



Inter-Agency Task Force on  
**Social and Solidarity Economy**

This is a draft of the entry for *Encyclopedia of the Social and Solidarity Economy* (forthcoming 2023) published by Edward Elgar Publishing Limited in partnership with United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE). This work has been funded by the Government of the Grand Duchy of Luxembourg.

# The Institutional Ecosystem of the Social and Solidarity Economy

*Jean-Marc Fontan*  
*University of Quebec, Montreal*

*Benoît Lévesque*  
*University of Quebec, Montreal*

Bibliographic information

**Jean-Marc Fontan and Benoît Lévesque. Forthcoming 2023. The Institutional Ecosystem of the Social and Solidarity Economy. Edited by Ilcheong Yi, Peter Utting, Jean-Louis Laville, Barbara Sak, Caroline Hossein, Sifa Chiyoge, Cecilia Navarra, Denison Jayasooria, Fernanda Wanderley, Jacques Defourny, and Rocio Nogales-Muriel. *Encyclopedia of the Social and Solidarity Economy*. Cheltenham and Northampton, MA. Edward Elgar Publishing Limited in partnership with United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE).**

Or

**Jean-Marc Fontan and Benoît Lévesque. Forthcoming 2023. The Institutional Ecosystem of the Social and Solidarity Economy. Edited by Ilcheong Yi et al. *Encyclopedia of the Social and Solidarity Economy*. Cheltenham and Northampton, MA. Edward Elgar Publishing Limited in partnership with United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE).**

June 2022

**UNTFSSSE Knowledge Hub Draft Paper Series**

For more details, please visit the Edward Elgar's Companion Website (<https://www.edugar.com/textbooks/yi/>) and Main book page (<https://www.edugar.com/shop/gbp/encyclopedia-of-the-social-and-solidarity-economy-9781803920917.html>)



**Edward Elgar**  
PUBLISHING

The responsibility for opinions expressed in this document rests solely with their author(s), and availability on the SSE Knowledge Hub for the SDGs ([unsse.org](https://unsse.org)) does not constitute endorsement by the United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTFSE), or its institutional members, partners or observers, of the opinions expressed in it. No publication or distribution of this document is permitted without the prior authorization of the author(s), except for personal use. This document is made available on the SSE Knowledge Hub for the SDGs in the form and language in which it was received.

## Abstract

This entry looks at the definition and characteristics of institutional ecosystems in the social and solidarity economy. After establishing the difference between a natural and a cultural ecosystem, we explore their specificities by indicating how and why they differ from the ecosystem of private enterprise. This leads us to situate the different logics involved with the construction of these ecosystems by presenting their components, their territorial logics of action, and the support methods deployed by the State which advance their development. Examples of initiatives are discussed throughout this summary in order to illustrate the diversity and plurality of the logics of action deployed by social and solidarity economy actors to fully achieve the goals they pursue. Through this, the summary focuses on the complementary aims shared between an offer of services which can be adapted to the needs of the populations, and the will to transform the institutional arrangements and the social relationships in place in a perspective of social and ecological transition.

## Keywords

ecosystem; social enterprise; state; policies; transformation; supporting organizations and intermediaries

## **1. The ecosystem concept**

The term “ecosystem”, a neologism created in 1935 by the British botanist George Tansley, comes etymologically from the words “ecology and system”. Thus, the ecological ecosystem designates a set of components forming an observable entity, which is of various sizes, like a wetland, a savannah, a continent, or the Earth. These components are self-organizing and do not require an architect. The term entrepreneurial ecosystem was used as an analogy to the notion of an ecological ecosystem as proposed by James F. Moore in 1993. In management, the term ecosystem was generalized from a very specific use to refer to the environment surrounding private companies. At the end of the first decade of the 2000s, the ecosystem approach was generalized to the study of all businesses: private, public or in the SSE.

Despite similar dimensions, such as high complexity, interdependence and feedback between its entities, entrepreneurial ecosystems have significant qualitative differences from ecological ecosystems. Ecological ecosystems are self-organizing and operate based on objective factors without reflexive capacity. Entrepreneurial ecosystems, on the other hand, include entities based on subjective factors, such as the reflexivity and preferences of entrepreneurs or consumers. These components are subject to institutional regulation based on political choices that vary according to specific ideological orientations. Consequently, the functioning of ecosystem approaches, and support in the development of private enterprises, cannot be mechanically induced from the functioning modalities of natural ecosystems.

## **2. Why is the institutional ecosystem needed for SSE?**

The factors explaining why SSE needs a specific institutional ecosystem fall into two broad categories. In addition to these categories, there are two relatively recent conjunctural aspects, which have strongly contributed to a rise in the relevance of ecosystems.

The first category of factors involves the fact that the dominant ecosystem, that of private businesses, has developed without taking into account the needs and aspirations of SSE components. To grow and develop, SSE enterprises and organizations were unable to take advantage of their immediate and even global environment, which offered advantages to all other forms of business, whether private or public. For example, financial institutions often withhold support from SSE enterprises because they consider them a greater risk. Similar difficulties have affected a variety of other elements, such as the services offered to private companies, which are often inadequate to the needs of SSE enterprises and organizations. These considerations partly explain the need for public support from national governments toward SSE enterprises and organizations.

The second major category of factors relates to the global economic framework, which has been relatively closed to social transformation carried out, in large part, by the SSE. Until recently, the dominant institutional environment at both the global and national levels was relatively hostile to, or at least unconcerned with, the originality and relevance of SSE enterprises and organizations. Fortunately, there are national exceptions. The countries and regions where the SSE has been most vigorously deployed (e.g., the Basque Country and Scotland in Europe, and Quebec in North America) had a more favourable institutional environment and relied on the presence of a developmental model that was more sensitive to the values of equity, solidarity and democracy.

Finally, the recent appearance of the term ecosystem in the SSE coincides with a new two-aspect situation. Firstly, there has been a neoliberal repositioning of economic and social policies which focus on supply factors that value entrepreneurship and innovation. From this perspective, social enterprises, led by collective or individual entrepreneurs, are emerging without necessarily being linked to user groups and SSE historical networks.

Secondly, there has been an emergence of new social issues pertaining to all SSE components. These components, in the context of neoliberal policies, are now strongly solicited by public authorities with a focus on social cohesion and the energy transition. For a complementary, non-instrumental contribution, let alone an alternative to the existing system, the SSE needed a unified, renewed and strengthened ecosystem.

### **3. What constitutes the SSE ecosystem?**

The institutional ecosystem of the SSE includes not only all of the enterprises and organizations that combine economic and social objectives but also all the institutional and organizational entities that shape their immediate and distant environment (see the entry “Origins and histories of SSE”).

Thus, the SSE ecosystem can be viewed from two perspectives. On the one hand, institutional conditions have been put in place by formal institutions (e.g. public policies, market mechanisms) or informal identities (e.g. culture, values, tradition). On the other hand, organizational conditions are planned in terms of skills, leadership, networks, finance, support services (communication, research, etc.), and the development of intermediary training, liaison and transfer organizations. All of this constitutes an organized ecosystem populated by specific subsystems.

Thus, an ecosystem can be composed of other ecosystems, which are more or less well integrated with each other. Although the term was not used at its inception in the 19<sup>th</sup> century, historically the SSE has long had an international ecosystem to support its development. This has brought together, under a diversity of geography and identity, a variety of national and regional sub-ecosystems that are more or less autonomous from each other but remain dependent on the same set of values and guiding principles. By geographical diversity, we mean SSE ecosystems that have been established on a spatial scale. They are transnational, national, regional or local in nature. By identity diversity, we refer to specializations that are sectoral or thematic, which might include the activities carried out (e.g., the social finance ecosystem), the mission of the organizations (e.g., ecosystem of social integration companies) or the legal status used (e.g., cooperative or social enterprise ecosystems).

### **4. How are SSE ecosystems established?**

The modalities for the emergence and development of SSE ecosystems are highly contrasted. They can result from self-organization; a process of institutionalization from below, where the actors have particular justifications to implement values and rules to achieve a collective interest (that of its members) or general interest (that of the citizens). They can also emerge from a directed or imposed approach: either by public authorities, in the name of the general interest (that of citizens), or by top-down initiatives from

philanthropic or private organizations. These two processes are occasionally combined through formal or informal collaborations or well-established partnerships.

The historical SSE components have acquired specific ecosystemic identities by grouping together based on their status (cooperative, mutual and associative) or according to their activities (e.g., agriculture, credit and savings, food). They have also done so at the request of political authorities to co-produce sectoral policies in terms of economic, social or territorial development. Gradually, and in very different ways, governments, especially national governments, have supported these various ecosystem identities through sectoral policies (e.g., agriculture), and more recently through cross-cutting policies aimed at all SSE sectors (e.g., specific policies to support SSE enterprises and organizations).

From the 1980s onwards, in a context of market liberalization and a neoliberal state wanting to facilitate and decentralize rather than intervene, the historical SSE components began to unite under the “social economy”, and then the “social and solidarity economy”. Under this new identity, the historical components established relationships and demanded recognition of their new identity by the public authorities. At the same time, and in a more organized way from the 1990s onwards, the social enterprises that emerged within the perimeter of non-profit organizations, and under the impetus of philanthropic and private organizations, also sought recognition of a new status representing a hybrid innovation between the private and social economies.

This twofold process of gaining recognition will not be without tensions between the historical SSE ecosystem and the emerging ecosystem of social enterprises. It will result in a proposal for unification in which the key SSE actors will coexist without necessarily sharing the same conception of their ecosystem, nor promoting a homogeneous vision of the transformations to be achieved in terms of social and ecological transition (see the entry “Ecological economics and SSE”). Some researchers do not hesitate to speak of an institutionalization conflict within this new ecosystem. This conflict concerns, among other things, the legal form or forms that would be the most appropriate for the organizational components of the social economy, or the institutional framework to be favoured: that of the social economy or that of the social enterprise (see the entry “Legal frameworks and laws”).

## **5. Key characteristics and policy areas of SSE ecosystems**

The processes and dynamics involved with the various functions and activities of an ecosystem mean that some components are more strategic and influential than others. In sum, the key components or actors can be grouped into four broad categories whose respective importance is a result of the state of social relations and the respective place occupied by the state, the market and civil society in the overall regulation of a given society.

The first category consists of the actors that make up the sector. These are organizations and enterprises that identify themselves as part of the historical or new social and solidarity economy, including social enterprises (fairly widespread worldwide) and foundations (mainly in Europe). These actors have a particular relationship with the field of civil society. The latter plays a key role in the emergence processes of SSE organizations and enterprises. Civil society is characterized by a greater or lesser capacity of citizens to organize, associate and respond to needs and aspirations through new projects. This large institutional field represents a very fertile ground for the social

economy and social business. The territorial anchoring of SSE initiatives favours self-institutionalization based on justifications and values that reinforce experimentation while challenging public authorities. In a bottom-up approach, self-institutionalization represents a prerequisite for their recognition by public authorities.

The second category involves the presence of public authorities at various scales to ensure regulation (laws and policies), redistribution, support and access conditions to public markets. The public sector includes a range of institutions that can influence the supply factors for SSE enterprises (e.g., universities, research centres, business services). Public policies, which affect the SSE, can be of two types. Firstly, sectoral policies (employment, integration, regional development), which call for the implementation of the SSE. Secondly, transversal policies, which explicitly aim to strengthen the SSE through measures relating to its financing, access to public procurement, specific legal framework, social clauses, etc. (see the entry “Legal frameworks for SSE”). The first type of policy can strengthen thematic or sectoral ecosystems, but with a risk of instrumentalization. The second type is more favourable to the constitution of a so-called integrated ecosystem (Chaves Avila and Gallego Bono 2020)

The third category is that of actors who provide many resources to the various SSE components, including goods and services, funding, training and expertise (see the entry “Supporting organizations and intermediaries for SSE”). These suppliers include SSE companies and organizations, and also private companies that are essential for services and expertise not offered by SSE. Some private foundations facilitate liaisons between SSE organizations and private enterprises because of their expertise and success (see the entry “NGOs and Foundations”).

Finally, the fourth category of key actors in the ecosystem (but only weakly identified as strategic) is that of the users, beneficiaries and clients of SSE enterprises. These actors may be grouped in voluntary associations. In addition, they are often present as volunteers in SSE bodies.

## **6. Key characteristics of international SSE ecosystems**

The support of institutional authorities in the development of SSE ecosystems can be observed at the international level. This can be illustrated by the actions developed by SSE actors, by the State or by foundations. Support is provided through a bottom-up or top-down approach. These two approaches can also be deployed in concert.

At the international level, in 1895 in Manchester, members of cooperative networks created an International Cooperative Alliance. The Alliance's objective was to affirm the values, principles and operating rules that support the development of this type of association. Through this, they laid the foundations of the first international SSE ecosystem (Lévesque 2016). This system benefited from the advances that were being made at the national level. Sectoral clusters (e.g., agriculture, finance and credit) took shape in their national markets, and cross-sectoral clusters promoted a common identity within the SSE in terms of governance and purpose. Some of these clusters have proposed strong democratization of the economy and a profound societal transformation of institutional arrangements. At the heart of this international ecosystem, inter-cooperation aimed at both self-institutionalization and the strengthening of modalities for its sustainability.

Fairly quickly, SSE European actors sought the support of the European Union through its various bodies, including the European Commission. In 2011, the Social Enterprise Initiative (SEI), launched by the European Commission, proposed a dozen priorities grouped under three main themes to strengthen the SSE ecosystem. The main objective was to support the development of social enterprise through more accessible financing, greater visibility, a more appropriate legal environment, the development of new technologies, support for innovation and for the development of its international dimension. Finally, while the SEI was initially focused on social enterprise, the evaluation of the SEI now invites the EU to adopt an inclusive vision of the social economy, including social enterprise and social or solidarity-based enterprises and organizations.

Two collective research studies, commissioned by the European Union, have assessed the impact of two main measures put in place following the SEI introduction (Haarich et al. 2021, Borzaga et al. 2020). These studies have identified the actions taken by public authorities, intermediary actors and private firms on a range of issues.

- Policymakers and performing regulatory.
- The public procurement framework (e.g. access to public markets).
- Funding: from European funds (ERDF for regional development and ESF for social development accessible for SSE from 2014), with other financial intermediaries (loans and grants, social impact bonds, etc.).
- Accompanying and supporting social enterprises by promoting them through, among other things, mapping, impact measurement and monitoring.
- Skills training: including management and apprenticeships.
- Research and transfer: from universities, third sector organizations and consulting firms.

Through its policies, funds and projects, the EU is clearly one of the main key drivers in the development of a specific ecosystem to improve social enterprise and the social and solidarity economy. Mostly, the EU's contributions are made indirectly through its Member States, the action of the regions and the major cities. This institutional ecosystem defines an environment where social enterprises, and the social and solidarity economy, are entities that must be supported and strengthened by public authorities. Finally, with few exceptions, these enterprises are not perceived as key players at the national level, especially since they can only ensure, with difficulty, the governance of the international ecosystem that concerns them; hence the importance of a pan-state action.

The support for the development of the social entrepreneurship ecosystem is also illustrated in the work done by philanthropic organizations active at the international level. One example is the support provided and promoted by Ashoka. Ashoka is a non-profit organization registered in the United States and has a philanthropic foundation status in Switzerland. With its resources and networks, it has developed a mindset where anyone can become a changemaker and a giver. This working posture argues that entrepreneurship and competition will close the productivity gap between civil society organizations and private companies (Drayton and Budinich 2010).

Ashoka's social enterprise ecosystem approach is the result of experimentation that dates back to the early 1980s in Asian countries (e.g., India, Bangladesh, Indonesia), then in Latin American and Eastern European countries. Since 2000, the approach has been deployed in North America (USA and Canada) and in Europe (France and the United Kingdom). With a few exceptions, it is centred on the social entrepreneur and evolves in

parallel with the social economy ecosystem in countries where the latter is well established.

## 7. From national to local SSE ecosystems

Most of the institutional SSE ecosystem components are localized or even anchored at the national level. Moreover, these national ecosystems are contrasted, both in terms of their components and the types of regulation and control to which they are subject. Structural factors, often of an informal nature (culture, values and traditions) and mechanical factors (policies, programs, legislation) have influenced the forms and modalities of the SSE ecosystems' development. Thus, the French, Italian, Brazilian and American SSE ecosystems have historically had distinctly different characteristics.

Richard Hazenberg and colleagues (2016) showed that European countries differed according to the role played by the state in supporting social enterprise development. They produced a typology consisting of four types of national public ecosystems.

- The first type is called *statist-macro* (e.g., France and Poland). The initiatives and interventions, in terms of financing, support and legislation for social enterprise, are initiated by the national government and transnational bodies (including the European Union).
- The second type is called *statist-micro* (e.g., Scotland and Sweden). National and international interventions to fund and support social enterprise are embedded in local government and community initiatives.
- The third type is called *private-macro* (e.g., England and Germany). State funding for social enterprises is reduced while market mechanisms are encouraged with the idea that the actions of the third sector, and of social enterprise, are likely to take over public services with the help of philanthropy.
- The fourth type is called *private-micro* (e.g., Holland and Italy). State funding for social enterprises is low. Market mechanisms are privileged. They are based on the local level, via associations and regional cooperation, while benefiting from municipal funding.

While typology is interesting, it overlooks the fact that within the same country, we are often faced with different SSE ecosystems. For example, in the United Kingdom, Scotland's SSE ecosystem is more focused on the social economy whereas England is more oriented toward social enterprise. Similarly, in Canada, Quebec's SSE ecosystem, which is dominated by historical SEE enterprises and organizations, is different from those of other provinces and territories where social enterprise is more present. Another interesting territorial case is that of Spain, where the Basque Country is recognized for the importance and success of its cooperatives.

Finally, at the regional or local level, there are more geographically circumscribed ecosystems that are supported by public authorities. This is the case of Brazilian incubators: technological incubators for popular cooperatives (ITCP) or Incubators of a solidarity economy and participatory democracy. This is also the case in France with the Territorial Business Clusters for Economic Cooperation (PTCE - *Pôles territoriaux de coopération économique*) (see the entry "Local and territorial plans and SSE").

In the United States, at the city or even neighbourhood level, many incubators are also helping to lay the foundations of social enterprise ecosystems. They foster the networking

of partners, organizations and enterprises to support the emergence (start-up) and development (scale-up) of social enterprises. The latter seek to generate revenue from market activities for a social mission, either by offering services to a disadvantaged population or by contributing to sustainable development and the ecological transition from several sectors of activity (Sours, Machado and Burleson 2020).

Finally, it should be noted that these emerging ecosystems do not develop without tensions and conflicts, as can be observed in several Latin American countries (Veltmeyer 2018). For example, in Brazil, two visions are opposed: that of a social economy, which complements the economic system in place, and that of a solidarity economy that aims to be an alternative to the capitalist system.

## **8. How to improve the institutional SSE ecosystem?**

The concept of an institutional SSE ecosystem is an interesting one for policy and for government interventions. It opens more interesting options for public authorities than those associated with notions of national innovation systems. Indeed, the institutional ecosystem takes into account not only the immediate environment (e.g., factors and conditions of production) but also the global environment (regulations, culture, etc.). Moreover, this approach considers not only the interactions between actors, partners and other affected entities but also their interdependence. This makes it possible to generate transformation perspectives going beyond the isolated company and that can more easily be generalized.

For several reasons, the potential of this institutional ecosystem approach for public policy has not yet been fully realized. First, the regulation and even coordination of an institutional ecosystem are problematic. In addition to their number and diversity, actors and partners may make rational decisions about themselves, but these decisions may be detrimental to their own ecosystem. This is for two reasons: on the one hand, they often have a different view of the interests of the SSE and its purpose. Secondly, very few strategic actors, including public authorities, understand the dynamics and complexity of the institutional ecosystem of the social economy. Finally, the fact that SSE ecosystems can be circumscribed at various scales raises the question of the relevance and coherence of policies and interventions affecting higher levels. While ecosystems are often contrasted at the local and even national levels, interventions at higher levels can have highly contrasting effects, sometimes even unintended and negative effects.

To the extent that the institutional SSE ecosystem is understood as a system of innovation, the challenges mentioned above can be addressed with greater ease. Moreover, if states are to take full advantage of this ecosystem proposal, it is imperative that they understand what is new about the interdependence and broadening of relationships among ecosystem components. It is also important for them to be able to characterize the strengths of ecosystems according to their various scales of action. For States, this means using the national scale, which is the most appropriate for defining the legal framework required to ensure the self-institutionalization of an ecosystem and thus give it a broader institutional capacity. The latter favours the development of institutionalization anchored at the local and regional levels, which remains an option that is very promising for supporting the emergence of social and solidarity economy enterprises.

Finally, the relevance of international bodies and organizations has also proven to be important, playing a complementary role to interventions aimed at supporting the

development of national institutional SSE ecosystems. Certainly, with the creation of the International Cooperative Alliance at the end of the 19th century, the need to be part of the globalization process was quickly established as a necessity (see the entry “Globalization, alter-globalization and SSE”).

In the 21st century, in the unavoidable context of social and ecological transition, the need to strengthen SSE ecosystems at all scales and in all areas is more important than ever in order to empower an inclusive, supportive and sustainable response to the challenges of social and ecological justice (see the entry “The commons and SSE”).

## Bibliography

Borzaga, Carlo, Giulia Galera, Barbara Franchini, Stefania Chiomento, Rocío Nogales, and Chiara Carini. 2020. *Social Enterprises and Their Ecosystems in Europe: Comparative Synthesis Report*. Luxembourg: Publications Office Of The European Union.

Chaves-Avila, Rafael, and Juan Ramon Gallego-Bono. 2020. “Transformative Policies for the Social and Solidarity Economy: The New Generation of Public Policies Fostering the Social Economy in Order to Achieve Sustainable Development Goals. The European and Spanish Cases.” *Sustainability* 12 (10): 4059. <https://doi.org/10.3390/su12104059>.

Drayton, Bill, and Valeria Budinich. “A New Alliance for Global Change.” *Harvard Business Review* 88 (9): 56–64. [hbr.org/2010/09/a-new-alliance-for-global-change](http://hbr.org/2010/09/a-new-alliance-for-global-change).

Haarich, Silke N, Frank Holstein, Sandra Spule, Giulia Galera, Barbara Franchini, Carlo Borzaga, Stefana Chiomento, Wolfgang Spiess-Knafl, Barbara Scheck, and Giacomo Salvatori. 2021. “Impact of the European Commission’s Social Business Initiative (SBI) and Its Follow-up Actions.” Publications Office of the European Office. 2021. <https://op.europa.eu/en/publication-detail/-/publication/8731e1ac-6697-11eb-aeb5-01aa75ed71a1/language-en>.

Hazenberg, Richard, Meanu Bajwa-Patel, Micaela Mazzei, Michael James Roy, and Simone Baglioni. 2016. “The Role of Institutional and Stakeholder Networks in Shaping Social Enterprise Ecosystems in Europe.” *Social Enterprise Journal* 12 (3): 302–21. <https://doi.org/10.1108/sej-10-2016-0044>.

Lévesque, Benoît. 2016. “Économie Sociale et Solidaire et Entrepreneur Social: Vers Quels Nouveaux Écosystèmes?” *Interventions Économiques* (54). <https://doi.org/10.4000/interventionseconomiques.2802>.

Sours, Patrick, Mariela Machado, and Grace Burluson. 2020. “Social Innovation in the USA: A Landscape Analysis of Social Enterprise Incubators.” *Engineering For Change*. 2020. <https://www.engineeringforchange.org/wp-content/uploads/2020/12/E4C-Villgro-Landscape-Analysis-USA.pdf>.

Tansley, A. G. 1935. “The Use and Abuse of Vegetational Concepts and Terms.” *Ecology* 16 (3): 284–307. <https://doi.org/10.2307/1930070>.

Veltmeyer, Henry. 2017. “The Social Economy in Latin America as Alternative Development.” *Canadian Journal of Development Studies / Revue Canadienne d’Études Du Développement* 39 (1): 38–54. <https://doi.org/10.1080/02255189.2017.1294052>.