integration restaurant, a training centre, and two employment and activity cooperatives) are collaborating to improve access to employment on the territory. To reach their objective, they have adopted a strategic vision, considering that activities need to be adapted to the territory and permanently readapted to the social and economic context while always meeting the goals defined in the initial mission. Their multi-stakeholder governance, including private businesses, trade unions, local authorities and SSE organisations, is also a key factor of their success in implementing a sustainable socio-economic development with and for actors of the territory.

Source: Fraisse (2014).

**Model 2. Entrepreneurial associations: mixing resources and changing scale. A reflection on the socio-economic model of associations**

If SCICs, which have been developed following the example of Italian social cooperatives, have not developed much in France until now, this is to a large extent because social services, and then neighbourhood services, have hitherto largely been provided in the framework of an associative dynamic, which gained new impetus in the 1980s and 1990s.

---

Nonetheless, the institutional developments of the 2000s led some segments of the associative world to evolve in a more entrepreneurial direction and to change scale to position themselves on the market and stand up to the growing competition. Indeed, the increase in public procurement practices (Tchernonog 2013), which replaced to some extent the traditional mode of financing by grants, combined with the entry of for-profit enterprises into sectors such as home care services (Fraisse and Petrella 2012) or childcare (Petrella and Richez-Battesti 2013), led to a diversification of association strategies to such an extent that it is now sometimes difficult to describe the associative sector as a coherent whole. Thus the growing recourse to contracting out practices in the field of public childcare services is leading associations to group together to reach a critical mass, able to respond to this evolution.

Several strategies of growth (through mergers or takeovers), mutualization or grouping, through membership in a federation or the creation of territorial or sectorial networks, have been observed within the associative world and have radically changed the composition of the offer across the national territory (Richez-Battesti and Malo 2012). These strategies are accompanied by cost-cutting rationalization procedures, which have been implemented by most associations. While this managerial and entrepreneurial turn now predominates in some sectors, it should also be stressed that not all associations have gone so far in this direction.

This managerial turn (Hoarau and Laville 2011) has generally undergone quietly, but is sometimes overtly declared by some federations or groups of associations. Concretely, some strategies of territorial development and diversification of activities as a systematic response to public procurements have been set up. Competition—including competition with other local associations—is accepted as a mode of regulation of social services. In a context in which associations are at the same time encouraged to cooperate and pool their resources, some authors (such as Brandenburger and Nalebuff 1996) speak of “coopetition”. Some community education federations (Bucolo 2011) or more recently created medium-sized associations managing several structures, as in the case of childcare services (Petrella and Richez-Battesti 2013), set up centralized market intelligence covering the whole country and do not hesitate to offer their services to local authorities in areas in which they have not been historically active. These practices, still in minority but steadily growing, call the associative project into question whenever their role becomes a matter of managing local services of general interest, defined in a top-down way in the framework of public procurement and managerial requirements defined by public authorities.

These transformations have led the Associative movement (Mouvement associatif), which replaced and succeeded to the “Permanent coordination of associations” (Confédération permanente des coordinations associatives, or CPCA), representing the federations in sectors ranging from social work to community education and sport, into an unprecedented effort at positioning and proposing in the public debates. The text that supports this initiative expresses a new and strong awareness of need for a change in the socio-economic model:

_The crisis and the current transformations of our economy require us to think of alternatives to the current model of growth. […] The first step in this change consists in no longer regarding the market as the only economic force driving the economy and ultimately society. […] To break out of this one-sided and reductive view, […] associations, whose activities are based on the active participation of the citizens, must be given a central place in the sphere of socio-economic actors. For, while they rely on volunteers, they are not charitable organizations and are situated in the market, sometimes in areas neglected by ordinary enterprises. They are often involved in the implementation of public policies and are also capable of_
mobilizing non-commercial resources arising from redistribution by the public authorities. In this respect, their operation reflects this more open vision of the economy, integrating a plurality of types of exchanges. (...) Rethinking the economy in terms of this plurality thus presents an unprecedented opportunity to assert, recognize and gain recognition of the economic and social strength of the 1.3 million associations active in France, [which mobilize] almost 16 million volunteers throughout the country, [employ] 1.8 million people, [generate] added value amounting to 3.5% of GDP and [make] up 80% of the social and solidarity economy. (...) This reintroduction of associations as first-rank socio-economic actors, which should be accompanied by an internal improvement of associative practices, would strengthen the exercise of democracy within the economy, by giving back power to the citizens. It would thus help to re-orientate wealth creation towards meeting the needs of populations and territories. It would make it possible to place social and ecological concerns at the heart of economic issues.

(Mouvement associatif 2014, p. 1)

These lines clearly underscore the inadequacy of a formal approach to the economy and the need to opt for a substantive approach. Associations adopting such a socio-economic model are compatible with the EMES ideal-type of social enterprise, even if they do not make explicit reference to it.

Box 4: The association “Family Help” (Valréas)

The mission of the association “Family Help” is to provide home care services to help families in need (in terms of housekeeping and children’s education) and dependent persons (the elderly and disabled persons). Their aim is to contribute to the quality of their environment, helping them to stay home and live at home safely and with dignity. This association is a good example of an association that succeeded, until now, to adapt to the constraints of the environment while keeping strong social, ethical and associative values. It is however a constant challenge. Investing in human resources, improving service quality and fostering resources pooling and partnership across social and health sectors are part of this organization’s recipe for success. A major strength of this association lies in its willingness to improve both the quality of jobs and services. The association provides good quality jobs in a field where employment quality is often poor. This non-profit organization, created in 1961, was originally an organization of volunteers who organized themselves to help mothers temporarily in need. With the increasing activity volume and the change of the legislative environment (new law in 2002), it became impossible for the organization to function as it used to do. This is why the board of directors decided to appoint a director. The director had a strong experience in the financial and business world, but had also a diploma and a previous experience in the social and cultural world (community centres, vocational training organization); the director initiated a lot of changes in the governance of the organization as well as in the internal organization.

This association also elaborated a deontological chart to recall the values that it promoted: to adopt a respectful attitude towards the persons, their belongings and their privacy; to protect the users and the workers from abusive and unsatisfactory practices; and to implement a global and individualized service.
Model 3. Priority given to the social mission: Commercial businesses with a social purpose and social entrepreneurs

Work integration social enterprises are no doubt one of the oldest social enterprise models, the first of which emerged in France in the late 1970s (Gardin et al. 2013). They were progressively institutionalized in the 1990s as an instrument of employment policies. In France, the term used is rather “organizations for integration through economic activity” (structures d’insertion par l’activité économique, or SIAE) (see box 5). While many SIAE initiatives belong to Model 1 or Model 2, others can be considered as part of this third model. Some of the historic leaders of the work integration field define themselves as social entrepreneurs, are among the founders of the “Movement of social entrepreneurs” (Movement des entrepreneurs sociaux, or Mouves), a network of social entrepreneurs created in France in 2010, and are now members of its board of directors.

This filiation between work integration enterprises and social entrepreneurship should therefore not be neglected and tends to relativize the hypothesis of a simple “importation” of the social enterprise concept from the English-speaking world. In any case, such hypothesis should be combined with the hypothesis of a French form of social entrepreneurship, which constitutes a symptom of a crisis or mutation of the work integration sector—a crisis, because the “transition zone” model of WISE has lost some of its legitimacy in a context in which the social exclusion, which was the major problem of the 1980s, has given way to the issue of in-work poverty. Moving beyond the role of simple “intermediation” on the labour market and entering the dynamics of a grouping of enterprises is now the aim of some leaders of Mouves. In such context, social entrepreneurship would then be in part (but not solely) a mutation of some SIAEs aiming at a change of scale and local economic development, and thus contributing to the emergence of Model 3.

Box 5: Work integration social enterprises in France: organizations for integration through economic activity (SIAEs)

The SIAE sector is composed of a large variety of organizations: some are more oriented towards social integration, while others are more focused on work integration; some are clearly operating on the market, while others are more dependent on public subsidies... Such variety depends on the characteristics of the workers whom they try to integrate. SIAEs include: work integration enterprises (entreprises d’insertion, or Els); intermediate voluntary organisations, whose aim is to play a role of intermediary at the local level between work supply and demand (associations intermédiaires, or AIs); integration workshops, which provide training and work to people excluded from the labour market but not in a competitive market environment (ateliers et chantiers d’insertion, or ACIs); and temporary work integration enterprises (entreprises de travail temporaire d’insertion, or ETTIs). Organizations belonging to each of these types of WISE are structured into a specific federation. Initiatives often adopt an associative form, and this sector is now integrated into the SSE (as institutionalized by the recent law on SSE). In the rest of this paper, we will use the term of “work integration social enterprise” (WISE) to facilitate international comparison.

This third model of SE generally emphasises the figure of the social entrepreneur, who is an individual with an entrepreneurial spirit dedicated to a social purpose. This conception of social enterprise is thus more related to the social innovation school of thought (see above). It leads one to consider the nature of such entrepreneurs. Although there has been no
exhaustive study of these social entrepreneurs in France, it is generally considered that they have two origins (Richez-Battesti 2014).

Some are former social workers who have opted to free themselves from public oversight in order to achieve greater autonomy and a larger entrepreneurial scope, who declare their wish to contribute to the general interest, but who generally initially lack knowledge of the business world or even reject the model of the traditional enterprise as much as the welfare state model. Another group of these social entrepreneurs are generally younger and are graduates of business schools. They were “steeped” in the world of enterprise and understand how it works, but they aspire to different internal operating rules—with more participation and a more egalitarian distribution of the value created—and to produce useful answers in relation to the transformations of society.

While entrepreneurs of the first category generally launch their activity in the form of an association and may go on to develop it within the statutory framework of a cooperative (such as a SCIC) or as an equity company owned by the association from which it sprang, the second group may opt for the legal form of an equity company from the outset. The statutory form thus appears to be secondary; the process and purpose predominate. It is thus observed in practice that the legal form is neither a necessary condition nor a sufficient one to characterize social entrepreneurship. Common principles—solidarity, efficiency and participatory governance—are more important.

**Box 6: “La Varappe” MSE**

La Varappe is an interesting example of an association that changed its structure, legal form and scale to face the evolutions of its competitive and institutional environment. La Varappe was an association first created in close cooperation with local public authorities to foster work integration on their territory. Being active on competitive markets, La Varappe had to grow and change scale. In this perspective, La Varappe has chosen to adopt a commercial legal form (société par action simplifiée) in order to be able to attract capital to develop its activity. Today the association La Varappe is part of a holding (Optima) but it owns more than one third of the shares of the holding. However, La Varappe has been very aware of adopting important safeguards to guarantee the pursuit of the social mission as the priority goal of the holding and to protect the associations’ values. The group was labelled as a work integration social enterprise and as a solidarity enterprise—a label that has now been transformed into the “social utility social enterprise” label (entreprise sociale d’utilité sociale, or ESUS) defined by the SSE law of 2014. This label acknowledges that the social mission of the social enterprise, explicitly mentioned in its bylaws, is important enough to have a significant impact on the performance of the organization and on the allocation of the surplus. In 2014, 88% of La Varappe’s workforce was composed of workers in integration. It should also be noted that at least 20% of the benefits of the organization have to be allocated to an asset lock.

The major strengths of this initiative come from its coherence in three main dimensions: its economic coherence comes from its multiple activities (it is quite rare for a MSE to propose temporary work, environmental jobs and energy provision); its social coherence lies in its wish and capacity to support the re-integration of about any worker, whatever his/her weaknesses or problems; and, last but not least, its territorial coherence is linked to the fact that the organization is locally anchored and considers the territorial integration as an important element for success.

This third model is not far from the EMES ideal-type of social enterprise, even though collective ownership is not central and the individual dimension of entrepreneurship is dominant. However, within this group, some social enterprises may have neither a democratic voting system (one person, one vote) nor a participatory decision-making process (involving a
diversity of stakeholders, such as workers or users). It should also be noted that some of these enterprises might not impose a clear limitation on the distribution of profit. The existence of a social or societal purpose is indeed not sufficient in itself to ensure that a limitation is imposed on the distribution of profits. Criteria linked to the legal form, governance issues and limitation of profit distribution are not mentioned in most cases, the focus being on the priority given to the social mission. An analysis of enterprises’ bylaws and of profit distribution criteria is yet necessary here.

Finally, it can be underlined that these three models are partially converging toward the EMES ideal-type of SE—even though the main divergences, resulting from their social, historical and political embeddedness within the SSE, are likely to persist in the future. It should also be noted that not all social enterprises from Model 3 meet the EMES criteria, but the border is hard to draw in France for the time being; more information would be needed on the future implementation of the ESUS label, adopted by the 2014 Law.

The comparison of the three proposed models to the EMES ideal-type is summarized in table 1.

Table 1: The three models of social enterprise in comparison with the EMES ideal-type

<table>
<thead>
<tr>
<th>EMES indicators</th>
<th>Economic criteria</th>
<th>Social criteria</th>
<th>Participative criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE models in France</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>General interest and multi-stakeholder organizations</td>
<td>Yes: move toward development strategies and more market resources (with a large presence of public resources)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Entrepreneurial associations</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Commercial enterprises with a social/societal purpose | Yes (a majority of market resources)                                               | Limited profit distribution: variable (yes for ESUS; not clear for the others)   | Democratic governance: variable (yes for ESUS, not clear for the others)

III. SOCIAL ENTERPRISES, BETWEEN RUPTURE AND CONTINUITY

The first two parts highlight the importance, in contemporary France, of the question of the boundaries or, conversely, of the recognition of an entrepreneurial continuum between different socio-economic practices that combine, in various ways, an entrepreneurial dimension with a social mission (cf. Box 1). Several elements of continuity can be identified between the three models we identified and the SSE tradition in France (Gardin 2013; Petrella and Richez-Battesti 2014). At the same time, the “social impact investment” and “social business” trends are now calling these continuities into question and suggesting points of rupture between these different approaches.
Social impact investment, or impact investing, first mentioned in 2007 by the Rockefeller Foundation, is defined by the Global Impact Investing Network as “investments made into companies, organisations and funds with the intention to generate measurable social and environmental impact alongside a financial return” (Martin 2013, p. 5). The underlying principle is that “private capital can intentionally create positive environmental and social outcomes as well as financial returns”, which distinguishes these types of investments from socially responsible investments that try to “avoid social or environmental harm, while still pursuing a single bottom line: profit” (Martin 2013, p. 5).

The simultaneous pursuit of a social impact and a financial return can also be observed in social businesses such as they are conceived by Yunus, who defines them as no-loss and no-dividend companies that are self-financed by the market. A “social business”, while aiming to fulfil a social mission, should nevertheless operate in accordance with the management principles used in a conventional enterprise so that it “can cover its costs fully” (Yunus 2007, p. 23).

In the following section, we discuss the three proposed models, which correspond to what could be considered as social enterprises in France, in the light of the continuities or ruptures they express with the SSE. We have identified four dimensions that raise the question of continuity or rupture between these models and the SSE. These dimensions concern: 1) the place of the entrepreneur; 2) the reference to the market and to the enterprise; 3) governance and internal democracy; and 4) the project.

3.1. What place for the (social) entrepreneur?

There is no consensus in the scientific literature, especially in France, on what an entrepreneur is, and less still on what a social entrepreneur might be. The figure of the entrepreneur is generally associated with risk-taking, the capacity to act in situations of uncertainty, and innovation (Dees 1998). Adopting Schumpeter’s image of the entrepreneur as the knight-errant of modern times, the social entrepreneur is generally defined on the basis of the identification of dynamic innovation or change, and the embedding of his project in a vision. More precisely, in relation to general theories of entrepreneurship, the social entrepreneur identifies and exploits opportunities for change so as to create value (Dees 1998; Martin and Osberg 2007). For Mair and Marti (2006), the notion of «social entrepreneur» focuses on the individual characteristics of the entrepreneur and on his behaviour. As Boutillier (2010) emphasizes, compared with the historical figures of the economic entrepreneur (be it the paternalist entrepreneur, the notable, or the creator of a charitable foundation), the social entrepreneur is characterized, like the others, by functions of information monitoring, which enable him to detect new investment opportunities, and by innovation, which contributes to the increase of social well-being. Noguès (2011) observes that, even though the social entrepreneur has existed in different periods of history, only since the early 1990s has he/she been explicitly named “social entrepreneur”, placed himself/herself in the dynamics of the social enterprise and developed social innovations.

The change of context, the crisis of the welfare state and the orientation of public policies towards the creation of new markets may have produced the conditions for the advent of this new social entrepreneur, as stated by the European Commission in its Social Business Initiative (COM (2011) 682 final).
To be considered as a social entrepreneur, in the “social entrepreneurship” approach such as we defined it in the introduction, it is thus necessary to offer an innovative response to an important social problem, by mobilizing diversified and renewed resources. On this aspect, there is some continuity with the innovation and change role fulfilled by the entrepreneurs of the SSE, who have always uncovered new social demands and answered them with innovative solutions.

As in the analysis of any form of entrepreneurship, in approaches centred on the social entrepreneur, such as in Model 3, the emphasis is often placed on the personal characteristics of the entrepreneur: passion, dynamism, creativity, charisma and leadership are decisive in the performance of his/her activity, and especially in the pursuit of the social finality (Bornstein 1998, Thompson et al. 2000, Drayton 2002). Motivations may also be invoked to distinguish the social entrepreneur: he/she is presumed to be more altruistic. This perspective clearly shows in Ashoka’s approach: Ashoka defines itself as a community of leading social entrepreneurs that supports people, not projects.4

By contrast, the question of the place of the entrepreneur is often eclipsed in the SSE and in Models 1 and 2 of social enterprise, in favour of the collective dimension of entrepreneurship, emphasizing the fact that the project results from the work of a collective of actors, in the framework of a collective action. The decisive features are then the embedding of the actors in networks and the observation of the technical and relational mechanisms underlying the entrepreneurial activities. The processes of social and territorial embedding are central. There are, however, some major founders of the social economy who are seen as having the profile of social entrepreneurs. This is true of Godin, seen by some as “one of the originators of social entrepreneurship” (Boutiller 2009) and by others as the “inventor of the social economy” (Draperi 2008).

The link between the founder and the collective of actors involved is, however, more subtle than what the statutes found in the social economy—which emphasize the equality of the members and mask the charisma of the entrepreneur—might suggest. Conversely, the focus on the individual social entrepreneur operated in Model 3 often ignores the collective dimension of the enterprises, which nonetheless generally adopt social economy legal forms.

Finally, it should be stressed that the social entrepreneurship approach, such as it can be found in Model 3, privileges the place of the founder, the charismatic leader, whereas he/she is often present but not central in the SSE and in Models 1 and 2 of social enterprise. This is therefore a dividing line between the SSE and Model 3, on the one hand, and Models 1 and 2, on the other hand, though this dividing line results more from the analytical grid adopted than from the reality of experience, even though the symbolic reference to the social entrepreneur can have the effect of hindering the capacity of the collectives to fully exist. There remains, however, the question of the importance given to the participatory dimension, particularly in relation to the attention paid to a wider range of stakeholders, whether internal or external to the organisation (cf. below).

---

3.2. What reference to the market economy and the enterprise?

A second dimension to be analysed as regards the continuities and breaks between our three SE models and the SSE is the reference made to the enterprise, the private managerial model and the market economy. Here one can observe some continuity of the three models with the SSE, which is seeking to assert its entrepreneurial dimension. The representatives of cooperation, of mutuality, of the managerial associations that took part in the renewal of the social economy in the 1970s, have taken on the notion of enterprise:

These officials adopted the reference to the social economy in 1977, when Henri Desroche argued for reviving this terminology, borrowed from Charles Gide’s report for the Universal Exposition of 1900. He substituted the term “enterprise” for that of “organisation” to emphasize [the] economic dimension and specified “social economy enterprises” so as not to exclude the commercial activity of the cooperatives. This social economy enterprise then became a central reference in the Charter of the Social Economy published in 1980 (...), which concludes by declaring that “the social economy is at the service of Humanity”.

(Demoustier 2001, p. 52)

This explicit reference to the notion of “enterprise” within cooperatives is seen again in some work integration networks, which declare that they integrate some of the rules of the market. So as to encourage collaboration between companies and work integration enterprises that are included in the SSE, the National committee of work integration enterprises (Comité national des entreprises d’insertion, or CNEI) declares that: “Work Integration enterprises are businesses like any others. They are subject to the same competitive conditions and fall under ordinary labour legislation. (...) What is their specificity? They are bearers of a social project.” (CNEI 2008, p. 5)

Beyond the practical problems raised by the ambition of “correcting” the market through its own mechanisms, the quest for a central anchorage within the market neglects the contributions of works on the solidarity economy (Eme and Laville 2006) as well as the work of the EMES network on the social enterprise (Laville and Nyssens 2001, pp. 323-7). These works have indeed shown the importance of a substantive approach to the economy, stressing “man’s patent dependence for his livelihood upon nature and his fellows. He survives by virtue of an institutionalized interaction between himself and his natural surroundings. That process is the economy, which supplies him with the means of satisfying his material wants” (Polanyi 1977, p. 20). The market has not always been dominant, and its preponderance should be relativized in relation to the mechanisms of redistribution and reciprocity. The redistribution mobilized by solidarity initiatives is reflected in particular in contractual agreements with the public authorities. Reciprocity, as Polanyi underscores, “demands adequacy of response, not mathematical equality” (1957, p. 73) and makes it possible to mobilize solidarity networks or voluntary work (Eme and Laville 2006; Gardin 2006).

The positioning of WSEs on the market and their focus on the entrepreneurial model of management (seen through the prism of private enterprise) also have empirical limits. The work done on work integration social enterprises in Europe has made it possible to establish a typology of the forms of hybridization of resources (Gardin 2012, pp. 67-95). It shows that only a minority of work integration social enterprises position themselves more or less exclusively on the market; almost all of them also engage in redistribution, and a majority
mobilize reciprocity through volunteer work and donations. Analysis also shows that the market involvement of these enterprises is characterized by a socio-political embedding in the sense that the purchasers, especially public ones, choose them as suppliers because of their social objectives. Empirical analysis of the economic operation of social enterprises thus confirms the conceptualization of the solidarity economy and shows that they do not place themselves primarily on the market, or do not rely on a mix of commercial and redistributive resources, but rather on a more complex resource mix, based on a plural economy belonging to the market, redistribution and reciprocity.

Having said this, the context of crisis of the welfare state and rationalization of social welfare provision is leading to a certain “marketization” of social services and forcing non-profit organisations in the field of social services to increase the proportion of market resources in their budgets in order to reduce their dependence on public financing.

Moreover, one observes a tendency, originated in the American conceptions of social enterprise and social entrepreneur, to adopt a market approach to the economy while nonetheless appealing to philanthropy (so-called “venture philanthropy”) and to social investments through partnerships with big companies. The growing interest for these forms of philanthropy raises important questions—which we will not discuss here—on the conceptions of solidarity, redistribution, aid and reciprocity that are implicitly conveyed.

A dividing line emerges here between the advocates of the SSE and of Models 1 and 2, favouring resource hybridization, on the one hand; and those of social entrepreneurship and of Model 3, who primarily emphasize integration into the market, on the other hand. The Mouvement des entrepreneurs sociaux (Mouves), for example, underscores the importance of compliance with “the rules of the market”—defining a project which is economically efficient, within a booming sector, with a business plan and possibilities to access to capital to develop the enterprise into the market. By contrast, the national association Chantier école, which is the federation of ACI associations, “strives to maintain a 30% ceiling on resources derived from market activity within the Ateliers et Chantiers d’Insertion (ACI), so as to avoid a drift towards competitive practices and the selection of candidates for the chantiers” (Delaunay et al. 2010, p. 33).

3.3. What kind of governance? The issue of internal democracy

Among the principles that characterize the SSE and Models 1 and 2, the democratic rule “one person, one vote” is important in distinguishing these organizations from capitalist enterprises and from some social enterprises belonging to Model 3, within which decision-making power is proportionate to the capital invested. Moreover, in the SSE and in SEs belonging to Models 1 and 2, the social actors benefiting from the action undertaken, or more generally the stakeholders of the organization that undertakes this action, are also its members (Draperi 2013, p. 73). In a production cooperative, the employees are the associates of the enterprise, which gives them a “dual quality” in the organisation; in a mutual society, the members are the insured and the insurers; in an association, membership is often a prerequisite for benefiting from the services offered, even if this principle is not applied systematically.

In terms of democratic governance, social entrepreneurship is hard to position, between the SSE and capitalist enterprises. The criterion of internal democracy is not always explicit among social enterprises from Model 3. The social enterprise, within US approaches or within the social entrepreneurship conception as perceived in France, is indeed distinguished from a
capitalist enterprise mainly through the social or environmental objective it pursues, to which at least part of the profits generated are devoted (we return to this in the next point). But in this sense, these social enterprises’ behaviour is quite similar to that of capitalist enterprises adopting corporate social responsibility (CSR) practices, in that they seek to satisfy not only the interests of their shareholders but also those of the various stakeholders who have an interest in the action of the enterprise (clients, employees, suppliers, local authorities, etc.). The major difference in terms of governance between SSE enterprises and enterprises practising CSR thus stems from the fact that, in the latter, the owners are the shareholders, whereas in the former, the owners are the stakeholders, in the framework of an enterprise submitted to a non-distribution constraint or in which the distribution of profit derived from the funds invested is. Therefore, in reality, social enterprises, depending on whether or not they adopt a democratic form of governance, can be closer to SSEs or to capitalist enterprises with a CSR policy. It should be noted, however, that social enterprises, even if they do not have a democratic form of governance, have a social mission as a primary objective, above the profit-maximisation objective, which is not the case of capitalist firms with a CSR policy.

By contrast, in comparison with mutual societies, cooperatives and associations, which generally privilege one type of stakeholder over others, the ideal-typical social enterprise as defined by the EMES Network offers the possibility to involve different stakeholders, with an involvement ranging from participation to collaboration with the managing bodies. These practices, combined with the example of Italian social cooperatives and the lobbying conducted by the General union of productive cooperatives (Confédération générale des sociétés coopératives de production) in the mid-1990s, have led to an evolution—similar to the evolution that could be observed in many European countries—of the French legislation, which has made it possible, since 2002, with the collective interest cooperative (SCIC) legal form, to associate different types of actors. The SCICs have enjoyed much more limited success than their better-established Italian counterparts, but their legal forms correspond, in terms of governance, to the EMES ideal-type of social enterprise. From the point of view of social enterprise development, the introduction of multi-stakeholder governance in the “social economy” legal forms is therefore an important evolution at the international level (Bacchiega and Borzaga 2003; Petrella 2008; Defourny and Nyssens 2012), as these legal forms are traditionally mainly concentrated on a single type of associates. The reality is, however, very diversified. The participation of multiple stakeholders is at the heart of Model 1 social enterprises. The question of the participation of several stakeholders is indeed increasingly being raised in associations from Model 2. To cope with the changes in the institutional context and in a period of intergenerational transmission and development of voluntary work, several associations are seeking to diversify the composition of their boards of directors so as to draw on the necessary competences and consolidate their positioning in the networks and their access to resources that are strategic for the organization. In Model 3, the place of the founder-entrepreneur is generally central, but some social enterprises associate the various stakeholders in their managing bodies.

It should be noted that the democratic dimension is not limited to the participation of various stakeholders in the board of directors. The structures of the SSE are now endeavouring to mobilize these multiple stakeholders in various ways, whether through forms of participation by employees (working parties, debating forums, etc.), users (such as the users’ “Social Life Councils” in associations providing home help to dependent persons), or more generally by associates in the framework of scientific or ethics committees, etc.

It therefore seems to us that the form of governance and, more broadly, the internal democratic process, constitute crucial dimensions of possible break between, on the one hand,
the SSE and Models 1 and 2 SEs and, on the other hand, the other visions of social enterprise (such as the US ones) and, especially, social entrepreneurship and some social enterprises from Model 3 (Petrella and Richez-Battesti 2013). While the boundary is increasingly blurred, the questions of capital holding, allocation of profits and distribution of decision-making power without regard to the capital held, in accordance with the democratic principle “one person, one vote”, and the involvement of a diversity of stakeholders in the various governance mechanisms of the organization are primordial and must be studied on a case-by-case basis so as to distinguish between a social enterprise that is situated within the SSE and a self-styled “social” enterprise which is in reality a commercial enterprise committed to a CSR policy or a social or environmental objective. The pursuit of a social mission is not enough for an enterprise to be considered as a social enterprise belonging to the SSE, and this is where the break lies with some social enterprises of Model 3.

3.4. What project for the social enterprise?

Social enterprises can differ from some SSE organizations because of the social dimension of the project they convey: whereas some cooperative and mutualist social economy enterprises mainly provide services to their members, social enterprises have a more social, societal, environmental (etc.) finality. Social enterprises are generally characterized by an objective of generating profit, but with the aim of using it to serve their project and its beneficiaries. Most often the amount of profit is limited and consideration is given to the sharing of value. Through these choices, the social enterprise thus places itself in a perspective of improvement of the general well-being: it aims to serve society and support social transformations. Above all, it is the social impact that is sought. But this presupposes that social enterprises are able to evaluate the social and societal impacts achieved, in order to show how economic efficiency—whose indicators are generally better known—and social justice are articulated. In this last aspect we find again the issues raised in a broader assessment of the production of wealth, as advocated in particular in the works of the “Forum for other indicators of wealth” (Fair) network.

The three identified models connect in this sense with SSE initiatives that highlight a solidarity not solely directed towards the statutory members of the organizations. They indeed converge with a number of associations providing services to users who are not necessarily members. This notion of social utility has even been integrated into the corporate statutes of SCICs, which are part of Model 1. This is a major innovation. To assess the social utility character of a project, the state takes particular account of its contribution to responding to emerging or unmet needs; work integration; the development of social cohesion; the accessibility of the goods and services.

The question of the social utility of the social enterprise is now included in the 2014 SSE Law, since this Law recognizes “solidarity enterprises of social utility” (cf. Box 1). Solidarity enterprises of social utility with the status of equity companies can thus be integrated into the SSE if they meet some requirements in terms of profit sharing and democratic participation. These developments, which now define the scope of the SSE in terms that go beyond the statute-based approach to the social economy, raise the question of its finality.

While the social utility dimension is shared by SSE organizations and social enterprises (whatever the model they belong to, among our three models), evidencing a degree of continuity between the SSE and social enterprises, a break-off point can be located in the political positioning of the project. Indeed, the social entrepreneurship approach specific to
Model 3 underlines a will to re-socialize the enterprise, expressed as much in social responsibility and displays of ethics as in this dynamic of social enterprise. Bringing competitive markets into the social field, importing private enterprise management, moving closer to major groups may lead to a depoliticizing of the social question and the belief that it can be handled by managerialism alone.

Even if the question of the political project deserves further exploration, the critiques made by the advocates of the SSE of the prospects offered by a social enterprise that seeks to repair the damage done by capitalism and declares itself more ethical, while being supported by multinationals directly involved in the social, environmental, economic and financial crises, can clearly be seen to be justified. Nonetheless, one should also question the actors of the SSE on the contribution of some of their peers to this damage, whether through the investments made by some financial cooperatives, through the consequences for the environment and territorial development of the activity of some agricultural cooperatives or sometimes simply through the inefficient management of their resources.

In synthesis, the timid rise of the social enterprise in France shows that, in spite of the debates, major common points are to be found with the SSE, both in terms of practices and conceptualizations and in terms of the critiques they incur. The question of the entrepreneur, often important in SEs, has often been obscured in the SSE, although the question of the founder of SSE enterprises is often important. The highlighting of an economic operation that valorizes embedding in the market goes back to the founding model of the social economy, which was very marked by the cooperatives (even though the practices, especially those of the associations, manifest a hybridization of resources closer to what is found in solidarity economy initiatives and in many associations). The account taken of multiple stakeholders that is underscored by the social enterprise has led to the creation of the SCIC, which is “officially” part of the SSE. The question of the recognition of the social and environmental utility is in line with a greater attention for the solidarity objectives of the SSE.

The major break-off points between the “social enterprise” and the SSE have mainly been highlighted by the advocates of the social economy, who attack in particular the weakening of the importance of the legal forms and of the democratic governance principle that goes along with the focus on the social objective of these organizations, and their alliance with philanthropy and multinationals. The solidarity economy, for its part, has rather pointed out the drifts of most “social businesses”, which totally reject the hybridization of resources and prioritize alliances with big corporations. These differences of appreciation and critique show the extent to which the definition of the SSE is still to be constructed and how the emergence of three models of social enterprise calls this construction into question.

Table 2 synthetizes the four dimensions that can help to contrast the three constructed models.
Table 2: Three models of social enterprises

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Place of the entrepreneur</th>
<th>Reference to the market and to the enterprise</th>
<th>Governance and internal democracy</th>
<th>Social and political project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>Focus on the collective dimension of the project</td>
<td>Hybridization of resources</td>
<td>Democratic governance and multi-stakeholder ownership</td>
<td>Service to members and/or general interest purpose</td>
</tr>
<tr>
<td>Model 2</td>
<td>Focus on the collective dimension of the project</td>
<td>Hybridization of resources with a large proportion of public subsidies</td>
<td>Democratic governance, single-stakeholder ownership, with some recent diversifications of the boards</td>
<td>General interest purpose</td>
</tr>
<tr>
<td>Model 3</td>
<td>Focus on the individual characteristics of the leader</td>
<td>Hybridization of resources with a large proportion of market resources (tendency towards self-financing on the market)</td>
<td>Undefined Voting power according to the capital owned, except for some social enterprises with specific by-laws or labelled as ESUS</td>
<td>Economic efficiency and profits serving a general interest purpose</td>
</tr>
</tbody>
</table>

CONCLUSION

We have observed a diversity of models among what could be referred to as social enterprises in France. These models highlight important evolutions of the SSE. The development of commercial businesses with a social aim, labelled as “social utility solidarity enterprises” (ESUS) and which fit into Model 3, reinforces the heterogeneity of the SSE. One major risk associated to this growing diversity is a restriction of the global recognition of SSEs, despite the attempts of the law to promote such recognition.

More generally, the difficulties of “positioning” that this contribution identifies for social enterprises in France are related to more general debates.

These debates have been strongly influenced by North-American schools of thought, referred to as the “market resources” and the “social innovation” schools of thought, which emphasize the social mission and the figure of the individual entrepreneur. Compared to these approaches, the European EMES approach, as already mentioned, is marked by a multidimensional perspective, based on identifying three types of indicators: economic, social and governance indicators. These indicators combine the organizational and institutional dimensions of social enterprises. However, in the French situation, there remains an oscillation...
between a strictly organizational conception and one that combines the organizational and institutional dimensions.

In the organizational conception, social enterprises from the three models seem to offer a way out of the binary oppositions between economic and social dimensions, between the profit and non-profit approaches. The social enterprise creates porosities; it shifts the frontiers and seeks to create articulations where there were barriers. It strives to articulate at least three rationalities: producing a good or a social service in an innovative way; constructing a viable and efficient economic model within the framework of limited profitability; and associating its stakeholders, in particular the users, through strategies of co-construction. These rationalities can, however, come into conflict, be hierarchized or be subject to compromises. In all cases they presuppose a successful combination of private initiative and satisfaction of the general interest by responding to demands hitherto unsatisfied or poorly satisfied. Few impact studies have so far been made on these new organizations and their real contributions to economic and social development, nor has there been yet time to assess their capacity to persist in the long term. If they correspond to renewed modes of productive activity in a context of intensified crisis, there is bound to be uncertainty about the sustainability of the current practices and the future of the models that seem to be emerging. They are undeniably succeeding in transforming the imaginative capacities of entrepreneurship and promoting original responses to the challenges that society is facing, but they contribute little to new modes of regulation.

The perspective that articulates the institutional and organizational dimensions is, for its part, related to the current international debates (Petrella and Richez-Battesti 2014, Eynaud et al. 2015) on the social enterprise, which call for a recognition of economic pluralism. As is stipulated in the collective text on “The social enterprise of the solidarity type” (Eynaud et al. 2015), social enterprises must take their place in society and in public debates. Beyond their economic and social activity, these initiatives are also sites of expression, which contribute to the construction and management of the common good in a dialogue with the public authorities that is at once conflictual and constructive. Their economic and social dimensions cannot be separated from their institutional dimension. They must assume their deliberative function, come together and speak up more strongly for a new dialogue with the authorities. Political criteria then need to be identified, which are not limited to modes de governance. But the recognition of these criteria presupposes an approach that is not focused on the Anglo-American definitions but turns to a deeper analysis of the realities of the social enterprise in continental Europe, Africa, Asia and South America.
REFERENCES


Websites

www.mouves.org
ICSEM WORKING PAPERS SERIES


Supporting Partners of the ICSEM Project: