

# Local Human Development's economic dimension: The social and solidarity economy

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INSTITUTO DE ESTUDIOS SOBRE DESARROLLO Y COOPERACION INTERNACIONAL  
NAJOARTEKO LANDEZTA ETA GARAPENARI BURUZKO IKASKETA INSTITUTUA



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## **Table of contents**

<b>List of abbreviations</b>	7
<b>1. Introduction</b>	9
<b>2. The social and solidarity economy: origin, development and types</b>	13
<b>3. The social and solidarity economy and Local Human Development</b>	25
3.1. Introduction	27
3.2. The normative element of the social and solidarity economy: some criticisms of the conventional economy's principles and approaches	27
3.3. The capability approach and the social and solidarity economy	33
3.4. The social and solidarity economy and collective capabilities	42
<b>4. Conclusions</b>	53
<b>5. Bibliography</b>	59

### **List of tables**

Table 1. Social and solidarity economy names and types	16
Table 2. Some characteristics of social and solidarity enterprises	21
Table 3. Some criticisms of the conventional economy	30

### **List of charts**

Chart 1. Practical reason and affiliation	35
Chart 2. Control over one's environment	37
Chart 3. Other species	41
Chart 4. Commitment and engagement	44
Chart 5. Relate and achieve support and resources	46
Chart 6. Adaptation and self-renewal	49
Chart 7. Balance diversity and coherence	51

## List of abbreviations

ALOE	Alliance for a Plural and Solidarity Economy
CEPES	Confederation Empresarial Española de la Economía Social
CICOPA	International Organisation of Industrial and Service Cooperatives
CIRIEC	Centro Internacional de Investigación e Información sobre la Economía Pública, Social y Cooperativa
CNLAMCA	Comité Nacional de Liaison des Activités Mutualistes Coopératives et Associatives
COCETA	Confederation Española de Cooperativas de Trabajo Asociado
DAC	Development Assistance Committee
EESC	European Economic and Social Committee
GDP	Gross Domestic Product
ICA	International Co-Operative Alliance
OECD	Organisation for Economic Co-operation and Development
REAS	Red de Economía Alternativa y Solidaria
RILESS	Red de Investigadores Latinoamericanos de Economía Social y Solidaria
RIPES	Intercontinental Network for the Promotion of Social Solidarity Economy
SSE	Social and Solidarity Economy
UNDP	United Nations Development Programme
WB	World Bank





# 1. Introduction





The study that this document forms a part of aims to give content to the different dimensions of Local Human Development, one of which is the economic-productive dimension. The goal of this part of the study is to justify the reasons why we consider that the Social and Solidarity Economy (SSE) presents the best potential for Local Human Development, given that it contributes in the most appropriate way to the promotion of and increase in both personal and collective human capabilities, in harmony with the approach adopted by the study.

In order to do this, the first section looks at the rise of the social economy at the end of the 19<sup>th</sup> century and its development throughout the 20<sup>th</sup> century. The text presents different types that currently make up the varied and diverse world of an economy situated somewhere between the state and the market, and it looks at some of their similarities and differences.

The second section of this document deals with the relationships between the social and solidarity economy and Local Human Development. Firstly, it briefly analyses some of the main criticisms of the principles on which the orthodox economy is based, both of the central assumptions on which it rests, and covering certain aspects that reveal its main weaknesses. Then, the core principles of the social and solidarity economy are related to the central human capabilities, and collective capabilities, to explain the reasons why it is considered that it is the social and solidarity economy that can best contribute to their development and consolidation and, therefore, to Local Human Development, which is the aim of this research project.



## 2. The social and solidarity economy: origin, development and types<sup>1</sup>



<sup>1</sup> This chapter is a summary of the paper by PÉREZ DE MENDIGUREN, Juan Carlos; ETXEZARRETA, Enekoitz; GURIDI, Luis (2009): *Economía Social, Empresa Social y Economía Solidaria: diferentes conceptos para un mismo debate*. Papeles de Economía Solidaria N° 1. REAS. Bilbao.



The roots and origins of the social economy can be found in the major ideological currents of the 19<sup>th</sup> century –social-Christian, socialist and anarchist– and with it arose new forms of organization created by the working class in the form of cooperatives, workers' association and mutual societies for insurance, savings and credit. This kind of organization arose with the goal of responding to part of the population's deficiencies and needs, which were not met by the market or the State, but they also had a sociocultural dimension, including belonging to a group with a common identity and destiny; and another, more political dimension, which sought to break with the capitalism of the time.

During the period of expansion after the war, the social economy evolved in harmony with the characteristics of the Fordist regime of accumulation of the time, experiencing a loss of political dimension and gaining other considerations which were becoming more important, such as aspects related to competitiveness and economic efficiency. They were mainly organized into production cooperatives of an agricultural or industrial nature, consumers' cooperatives, and mutual societies for the provision of credit and social protection.

From the 1970s onwards the social economy underwent significant expansion in Europe, particularly France, Belgium, Spain and Portugal; as well as in Quebec and some Latin American countries –Argentina, Brazil, Chile, Ecuador–, as a result of the economic crisis, the changes that took place on the international economic scene and the loss of the regulatory and revitalizing role of national states and their ability to create employment. The lack of employment and the risk of exclusion from the labour market created dynamics of self-employment and of solidarity among economic actors in order to confront the new situation.

Currently there is a significant proliferation of terms used to refer to a broad sector of companies and organizations whose activities are carried out between the public economy and the traditional capitalist economy and which have a wide range of legal and organizational types. Although they act between the public economy and the traditional capitalist economy, it is not always easy to establish precise limits. They usually combine, within themselves, commercial and non-commercial resources that range from donations to state subsidies, commercial income, voluntary work and salaried labour; they have a particular form of integrating market logic together

with solidarity and redistribution, and adopt internal forms of management that might be similar to those of commercial companies or to those of the traditional civic associations of the Third Sector (See Table 1).

Table 1. Social and solidarity economy names and types		
Denomination	Types of undertaking in the SSE	
- third sector	- cooperatives	- housework
- alternative economy	- mutual societies	- associative entrepreneurship
- voluntary sector	- mutual social security societies	- self-managed companies
- non-profit sector	- associations	- producers' associations
- informal economy	- foundations	- consumer associations
- popular economy	- employee-owned companies	- second-hand shops
- self-management economy	- limited companies	- popular markets
- communitarian economy	- work insertion enterprises	- family market gardens
- other economy	- fair trade enterprises	- solidarity finance
- social economy	- social enterprises	- ethical banking
- solidarity economy	- crèches	- solidarity banking
- etc.	- etc.	- etc.

Source: Pérez de Mendiguren, Etxezarreta, Guridi (2009) and Coraggio (2011).

The following sections look in detail at four of the most common denominations used to refer to this kind of economy: *social economy*, *non-profit organizations*, *social enterprises* and the *solidarity economy*.

The *social economy*, as it is currently known, began in France in the 1970s with the creation of the Comité National de Liaison des Activités Mutualistes Coopératives et Associatives (CNLAMCA), which brought together cooperatives, mutual societies and associations. The Social Economy Charter, published in 1980, defines these as the set of organizations that do not belong to the public sector that, run and managed democratically and with an equality of rights and duties for members, practice a special regime of property and profit distribution, using the year's excess for the growth of the organization and improvement of services to members and to society<sup>2</sup>.

More recently, the European Economic and Social Committee (EESC) offers a definition that has strong institutional support in Europe and which considers these to be those formally organized private companies, with autonomous decision-making and freedom of membership, created to satisfy the needs of their members through the market, producing goods and services, insuring and funding, and in which the

<sup>2</sup> See Chaves, R. (2008): *La economía social: dos décadas generando empleo, tejido productivo y cohesión social en Europa*. University of Valencia's Instituto Universitario de Economía Social y Cooperativa IUDESCOOP. Available at: <<http://www.eco.uva.es/novedades/vsem/PRC.pdf>>.



periodic distribution among members of profits or surplus, as well as decision-making, are not linked directly to the capital or dues provided by each member, with each of these members having a vote. The social economy also covers those formally organized private organizations with autonomous decision-making and freedom of membership which produce non-market services for families, whose surpluses, if any, cannot be appropriated by the economic agents that create, control and fund them<sup>3</sup>.

The social economy has two sides: the *market* side, in which more traditional organizations operate, and another, *non-market* side, in which non-profit organizations operate. The first kind of organizations are created to satisfy the needs of their associates, that is to say, normally the double condition of member and user of the activity applies; they are market producers, in the sense that they operate in the market selling products and obtaining from it the majority of their resources; and they can distribute surpluses among their member/users, but not in proportion to the capital provided by each of them, but in accordance with the activity that each of them carries out. The core of this sector is made up of cooperatives and mutual societies, but it also includes employee-owned companies and limited companies –as long as the majority of the share capital belongs to the member-workers themselves–, and many work insertion enterprises. Above and beyond the legal structure of the organization, there is a principle that is established as distinctive and distinguishing, which is *democratic management*, both in the decision-making bodies –one person, one vote–, and with regard to profit division.

The second group is made up of private organizations –mainly associations and foundations–, that offer services to third parties –families, homes–, that might sell in the market but always for non-significant economic prices; which obtain their resources mainly from donations, membership fees, subsidies etc.; and whose surpluses, if any, cannot be appropriated by its members. Its fundamental characteristics are that they are private, formally organized bodies –with their own legal structure–, with autonomous decision-making and freedom of membership, with periodic distribution of profits not linked to the capital provided, and which have a democratic organization. The main distinguishing criterion is their *democratic management*.

The concept of non-profit organizations (NPOs) originated in the United States and has traditionally been linked to the English-speaking world. The terms used are variously concepts like a) *charitable sector*, alluding to the main source of funding of these bodies, which comes from private, charitable donations; b) *voluntary sector*, referring to the use of voluntary work that these organizations draw on; c) *non-governmental organizations*, which emphasizes their independence from the public sector; and d) *non-profit sector*, in that these organizations do not seek to make profits nor can they distribute profits obtained among the individuals that control them.

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<sup>3</sup> La Economía social en la Unión Europea. Summary of the report drawn up by CIRIEC for the EESC. Available at: <[http://www.observatoritercersector.org/pdf/centre\\_recursos/1\\_8\\_eco\\_03565.pdf](http://www.observatoritercersector.org/pdf/centre_recursos/1_8_eco_03565.pdf)>.

In an extensive study that covered the voluntary sector in 39 countries<sup>4</sup>, with the aim of seeing and measuring the size, structure, funding sources and activity of the different organizations and better understand this reality at a global level, five characteristics were designated: i) *formally constituted organizations*; ii) *private organizations, separate from public authorities*, although they can receive public subsidies; iii) *autonomous*, with the capacity for self-management; iv) *not for profit*, that is to say, they do not obtain profit by means of doing business in the market or which, if they obtain profit, this cannot be distributed among founding members or managing members, and v) *voluntary participation*, which means both freedom of membership and that there is an obligation within the organization to use, to a certain extent, voluntary work.

The concept *social enterprise* appears in Europe and the United States in the 1990s and has received growing attention from political and academic spheres. In European terms, the EMES European Research Network has particular importance<sup>5</sup>; it was created in 1996 and is made up of researchers from the 15 countries which at that time made up the European Union. In the case of the United States, there has been a rise in academic terms since the launch of the Harvard Business School's Social Enterprise Initiative<sup>6</sup>. There are, however, differences between the two currents.

In the European case, the emphasis is on the *group dimension* of social enterprises, on their democratic nature and on their different way of understanding and participating in the economy. Their rise is linked to a new impulse of the social economy, with a response by civil society to the challenges of globalization, a search for new solutions to economic and social problems created by unemployment and exclusion, the response to new social demands not attended to by the private or public sectors, as well as a new way of understanding the provision of some public services in a context of redesign of the European welfare state.

The EMES network defines social enterprises as private and autonomous business organizations for the provision of goods and services with the explicit goal of benefitting the community. They are the property of and are managed by a group of citizens and the interests of capital investors are subject to limits; they particularly value their autonomy and the economic risk resulting from their continual socioeconomic activity; they are legally prohibited from distributing profits and they are structured in such a way that profit is not their principal goal.

This definition distinguishes between two groups of criteria, one more economic and another that is more social. Among those criteria of a *more economic nature* are a) continuous activity in the production of goods and/or services; b) a high degree of autonomy; c) a significant level of economic risk; and d) there is some level of salaried work. Among the *more social criteria* the following stand out: a) explicit goal

<sup>4</sup> *The Johns Hopkins Comparative Non-profit Project*. Cited by Sajardo and Monzón (2006:93-94).

<sup>5</sup> See EMES European Research Network. Available at: <<http://www.emes.net/index.php?id=112>>.

<sup>6</sup> See <<http://www.hbs.edu/socialenterprise/>>.

of benefitting the community or a particular group of people; b) initiative launched by a group of people; c) decision-making is not based on the ownership of capital; d) a participatory nature that includes the different parties involved in the activity; and e) limited distribution of profits.

In the case of the United States, more along the lines of the non-profit tradition, the emphasis is placed on the lack of distribution of profits, and social enterprises are seen as an income creation alternative for non-profit organizations in the context of a reduction of public funds being given to these organizations. However, it is important to mention that this social enterprise approach has been developing in recent years towards a position closer to what could be called *business with social goals*, which is characterized by a concern not only focussing on obtaining funding via market income, but also on the application of management methods typical of conventional companies that improve the organization's overall efficiency.

Another, alternative view of the social enterprise that has a major presence in English-speaking countries, as well as a rising influence in Europe, is the one that emphasizes not only the organizational model but also *social entrepreneurship*, that is to say, the characteristics and personality of entrepreneurs, and the conditions that facilitate their appearance and success. This view is promoted by a number of international foundations<sup>7</sup>, and four of its outstanding characteristics are: a) an *emphasis on individuals*, as visionaries, pragmatists and leaders, and not only in organizations; b) their understanding of the social entrepreneur as someone who seeks *innovative solutions* to problems and leads social innovation processes; c) their *emphasis on replicability*, on large-scale impact and; finally d) the idea that social entrepreneurs and the processes of entrepreneurship *can occur in any sector* and in any organizational form and, therefore, in the private sector –conventional companies– and in the public sector.

The term *solidarity economy* refers to a heterogeneous group of theoretical conceptions and approaches, socioeconomic and institutional realities and business and associative practices that, from the last quarter of the 20<sup>th</sup> century, have been bringing to light new ways of understanding the role of the economy in contemporary societies. In this regard, it is possible to say that the solidarity economy is a complex phenomenon with different facets –economic, social, political, cultural and environmental ones– that constitute an ethical life project.

From the theoretical perspective, most authors (Chaves and Monzón, 2006; Guerra, 2004) agree when they distinguish two main currents: the *European current*, which essentially has a French and Belgian origin, although with important links with

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<sup>7</sup> They include Ashoka, a US foundation created in 1980 that is a pioneer in the sector and has programmes for the support of social entrepreneurs around the world <[www.ashoka.org](http://www.ashoka.org)>, and the Schwab Foundation for Social Entrepreneurship, an organization founded in 1998 that has partners such as the well-known multinationals Goldman Sachs, Microsoft Corporation, Boston Consulting Group and Ernst & Young <[www.schwabfound.org](http://www.schwabfound.org)>.

Quebec, and the *Latin American current*, developed mainly in Chile, Argentina and Brazil. Both currents have major points in common, although they also have significant differences.

In Europe the birth and development of the solidarity economy concept is closely linked to the development of the social economy and its classic organizational and business structures –cooperatives, mutual societies and associations–, which throughout the 20<sup>th</sup> century have experienced a progressive process of institutionalization; this has meant questions being asked of their fundamental values<sup>8</sup>. Faced with these institutionalized forms of social economy, some authors, including the prominent French sociologist Jean-Louis Laville, have introduced the term *new social economy* for the organizations and enterprises that appeared in Europe from the 1970s onwards to deal with the economic crisis and the changes on the international economic scene<sup>9</sup>.

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<sup>8</sup> In the case of some cooperatives, their immersion in the commercial economy and competition in the markets with capitalist companies has brought them closer to the logic of capital to the detriment of the founding philosophy of cooperativism. In the case of the Basque cooperatives in the Grupo Mondragón sphere, the difficulties of becoming more international through intercooperation have led to the adoption of a dual model that combines the cooperative parent companies with subsidiaries of public and private capital that depend on them, which questions the traditional cooperative approaches and puts the Grupo Mondragón, as well as many other cooperatives, in a difficult position (Errasti, et al., 2002).

<sup>9</sup> They include four kinds of organizations from the solidarity economy: those that respond to urgent social needs and are carried out in a non-commercial way –community kitchens, reintegration of excluded and homeless people; those that meet needs and aspirations, and which are offered in a non-commercial way –popular nurseries, ecomuseums, etc.–; those that respond to urgent social needs and which operate commercially –insertion companies, adapted work centres, community funds, development funds–; and those that meet needs and aspirations, and which operate commercially –social enterprises, associate cooperatives, natural food cooperatives, organic agriculture, recycling, etc.–; Laville, Levesque and Mendell (2005:19-20).

## 2. The social and solidarity economy: origin, development and types

Table 2. Some characteristics of social and solidarity enterprises

Social economy	Non-profit organizations	Social enterprises	Solidarity economy
<p><b>Type A)</b></p> <ul style="list-style-type: none"> <li>- Formally organized private companies</li> <li>- Autonomy of decision-making and freedom of membership</li> <li>- Created to satisfy the needs of their members through the market</li> <li>- Producing goods and services, insuring or funding</li> <li>- Distribution among members of profits and surpluses; decision-making is not directly linked to the capital or fees paid in by each member, corresponding to one person, one vote</li> </ul> <p><b>Type B)</b></p> <ul style="list-style-type: none"> <li>- Formally organized private companies</li> <li>- Autonomy of decision-making and freedom of membership</li> <li>- They produce non-market services for families</li> <li>- Any surpluses cannot be appropriated by the economic agents that create, control or fund them</li> </ul>	<p><b>Sector</b></p> <ul style="list-style-type: none"> <li>- Charitable sector</li> <li>- Voluntary sector</li> <li>- Non-governmental organizations</li> <li>- Non-profit sector</li> </ul> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>- Formally constituted</li> <li>- Private, separated from the public authorities, although they can receive public subsidies</li> <li>- Autonomous, with capacity for self-management</li> <li>- Not for profit, that is to say they do not obtain profits through commerce in the market or, if they do, they cannot be distributed among founding or managing members</li> <li>- They have voluntary participation, which means freedom of membership and the obligatory incorporation into the organization of some voluntary work</li> </ul>	<p><b>A) Social entrepreneurship focus</b></p> <ul style="list-style-type: none"> <li>- Emphasis more on individual, visionary, pragmatic leaders and less on organizations</li> <li>- Conception of social entrepreneur as someone who seeks innovative solutions to problems and leads social innovation processes</li> <li>- Emphasis on replicability and large-scale impact</li> <li>- Social entrepreneurs and social entrepreneurship processes can occur in any sector, and therefore both in the private sector (conventional companies) and the public sector</li> </ul> <p><b>B) EMES Network approach</b></p> <p><b>Economic-style criteria</b></p> <ul style="list-style-type: none"> <li>- Continual activity in the production of goods and/or services</li> <li>- High degree of autonomy</li> <li>- Significant level of economic risk</li> <li>- Some level of salaried work</li> </ul> <p><b>Social-style criteria</b></p> <ul style="list-style-type: none"> <li>- Explicit goal of benefitting the community or a group of people</li> <li>- Initiative launched by a group of people</li> <li>- Decision-making not based on the property of capital</li> <li>- Participative nature</li> <li>- Limited distribution of profits</li> </ul>	<ul style="list-style-type: none"> <li>- New way of producing, consuming and distributing, proposed as a viable and sustainable alternative for the satisfaction of individual and global needs and aspires to consolidate itself as a instrument of social transformation</li> <li>- A way of living that covers the integrated nature of people and designates the subordination of the economy to its true goal: to provide, sustainably, the material basis for humans' personal, social and environmental development</li> <li>- Incorporates into the management of the economic activity the universal values that should govern society and the relations among all citizens: equity, justice, economic fraternity, social solidarity and direct democracy</li> </ul>

Source: Own elaboration based on Pérez de Mendiguren, Etxezarreta, Guridi (2009).

When tackling the study of these new social economy initiatives, two approaches can be distinguished. The first uses a *macro perspective* and emphasizes the contributions of

the solidarity economy to a new way of understanding the economy that cancels out the traditional divisions among economy, society and politics, and which allows a real democratization of the forms of production, distribution and consumption. In this regard, it goes beyond the mere consideration of a group of economic activities with a social goal, and incorporates a clear desire for social transformation, on the foundation of considering that the economy is not solely the market but should include the principles of redistribution and reciprocity inspired by Polanyi's three pillars of the economy –market, redistribution carried out mainly by the State, and the reciprocity and voluntary donation carried out by civil society–. Within the solidarity economy, debates are promoted regarding social change, the construction of alternative economic models, and with this goal in mind, it incorporate themes and debates that come from the fields of feminist economics, sustainable economics, ethical and solidarity finance, fair trade and responsible consumption and the social markets.

The second approach to Europe's solidarity economy has a more *micro perspective* and concentrates its attention on specific experiences. It particularly analyses organizations, their workings, characteristics, differences in terms of legal forms, the sectors in which they carry out their activity, the way in which they manage their resources, and the problems they may have in ensuring their viability. From this point of view, the concern is not so much proposing alternative models as finding a place for these companies and organizations in the current economy, seeking the way in which they can exist alongside traditional commercial companies and the public sector. Clearly, this more business/organizational-oriented approach reduces the solidarity economy's political charge and has given rise to a major body of literature focusing directly on what is called social enterprise, which has been explained above.

The solidarity economy concept appears in Latin America at the beginning of the 1980s, introduced by the Chilean economist Luis Razeto<sup>10</sup>, and spread throughout the 1990s via international networks<sup>11</sup> and congresses and conferences held throughout the Americas. He states that the solidarity economy is characterized by a strongly critical and decidedly transformational orientation with regard to the major structures and modes of organization and action that characterize the contemporary economy. From this point of view, it constitutes a theoretical discipline that takes solidarity, cooperation and reciprocity as economic forces that really exist in the social reality and with possibilities to create new ways of acting in the economy that are effective and efficient.

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<sup>10</sup> Luis Razeto developed the solidarity economy concept in his trilogy *Economía de la Solidaridad y Mercado Democrático*: La economía de las donaciones y el sector solidario (first book); Crítica de la economía, mercado democrático y crecimiento (second book) and Fundamentos de una teoría económica comprensiva (third book). Programa de Economía del Trabajo. Academia de Humanismo Cristiano. Santiago de Chile (1984).

<sup>11</sup> Particularly RIPESS (Intercontinental Network for the Promotion of Social Solidarity Economy <<http://www.ripess.org/?lang=es>>); RILESS (Red de Investigadores Latinoamericanos de Economía Social y Solidaria <<http://www.riless.org/es/>>) and ALOE (Alliance for a Plural and Solidarity Economy [formerly Solidarity Socio-Economy Pole] <<http://aloe.socioeco.org>>).

At the level of production, Razeto considers that the defining element of the rationality of the solidarity economy is the pre-eminence of work over capital, but above all the presence, as an organizational category, of what he calls “*Factor C*”<sup>12</sup>. As regards the distribution level, as well as monetary value, he states that the logic of reciprocity, redistribution and cooperation determines the circulation and allocation of productive resources. Finally, as regards the consumption model, he emphasizes the change in contemporary culture from the satisfaction of needs towards a more integrated view of the satisfaction of human needs, by means of opting for austerity and simplicity, making the consumption model compatible with the environment, as well as through just exchanges and narrowing the gap between production and consumption.

A second approach in terms of thought on the solidarity economy is found in Brazil and has arisen from a major network of academic research institutions linked to Unitrabalho<sup>13</sup>, and through the contributions of thinkers like Marcos Arruda (2004, 2005, 2007, 2010), Paul Singer (2002, 2006, 2009), and Luiz Inácio Gaiger. For them, the solidarity economy is a social transformation project that aims to build an economy that is different from the dominant practices and reigning capitalism; they make a very critical reading of contemporary economic structures and advocate a recovery of self-management and collective action among the popular classes. They consider the two-fold individual and social dimension of humans, not only as creators and producers of economic wealth, but also as co-owners of material wealth and as jointly responsible for the conservation of nature.

Lastly, in the case of Argentina, the most representative figure is José Luis Coraggio<sup>14</sup>, whose work focusses mainly on the spheres of local development and, from the mid-1990s onward, of the social and solidarity economy. As with previous authors, it rejects the market economy and its principles as a system of social organization and considers the need to run the economy on other principles based on labour as a central point of reference and on solidarity as a basic attitude.

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<sup>12</sup> Factor C is seen in cooperation at work, which increases the efficiency of the labour force; in the shared use of knowledge and information, which gives rise to an important element of social creativity; in group decision-making; in a better functional integration of the different operational components of the company, which reduces conflict and resulting costs; in the satisfaction of the need for living and participating in harmony, which means that the running of the company provides those who constitute it with a series of additional benefits that cannot be accounted for in monetary terms, but which are real; in the personal development of those subjects involved in the companies, resulting from communication and exchange among different personalities, etc.

<sup>13</sup> See <<http://unitrabalho.org.br/>>

<sup>14</sup> To consult his work: <[http://www.coraggioeconomia.org/jlc\\_publicaciones\\_ep.htm](http://www.coraggioeconomia.org/jlc_publicaciones_ep.htm)>.





### 3. The social and solidarity economy and Local Human Development





### **3.1. Introduction**

Now the conceptual framework needed to clarify and identify the different views and approaches by which the social and solidarity economy is understood, in this section we aim to establish the possible relationships and links between the social and solidarity economy and Local Human Development; that is, how the possible effects of the goals and principles on which the SSE is founded are established, and their contribution to Local Human Development.

In order to do this, firstly, we study the normative bases of the social and solidarity economy, looking in depth at some of its different doctrinal sources, and for this, reference is made to the main economic currents that, since the 19<sup>th</sup> century, have maintained a critical position regarding both the object of study, and different aspects, of the conventional economy.

The second section deals with the possible contributions of the social and solidarity economy to Local Human Development by means of its possibilities of strengthening capabilities, especially those central capabilities defined by Nussbaum. Some reasons are offered regarding how the social and solidarity economy can contribute most appropriately to an increase of these central capabilities.

Lastly, indications are given regarding the possible contributions of the social and solidarity economy to the development of collective capabilities, in the terms defined by some writers who have dealt with these, particularly in the work of Baser and Morgan for the European Centre for Development Policy Management.

### **3.2. The normative element of the social and solidarity economy: some criticisms of the conventional economy's principles and approaches**

As was indicated in the first chapter, it is necessary to recover the normative dimension systematically neglected by dominant economic thought, which considers that the market should organize all exchange processes among individuals, groups, communities or countries; and that this is the only economic principle for the organization of all economic activities and practices.

From the point of view of the conventional economy, it is supposed that the consumer acts selfishly and rationally, seeking to maximize personal utility in the consumption of goods and services, in a decision that is strictly individual and is demonstrated in individual preferences revealed in the market, which does not present limits to free decisions about what and how much to consume, and is only subject to budgetary limits –homo economicus–. In this economic understanding, it makes no sense to ask about a hierarchy of human needs, since all of them, in that they form a part of consumers' demands, have the same value and nothing need be said about their greater or lesser legitimacy.

From the point of view of production, it is supposed that business people act freely and rationally, with the aim of maximizing individual profit, without taking into account other considerations regarding possible effects on third parties, on society and the planet as a whole, effects that, in any case, are seen as externalities to the system and which are internalized via the market or by means of a tax system. All this is completed by a legal framework that guarantees the rights of private property and company freedom, and the existence of institutions that promote and regulate the framework, in such a way that makes it possible to guarantee and legitimize treating as goods natural resources, human labour and capital, whose prices (rent, salary, and interest), will be set in the market by means of the supply and demand mechanism.

In short, the reigning premise is that, from this utilitarian point of view, not only the production of goods and services produced for exchange, but all human capacity, nature, knowledge and all social relations such as emotions, care and culture are susceptible to commercialization.

As against this view of the conventional economy, since the late 19<sup>th</sup> century other currents have arisen that have questioned this approach, and these have been augmented throughout the 20<sup>th</sup> century with new contributions and visions that come from ecological economics, feminist economics, and a range of critical currents.

Institutionalist criticism comes both from the current of US institutional economics from the end of the 19<sup>th</sup> century and early 20<sup>th</sup> century (Veblen, Mitchel and Commons), and from the New Institutional Economics (Williamson, North, Coase, Hodgson). For these currents, the market is not the confluence of rational consumers and business people that seek to maximize their utility and their profits, but rather is an institution understood as a total of explicit and implicit rules of play that are founded on certain structures of norms, laws, socially accepted behaviours, etc., that conditions the final results. Therefore, economic activities should be considered as institutionalized activities that guide the action of economic agents and set limits on their decisions; these are not made in a vacuum, but based on a certain framework of formal and informal norms that condition such decisions in decisive ways.

Furthermore, some important writers in the second half of the 20<sup>th</sup> century such as Galbraith, Scitovsky and Hirschman, have criticised the conventional approach

from considerations that transcend the traditional limits of economic studies, entering into the terrain of other social sciences and attempting to report on phenomena of undoubted economic importance, such as marketing and advertising, which can modify behaviour and, therefore, affect the principle of consumer sovereignty defended by marginalism (Ramos Gorostiza, 2004:210-214).

Other writers such as K. Polanyi (1989 [1944])<sup>15</sup> reject the idea of the self-regulated market as utopian, since an institution of this kind cannot exist for a long time without devastating the human essence and the nature of society, without destroying human beings and transforming its ecosystem into a desert. Polanyi points out that the market economy is not a constant in human history and that the rise and consolidation of capitalism was not merely a stage in a necessary development, but was also the result of historically situated decisions and processes in the last two centuries.

The centre of his discourse regarding the market is based on the idea that economic activity is not only (market) *exchange*, but also includes the principles of *redistribution*, carried out mainly by the State, and the *reciprocity* and voluntary donation that civil society exercises in the economy. All the economic systems known up until feudalism in Western Europe have been organized following the principles of reciprocity, redistribution or domestic administration (*oikos*) or a combination of the three (Polanyi, 1989:100).

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<sup>15</sup> Karl Polanyi was a Hungarian social scientist and political economist born at the end of the 19<sup>th</sup> century who published, in 1944, *The Great Transformation: The Political and Economic Origins of Our Time*. It is a work that analyses the social and political convulsions of the United Kingdom of the period, and the great social transformation that occurred in the Western world as a result of the implantation and development of the market economy, which he identifies as being behind the conflicts that resulted in two world wars and the rise of Fascism in Europe.

Conventional economy	Other approaches
<p><b>Market principle that organizes society as a whole:</b> goods and services for exchange; human capacity; nature (the world as a good); knowledge; social relations: emotions, care, culture, etc.</p> <p><b>Selfish and rational consumers</b> who maximize their personal utility linked to the consumption of goods and services, subject only to budgetary restrictions. <b>Business people</b> who, freely and rationally, seek to maximize profit.</p> <p><b>Legal framework</b> to guarantee private property rights and company freedom.</p>	<p><b>Institutionalist Economics and New Institutional Economics:</b> Institutions as against individuals, understood as formal and informal rules, norms, traditions and habits (Veblen, Mitchel, Commons, North, Coase, Williamson, Hodgson).</p> <p><b>K. Polanyi:</b> Negation of the self-regulated market. Economic activity is made up of (market) <i>exchange</i>, <i>redistribution</i>, carried out principally by the State, and the <i>reciprocity</i> and voluntary donation carried out by the economy's civil society.</p> <p><b>Ecological economics:</b> Open system that is related to the ecosystem and social systems (Georgescu-Roegen, Daly, Martínez Alier, Naredo, Max-Neef).</p> <p><b>Feminist economics:</b> Broadening of the concept of labour to the reproductive and care spheres (Carrasco, Orozco, etc.).</p> <p><b>Communitarian economics:</b> Complementarity, reciprocity, relationality, redistribution (Huanacuni, Temple).</p> <p><b>Sen, Doyal and Gough, Nussbaum, Max-Neef, Hinkelammert, Temple:</b> Critical of the utilitarian approach to human needs. Preferences or tastes cannot be the indicator of human needs. Needs as against desires. Human capabilities.</p>

Source: Own elaboration.

A second criticism of the analysis approach adopted comes from the field of feminist economics (Carrasco, 1994, 2011; Pérez Orozco, 2004, 2012), a result of the debates that took place at the end of the 1960s about domestic work, which raised the need to take into consideration the monetized and non-monetized spheres of the economy, and defended the view that the economy should not only include the markets and salaried work, but also homes and housework. Furthermore, in the 1990s, important contributions were made related to the sustainability of life, understood as the different ways in which each society resolves its problems with respect to sustaining human life. The rapidly ageing population, the gradual incorporation of women into the labour market and more neoliberal policies are creating what has been called the population reproduction crisis, which has led feminist economics to new approaches related to the worldwide chains of feelings and care, converging in this way with ecofeminism.

A third criticism comes of the field of ecological economics<sup>16</sup> which rejects the view of the economic system as closed, a view in which natural resources, energy and waste

<sup>16</sup> Among the pioneers of ecological economics as a specific field of economics it is possible to single out the Romanian economist Nicholas Georgescu-Roegen, (1906-1994) whose main work is *The Entropy Law and the Economic Problem*. Harvard University Press. Cambridge. Massachusetts, 1971. Among those best known in the Latin American sphere are the Spaniards Joan Martínez Alier, José Manuel Naredo and Federico Aguilera and the Chilean Artur Manfred Max-Neef.

are not considered by the market, and therefore are located outside the economic system. Instead, ecological economics considers the economic system as an open one, since it receives from outside both solar energy and its by-products, and materials, and at the same time it dissipates heat and waste into the environment, that is to say it is a view that considers economics as a subset of society, and society as a subset of the biosphere, because material and energy flows, and the human economy are included in this system. Furthermore, it is considered that human and manufactured capital are supplementary to natural capital, and not interchangeable, since human capital and manufactured capital inevitably derive from natural capital in one way or another.

A final group of more recent criticisms come from Andean communitarian economics (Huanacuni, 2010), which considers today's capitalist economics as individualistic, anthropocentric, life destroying, homogenizing, hierarchical, competitive, consumer and capital-oriented, and in opposition to this a new economic model is proposed along with a new way of life that arises from balance, harmony and respect for life, based on the principles of reciprocity, redistribution and rationality.

Criticisms of conventional economics have also been directed at the utilitarian approach to human needs employed by conventional economics, although according to Ramos Gorostiza (2004:217) these have not, until just a few years ago, had a major impact in the academic world because looking at the terrain of needs necessarily involves coming into contact with other social sciences, such as sociology, psychology, etc., while any attempt to categorize needs leads to the terrain of ethics, a field that economists, with a pretension of objectivity or neutrality with regard to value judgements, have always tried to avoid. Today, however, the matter of human needs is taking on growing relevance in fields related to the problems of poverty, development and environmental sustainability.

The in-depth criticisms of the utilitarian approach to human needs draw on the fact that preferences or tastes cannot be the guiding criteria when adopting decisions about consumption, but should prioritize the criterion of need, which goes beyond any decisions related to the possession, use and consumption of goods and services, and which extends to other series of material and non-material needs for the reproduction of life.

Hinkelammert and Mora (2006:26-28, 29) criticise the theory of preferences used by the neoclassical approach because they consider that it reveals an abstract utility involving the supposition of a relationship of perfect substitution between preferences, something absurd in most cases, when a decision must be made between life and death. They say that, if needs exist, something that is a characteristic of every bodily living subject, preferences and tastes cannot be the ultimate criterion of the orientation towards goals; that the basic criterion should be that of needs. When these needs are replaced by simple preferences, we forget the issue of the reproduction of life, which is the starting point of an economy oriented towards life.

They see rational action theory of neoclassical economic thought as no more than a theory of the means-end relationship, with an underlying criterion of instrumental rationality characteristic of the hedonistic calculation of utility (utilitarianism) and of commercial relations (formal efficiency) and that the reduction of all theoretical reflection and all human praxis to this means-end instrumental rationality has led humanity to a sustainability crisis that today threatens its very survival, and that of nature itself. They maintain that means-end rationality should give way to a more integrated rationality of respect for the natural circuit of human life, which they call reproductive rationality, something that requires mutual recognition among human beings as natural beings with needs, and which refers to the practical reason proposal, also considered by Nussbaum (1988).

One of the main contributions in the 1990s came from Max-Neef et al. (1993) who claim that fundamental human needs are few and that they can be classified<sup>17</sup>; that they are the same in all cultures and in all historical periods, and that it is “satisfiers” that change. Satisfiers are understood as a dominant response attached by a culture or society to needs. They make clear that satisfiers are not available economic goods but rather they refer to those things that, by representing ways of being, having, doing and interacting, contribute to meeting human needs. Goods and services are merely objects and artefacts that can affect the efficiency of a satisfier.

Doyal and Gough (1994), and Gough (2008), also tackle the matter of human needs<sup>18</sup> with the aim of demonstrating that all people have the same ones, something incompatible with a relativistic viewpoint. They defend a universal understanding of human needs, explicitly criticising cultural relativism and considering as inconsistent all of its contemporary forms, defended by orthodox economics, liberalism, Marxism, critics of cultural imperialism, and in theories of radical democracy and phenomenological sociology.

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<sup>17</sup> They propose a classification of human needs from an axiological point of view, according to the following nine categories: *Subsistence* (physical health, mental health, food, work, reproduction); *Protection* (care, social security, family); *Affection* (self-respect, friendship, partner, sensuality, home); *Understanding* (critical capacity, teachers, study, schools); *Participation* (adaptability, rights, responsibilities, cooperation); *Leisure* (tranquillity, games, fun, free time); *Creation* (passion, inventiveness, skills, built, invent); *Identity* (belonging, customs); *Freedom* (autonomy, passion, dissent, equal rights); and from an existential point of view, these four categories: *Being* (personal or collective qualities); *Having* (institutions, norms, mechanisms, tools); *Doing* (personal or collective actions) and *Interacting* (spaces and settings). With regard to satisfiers, these writers propose the distinction, for analytical purposes, of the following five types: a) violators, b) pseudo satisfiers, c) inhibiting satisfiers, d) singular satisfiers and e) synergistic satisfiers. See Max-Neef, M.; Elizalde, A.; Hoppenhayn, M. (1993): *Desarrollo a escala humana. Conceptos, aplicaciones y algunas reflexiones*. NORDAM/Icaria. Barcelona, pp. 58-59.

<sup>18</sup> For Doyal and Gough (1994) human needs are specified in certain *universal goals*: prevention of serious harm, social participation, critical participation; some *basic needs*: survival, physical health, cognitive capacity and emotional capacity, cultural understanding, opportunities to participate, critical autonomy; certain *specific satisfiers*: food and water, protective housing, non-hazardous environment, safe birth control and child-bearing, security, appropriate health care, safe childhood, significant primary relationships, physical security, economic security, appropriate education; and some *social preconditions* necessary for the satisfaction of needs: civil/political rights and political participation, economic/social rights.



Lastly, at the beginning of the 1990s, the capability approach to human development, with Sen and Nussbaum as its main advocates, began to be stressed. Based on Sen's original formulation, new contributions have been made that have created broader perspectives and substantially enriched the debate, particularly Nussbaum's central capabilities proposal (2000, 2003, 2006) which introduces a more radical and, above all, more precise objective normative reference than Sen, who always maintained a lack of definition when selecting and considering capabilities that need to be covered so that a person falls within the threshold of wellbeing, with the argument that, based on his idea of agency, it is up to each group to choose, evaluate, consider and compensate the set of capabilities based on normative and other considerations.

Nussbaum establishes a precise list of basic capabilities and advocates knowing what capabilities it is necessary to broaden and what functionings must be promoted; what capabilities are the most valuable and what functionings are important. The basic idea of her version of the capabilities approach is that it requires an understanding of the dignity of being and of the life that is worthy of that dignity, a life that is available in truly human functionings.

The SSE takes on many of these criticisms mentioned above and incorporates them into its theoretical and doctrinal principles. So, Coraggio (2011:44-45) states that the social economy is a space of action constituted not by utilitarian individuals who seek material advantages, but by individuals, families, groups and communities of different kinds that move within institutions built up by practice or agreed through voluntary agreements and which act with values of solidarity and cooperation, creating use values to satisfy the needs of producers and of their communities, which are generally territorially, ethnically, socially or culturally based, without a view to gain profit or accumulate capital in an unlimited way.

Based on these considerations, for Coraggio (2011:345) the economy is the system of processes of production, distribution, circulation and consumption that, by means of principles, institutions and practices, organized in each historical moment by communities and societies in order to obtain the material bases to meet the legitimate needs and desires of all its members, both current ones and future generations, by way of allowing the reproduction and development of life, sustaining psychic, interpersonal balance among communities and with nature.

### **3.3. The capability approach, and the social and solidarity economy**

The principles and values that form the foundations of the social and solidarity economy, both in its cooperative version<sup>19</sup> and in those presented by the *Redes de Economía Alternativa y Solidaria* (REAS, 2011) or Coraggio (2011), are in harmony

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<sup>19</sup> The seven principles of cooperativism are: a) voluntary and open membership; b) democratic member control; c) economic participation of members; d) autonomy and independence; e) education, training and information; f) cooperation among cooperatives; and g) social responsibility (ICA, 1995:16-18).

and agree to contribute to the strengthening of central capabilities for human development, considered both by Sen and, principally, by Nussbaum. Each of these principles is more or less in accordance with several of the capabilities, in such a way that, in the following sections, we establish possible relationships between the principles that govern the social and solidarity economy and the central capabilities.

Nussbaum (2008:125-126) considers that two outstanding capabilities, of the ten central capabilities she proposes, are *practical reason* and *affiliation*, in that both organize and include all the other ones, without this meaning that they are two goals that the others can be reduced to.

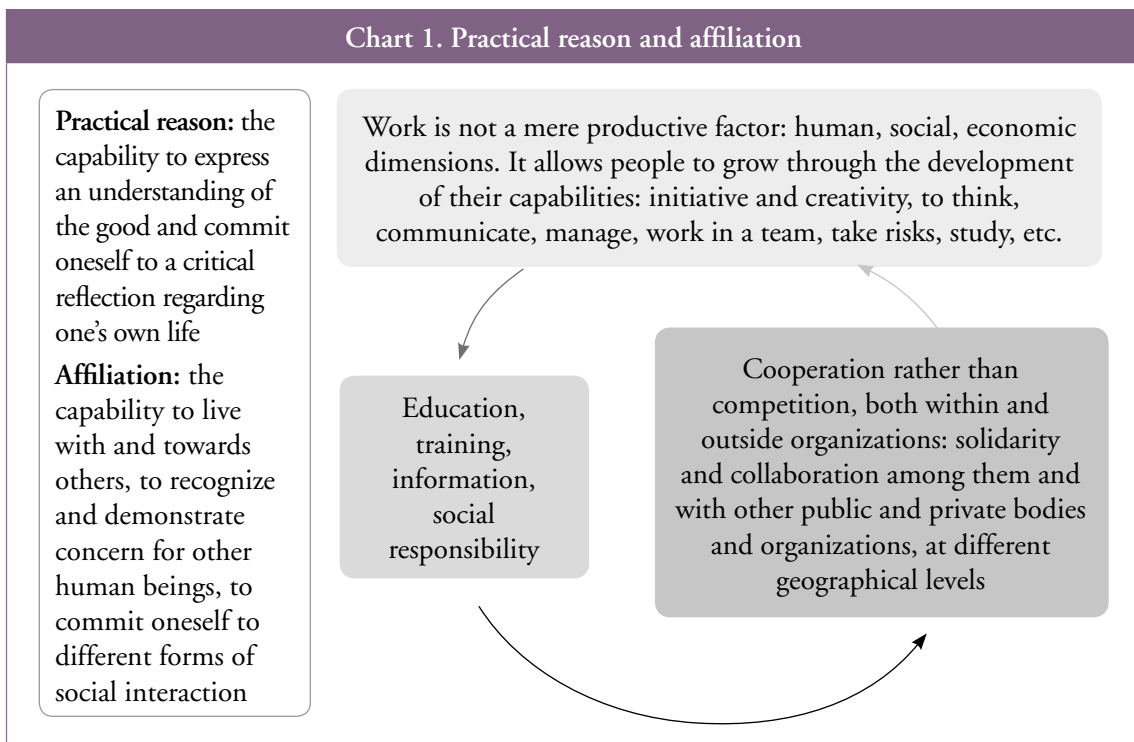
*Practical reason* refers to the capability to express an understanding of the good and commit oneself to a critical reflection regarding one's own life. *Affiliation*, on the other hand, describes the capability of living with and towards others, of recognizing and demonstrating concern for other human beings, of committing oneself to different forms of social interaction, of being able to put oneself in the situation of others and of having compassion in that situation. It also means having the social bases for respect for oneself and for the absence of humiliation, being able to be treated like a worthy human being whose value is equal to that of others, which involves protection against discrimination based on race, sex, sexual orientation, religion, caste, ethnicity or national origin. In terms of work, it means being able to work like a human being, making use of practical reason and mutual recognition with other workers.

There are a number of principles of the social and solidarity economy that contribute directly and significantly to the increase of these central capabilities. Firstly, the social and solidarity economy claims that all people are subjects of equal dignity, and they have the right not to be submitted to relationships based on domination, whatever their social condition, gender, age, ethnicity, origin, capacities, etc. (equity principle, REAS 2011). It does not allow the exploitation of the labour of others, or forms of slavery or dependence forced by physical violence or a fear of hunger, or the appropriation of the product of the work of others (Coraggio, 2011:386). It considers that a more just society is one in which all people recognize each other mutually as equals in terms of rights and possibilities, and bears in mind the differences that exist among people and groups.

The social and solidarity economy situates work at the centre of economic and human activity, with capital subordinated to it. Rather than considering it as a mere productive factor, it assigns to work a *human dimension* in that it puts people as central within the solidarity economy and, as such, they should grow by means of the development of their capabilities –of initiative and creativity, of thinking, of communication, of management, of teamwork, of taking risks, of studying, etc. –. It is also a factor of social inclusion and integration and a pillar of personal self-esteem related to all dimensions of life. However, work also has a *social dimension* because it involves putting people's capabilities at the service of the needs of the community and of the population in general, taking into account all kinds of activity, including housework or care tasks.

It also has a *political dimension* in that it involves the right of all people to have full access to social opportunities to obtain resources; the fundamental rights of work and social dialogue; the right to participate in the planning of what is to be produced in order to satisfy the needs of the population, beginning with the near population; and the right to the participation of workers and civil society in owning the means of production and in relevant decision-making. Lastly, it has an *economic dimension* because it proposes dignified working conditions that cover people’s economic needs as well as quality jobs; and just and agreed forms of evaluating exchange in commercial and productive relations.

The social and solidarity economy promotes and prioritizes cooperation (cooperation principle, REAS 2011) as against the competition that rules in the market economy, both within and outside organizations and in society in general, seeking collaboration with other public and private bodies and organizations. It proposes the collective building of a model of society based on harmonious local development, just commercial relationships, equality, trust, co-responsibility, transparency and respect. The solidarity economy is based on a participatory and democratic ethic, with the goal of promoting learning and cooperative work among people and organizations, by means of joint decision-making processes, and of the joint assumption of responsibilities, which guarantee the maximum horizontality possible while respecting the autonomy of these people and organizations. These cooperation processes should extend to all areas: local, regional, state level and international, and should be articulated in networks in which these values are experienced and stimulated.



Source: Own elaboration.

The social and solidarity economy boosts the culture of cooperation by promoting cooperative companies and a model of horizontal, participative, democratic networks of trust; it promotes the creation of networked relationships that are characterized by the same culture and values of cooperation that are aimed to be stimulated in society; socializing information about good practices for mutual enrichment; sharing knowledge to learn and grow; sharing organizations' resources, physical spaces and material goods. The sharing of information, knowledge, experience, concerns, failures, etc. consolidates transparent relationships of mutual trust, because this is created on a foundation of deeds. Promoting networks as spaces of mutual development and growth improves relations among their members, creating common initiatives, both within and outside with other organizations, participating in events, projects or causes in common, seeking to have a significant political impact on the surroundings.

As Silva (2010:77) points out, to do this, it is necessary to highlight the importance of cooperative education and an understanding of values, since it is through education that people understand that cooperation is an efficient tool for the creation of better living conditions and in order to prosper collectively. It is through this education that it is possible to perceive the need to maintain a permanent balance among social and economic relations and one can truly understand the need to protect democracy, participation and equity. All this needs to be complemented with the due informative transparency, which does not always exist within organizations in the social and solidarity economy, not only in terms of aspects related to the organization's inner workings, but also to the complex world of economic, political and social relationships.

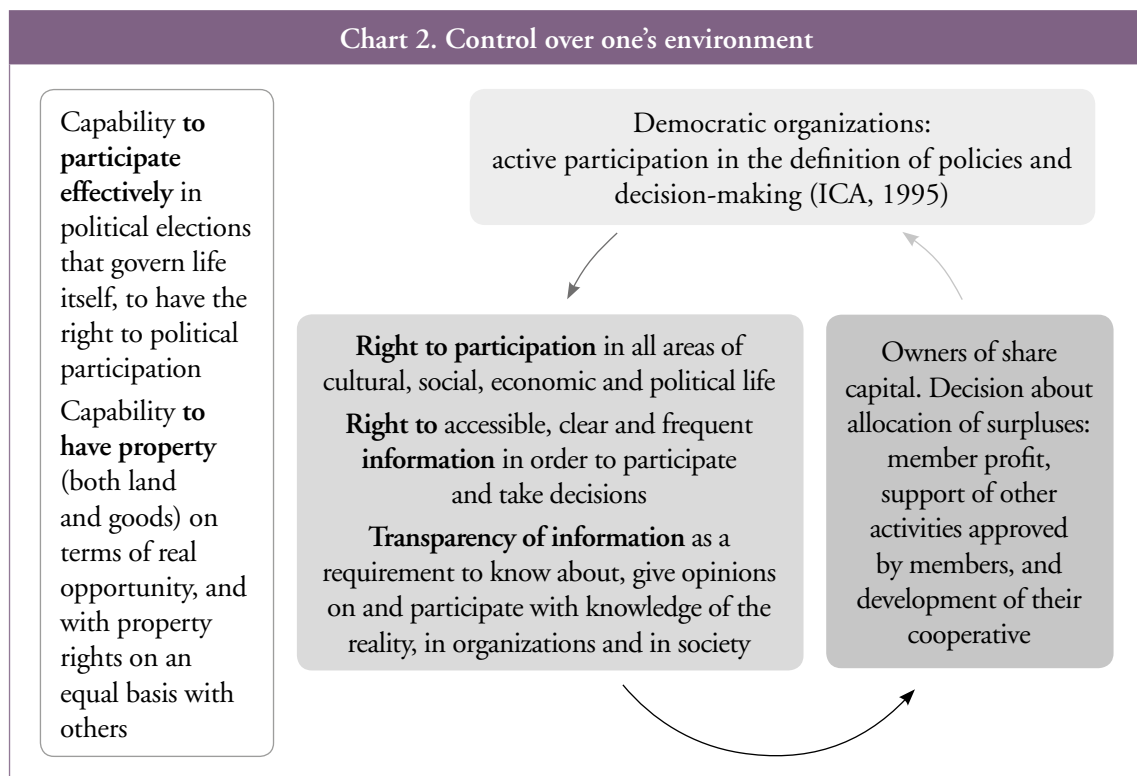
One of Nussbaum's (2008:123) central capabilities, *control over one's environment*, has two elements to it. In political terms, it is understood as the capability to participate effectively in political elections that govern life itself, to have the right to political participation. In material terms, as the capability to have property –both land and goods– on terms of real opportunity, of property rights on an equal footing with others.

Participation is something that is ever more in demand from the business world, because it is understood that people's involvement is a fundamental element for adding value to the company, and therefore workers are asked to give greater commitment and dedication to the company's goals. However, most often, this participation is restricted to the technical organization of a given job and does not go beyond to truly important spheres such as the definition of the company's goals and strategies, or property, political control and results.

Economic self-management includes a broader and more coherent notion of participation, incorporating institutional and political participation into the company's

decision-making bodies<sup>20</sup>, and supplementing it with participation in management<sup>21</sup>. Self-management can unite the two spheres of participation and smooth the pathway towards integrated participation, because it is easier and more coherent to promote participative working methods in companies that are run democratically, since opportunities for institutional participation make it easier to boost involvement in a particular job (Lanki, 2004: 25-27).

Above and beyond this matter, the social and solidarity economy defends the right to participation in all areas of life –cultural, social, economic, political, etc.–; the right to accessible, clear and frequent information in order to participate and take decisions in all aspects that concern us as people; and the right to information transparency as a requirement in order to be able to find out about, give opinions on and participate with knowledge of the reality, and take appropriate measures for the common good, both in our organizations and at all levels of society (equity principle, REAS 2011).



Source: Own elaboration.

<sup>20</sup> Members contribute equitably to the capital of their cooperatives and administer that capital democratically. At least a part of that capital is the common property of the cooperative and normally members receive a limited retribution, if any, on the capital paid in. Members allocate surpluses to all or any of the following: member profit in proportion to their operations with the cooperative; supporting other activities approved by members; and the development of their cooperative, by means of the possible creation of reserves, which could be wholly or partly indivisible (ICA 1995:53-54).

<sup>21</sup> In that cooperatives are democratic organizations controlled by their members, these members should participate actively in the definition of their policies and in decision-making, since the men and women selected to represent and manage the cooperatives are responsible before members. In first grade cooperatives, members have equal voting rights (one member, one vote), and cooperatives of other grades are also organized by means of democratic procedures (ICA, 1995:52).

In terms of cooperative participation, Silva (2010:84-85) sees at least three ways of achieving this: natural participation, use-related participation, and participation in the organization and management. Natural participation refers to the right of each member to associate with a cooperative organization freely and voluntarily and, by means of their economic contribution, access the many benefits granted by such association: freedom of membership, democratization of property, citizenship building, access to the use of products and services, and the opportunity to manage their own company through management and monitoring bodies. Use-related participation is understood as the right to use the products and services offered by the organization in a responsible, committed and permanent way. The third area, perhaps the most important, refers to participation in the organization and management as managers or members of the basic core. This participation offers the opportunity to understand and develop the different skills that members have in terms of the administration and management of a solidarity company, and to plan, manage and monitor.

However, participation in general, but particularly in the social and solidarity economy, is a very complex matter (Lanki, 2004:31-32; Chaves and Sajardo, 2004:31-52) and presents some dangers, as well as difficulties and challenges such as the slide towards economicism –functioning effectively in the market and forgetting other social and environmental goals–. These dangers include withdrawal, no longer establishing links with other self-managing forces –forgetting that it is a wider social project–; or that a technocracy imposes itself over democracy, especially in those organizations that have a high level of competition in the market. Complex business decisions could lead to a distancing of workers from the decision-making bodies; and institutions may become mere forms, with the technical management –which handles most information and has the greatest capacity– marking out the company's direction. In this ever more complex reality, decisions must often be taken at a given moment and a need for effectiveness demands that the capacity to create and propose decisions be delegated to a few people. However, in this way, spheres of real power can be created, even though formally decisions have to be endorsed by democratic bodies. It is a tendency that is always present that has to be counteracted by stimulating participation with information and transparency and ongoing education.

The economic participation of members also constitutes a challenge due to the need to have funding in order to carry out activities. Although the social and solidarity economy has a commitment not to seek profit among its principles, this does not mean that the activity does not create surpluses, merely that these must be used to strengthen the organization itself or for other projects within the social and solidarity economy. Furthermore, these surpluses should contribute to the constitution of institutional capital, that is to say, that portion of economic assets that is not part of the share capital –individual contributions– or of the obligatory capital reserve, but rather is an independent fund belonging to all members.

In the case of cooperatives, investment and capitalization are mainly in the hands of the cooperative members, which limits the potential sources of funds to their

contributions, assets and earnings. The resources contributed by members that are not a part of the share capital –loans that members might make to the cooperative company– are a kind of funding that, in the long term, might offer major advantages to the cooperative (Bel and Fernandez, 2002:119) since these reduce dependence on other forms of funding, and improve the image of the cooperative company in the eyes of third parties.

A final challenge is related to overcoming the gender inequalities that exist in other kinds of companies and in society as a whole. Although the social and solidarity economy includes gender equality among its principles, according to Ribas and Sajardo (2004:99-101), in the social economy sector there are major inequalities between men and women according to the kind of organization –cooperative, workforce owned, socially-oriented non-profit organization, etc.–, in terms of the sectors and activities where men or women work, and with regard to the most common forms of hiring among members of one sex or the other. Organizations within the social and solidarity economy are not apart from the surroundings in which they carry out their activity, but on the contrary, one of their main characteristics is that they arise from society in order to meet social needs and, therefore, they are affected by social conditioning. As against neoclassic theory or human capital theory, it is feminist and sociological theories which best analyse and explain this situation, because their arguments are based on the patriarchal structure that exists in the family and in society, which puts women at a disadvantage in the spheres of work, society and family. Social economy organizations, in that they are immersed in the existing social reality in the same way as other companies and organizations in the economy, are influenced by society's dominant cultural and religious traditions, habits and stereotypes.

Lastly, reference is made to one of the capabilities proposed by Nussbaum (2008:123) which is that of living with the necessary respect and care for animals, plants, and the natural world (*Other species*), because it is directly related to the environmental dimension of the social and solidarity economy.

From the point of view of the social and solidarity economy (REAS, 2011:6; Coraggio, 2011:381) it is considered that all productive and economic human activity is related to nature, and so it is necessary to establish alliances. A good relationship with nature is a source of economic wealth, and so it is necessary to integrate environmental sustainability into all human actions, evaluating environmental impact (ecological footprint) at all times, with the goal of significantly reducing it and in this way advancing towards sustainable and equitable forms of production and consumption, and promoting an ethic of sufficiency and austerity.

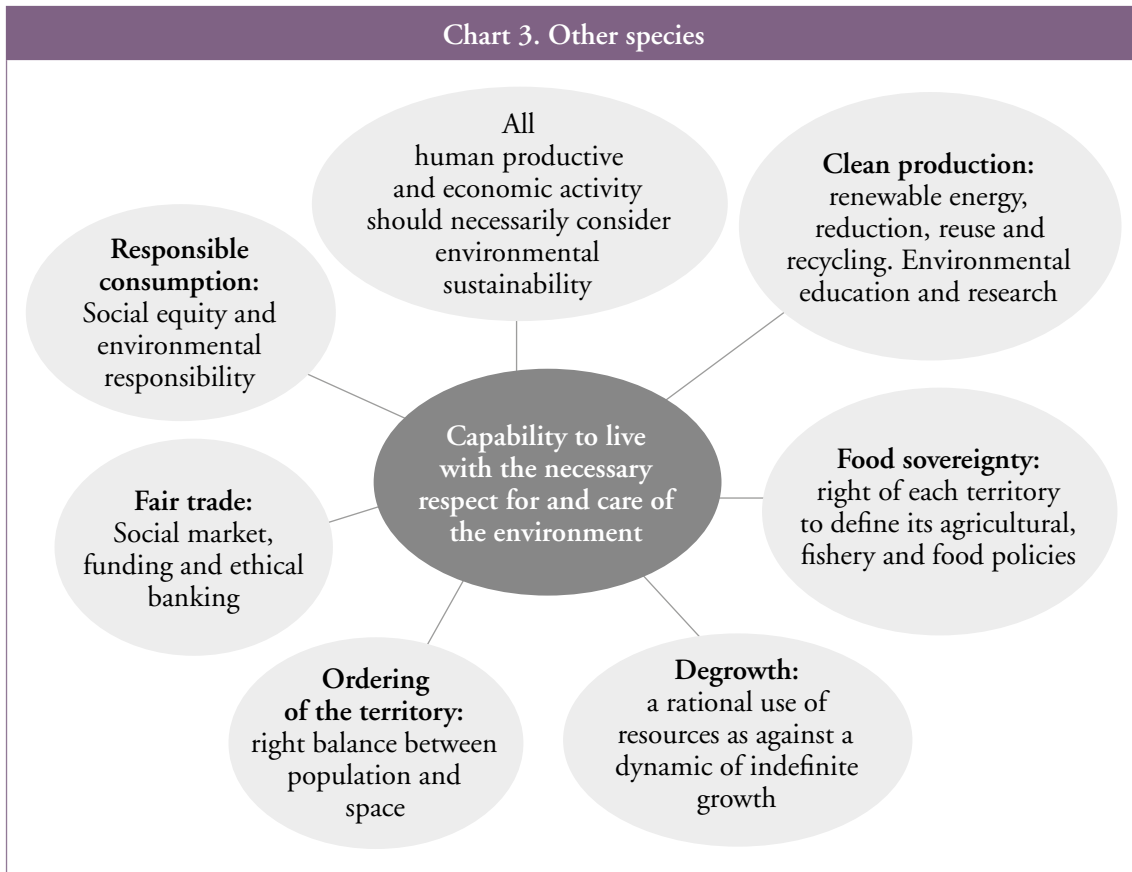
The considerations regarding sustainability focus on advocating clean production, with the use of renewable energies, responsible practices and initiatives such as the reduction, reuse and recycling of waste, as well as promoting environmental education and research. Furthermore, responsible consumption is defended as an attitude that is coherent with the two-fold ethical criteria of social equity and environmental

sustainability, since doing things in this way means not only satisfying a need, but, at the same time, favouring processes that have positive implications in terms of the economy (distribution networks of the social market, alternative funding, ethical banking), society (North-South balance, social inclusion, dignified working conditions, local development...) and the environment (reducing pollution, avoiding the exhaustion of resources, avoiding unnecessary environmental costs...).

The social and solidarity economy (REAS, 2011) defends food sovereignty, as the right of each territory to define its own agricultural, fishery and food policies, protecting those territories and the biodiversity they need for the balance of our planet and obligatory solidarity with succeeding generations; degrowth, understood as a rational use of resources that avoids the dynamic of indefinite growth; and territorial arrangement, which takes into account the appropriate proportional distribution between the population and the space to support sufficient agriculture and livestock, drainage services, the necessary non-polluting transport, etc.

For Gendron (2004:21), the solidarity economy and sustainable development are based on similar principles, including autonomy, need-centred development, resilience and democracy; both propose alternative methods for satisfying social needs, and question the concept of the common good and the meaning of public interest. She considers that it is not possible to talk about sustainable development without taking the environment, society and the economy all into account; without demonstrating the need to see the economy in another way by rethinking the relationship between the economic and the social; without refusing to see the economic system as an immutable natural law; and without recognizing that economic rules are constructs and social choices, and as such they are diverse and can be transformed and adapted to a society's choice of values.





Source: Own elaboration.

Therefore, according to Gendron (2004:25), it is possible to formalize a connection between the social economy and sustainable development, but depending on the definition adopted of each of them: this connection will be much greater if the social economy is understood as a representation of a field rather than of a sector, and sustainable development is understood from a viewpoint that goes beyond a merely environmental approach. Sustainable development is the result of the action of a group of actors and so it has a clear social dimension. Environmental problems reveal malfunctioning and insufficiencies within the economic system, question the autonomy of the economic sphere and require the participation of social actors: political and institutional representatives, the scientific world, social and environmental movements, industry representatives, etc. Such problems reveal the need to adopt a social perspective of the economy, as is suggested by the theoretical viewpoint inherent to the social economy, and situate the social economy as a means to achieve sustainable development thanks to its values focussing on the process of socioeconomic transformation.

Furthermore, from the viewpoint of Gendron (2004:28-29), organizations of the social economy –non-profit and cooperative ones– are major actors with regard to sustainable development because they are agents for change, in that they promote institutional, social and economic mobilization, pressurizing governments to favour environmental protection, and even companies to improve their environmental

performance. They also consider the goal of changing consumers' behaviour by promoting ways of life that are less prejudicial to the environment; in this case, social economy organizations are similar to the activities of the green movement due to a capacity to create social conscience for social transformation. It is important not to ignore the fact that the production of environmental goods and services is, in many places, one of the areas where the social economy is most present, particularly in the field of waste management where innovative solutions have been proposed for waste reduction, recovery and recycling; this is despite the fact that companies in the social economy face important restrictions and difficulties because often they must meet the double demand of achieving profitability –like private companies– while they also respond to the environmental demands of sustainable development and the primacy of people.

Finally, it is important to point out that the social economy is a necessary but not sufficient condition for sustainable development. In theory, its principles and values are consistent in major areas with those of sustainable development, but these areas of agreement are sometimes weakened in practice, because environmental principles end up taking second place when decisions are being made, and social economy companies do not necessarily behave in ways that can be considered environmentally sustainable.

### **3.4. The social and solidarity economy and collective capabilities**

In the introductory document, “Local Human Development's Theoretical and Methodological Framework”, when tackling the collective dimension of wellbeing, the potential of the *capacity development* (CD) proposal was pointed out as a theoretical and political tool for the analysis and practice of the group aspects of Local Human Development. These aspects are not only individual and collective capabilities, but extend to the capacity of the system or society as a whole. However, as has already been pointed out in this document, there is no consensus when defining the CD approach precisely.

The main international organizations –Development Aid Committee (DAC)/ Organization for Economic Cooperation and Development (OECD), the United Nations Development Programme (UNDP) and the World Bank (WB)– frame this issue within development cooperation strategies and they agree that the process involves a strongly endogenous character, whose most important specific feature is appropriation, and that the process includes individual and collective capabilities, which are divided into three kinds or levels: people, institutions and society as a whole. The UNDP considers capacity development to be a tool for advancing human development and brings progress within the capability approach since it is considered that achieving human development goals depends on the existence of people's, organizations' and societies' capabilities in order to transform the situation.

One of the most interesting contributions comes from Baser and Morgan (2008:22-34), who include different notions of capability<sup>22</sup>. They define a capability as the overall ability of a system to create public value, and point out that capabilities have five characteristics: a) Empowerment and identity: properties that allow an organization or system to survive, grow, diversify and become more complex. For this, systems require power, control and space; b) Collective ability or skill: the combination of attributes that allows a system to function, offer value, establish relations and renew itself; c) It is a state or condition inherent to the phenomenon of systems: it arises from the dynamic that surrounds a complex combination of attitudes, resources, strategies and skills, either tangible or intangible; d) It is a potential state; e) It creates public value: the ability of a group or system to make a positive contribution to public life.

The five capabilities that Baser and Morgan (2008:26) define as core are: a) commitment and engagement; b) carry out technical, service delivery and logistical tasks; c) relate and achieve support and resources; d) adapt and self-renew; and, e) balance diversity and coherence.

They consider the first of these –commitment and engagement– to be essential. It refers to the ability to commit oneself and to participate in carrying out activities, as well as to the capacity of organizations to create and promote spaces for themselves, to have conviction, determination and group identity.

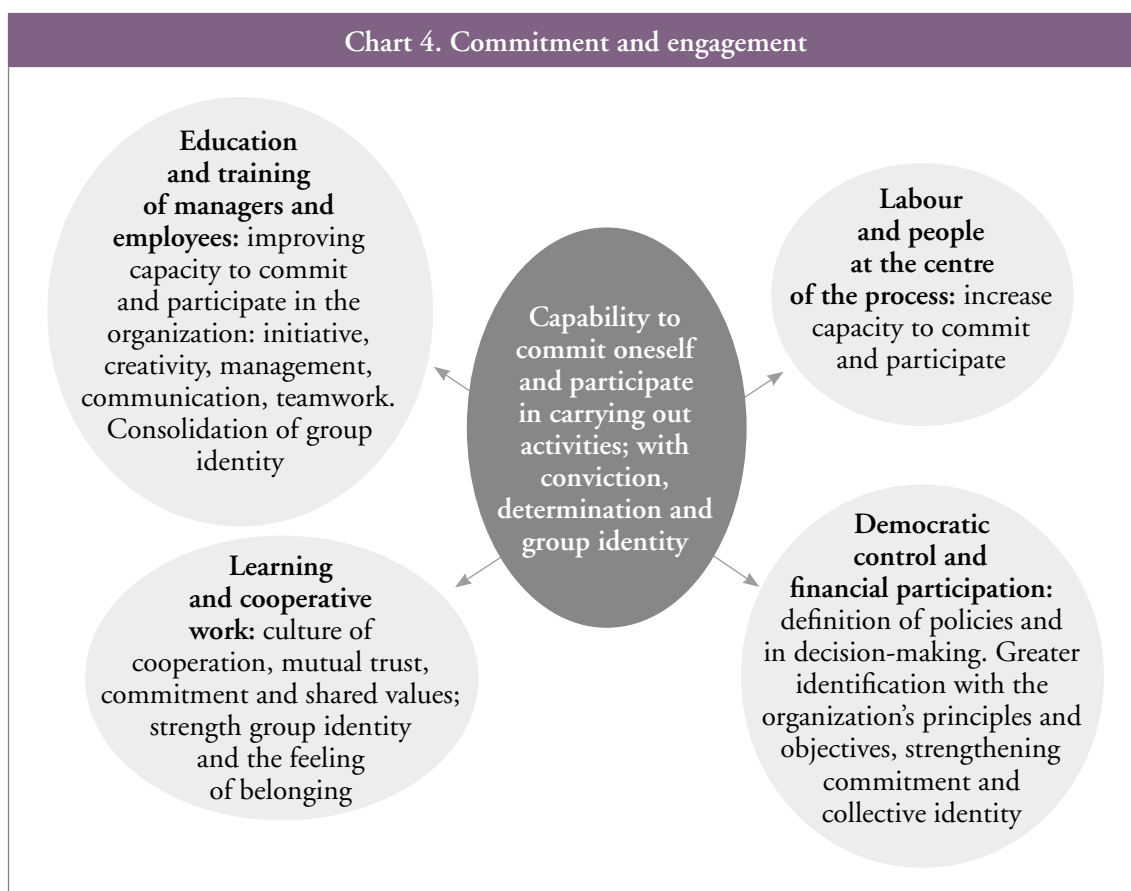
The solidarity economy (REAS, 2011) promotes the participation of people in their organizations, their right to be informed, which improves the capability of their members to commit themselves and participate in carrying out activities, to have a greater stimulus for day-to-day work, to think about the future as a group, to consolidate that group identity; an identity that will allow relations to be built from a position of self-affirmation as an organization and survive in the context and in relation with other actors.

The social and solidarity economy (REAS, 2011; ICA, 1995), in that it puts people and labour at the centre of the process, promotes an improvement of their capabilities of initiative and creativity –to think, communicate, manage, work in a team, take on risks, research, etc.–; it boosts learning and cooperative work among people and organizations at different levels –local, regional, state and international–; it creates a culture of cooperation, of mutual trust, of commitment, of shared values that strengthen group identity, of a feeling of belonging. This is important in order to survive in complex contexts, helping to adapt as a group, together with other organizations, to new realities, in the search for new ideas and new paths to travel, and can provide organizations with the necessary coherence to stop them breaking up.

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<sup>22</sup> “Ability of people, institutions and societies to perform functions, solve problems and set and achieve objectives sustainably” (UNDP); “Ability of people, institutions and societies to solve problems, make informed choices, define their priorities and plan their futures” (World Bank); “Ability of people, institutions and society as a whole to manage their affairs successfully” (OECD/DAC).

Cooperativism, in that it allows democratic control and financial control by members, guarantees their active participation in the definition of policies and decision-making. This creates conditions for greater identification with the organization and its principles and objectives, strengthening commitment and collective identity. Cooperativism and cooperatives can and should, in this way, promote the education and training of their members, of their elected positions, their managers and their employees in order to contribute effectively to their development. This improves their members' capability to commit themselves and participate in carrying out organization activities and thereby consolidating group identity (ICA, 1995).



Source: Own elaboration.

The social and solidarity economy therefore contributes to strengthening collective capabilities in that it promotes participation in sustainable local and community development by means of its involvement in networks with other organizations from the social and economic fabric within the same geographical area and in other, broader areas that link the micro and the macro, the local and the global (commitment to surroundings principle, REAS 2011:6). This means that these organizations should commit themselves to socioeconomic alternatives in the area –social market, ethical banking, fair trade, community development, etc.–, favouring the creation of the social fabric and stimulating and strengthening the existing one. This principle of commitment to surroundings by the social and solidarity economy contributes very

directly to increasing the capacity for commitment and participation in organizations, as well as their capacity to create and promote spaces for themselves and for other organizations by means of horizontal networks that include other organizations from the same territory. In this way, it contributes to creating the synergies and support needed to face up to the difficulties of survival, to seek resources to deal with and adapt to contexts of change, which often has to be done in difficult situations.

The third of the collective capabilities –to relate and achieve support and resources– is considered essential to survive in a certain context and in relation to other actors. From this point of view, the capability refers not only to achieving results, but also to being able to create and maintain the necessary relationships so that the organization can survive.

The social and solidarity economy arises from the territory, from its people and its organizations and it can only be understood from this viewpoint, and in this regard it has major elements in common with local development, although also some differences<sup>23</sup>. The territory is (Vázquez Barquero, 1990; Albuquerque, 2004, 2006) the subject of local development, understood as the set of social actors who live, relate and organize themselves in their respective territorial settings, constructing their own history, culture, identity and institutions, based on a use made of the natural environment and its resources; a space where, beyond being a geographical delimitation or an administrative unit, it is possible to participate in a common strategic project. It is also a space for the social harmony of the different public and private socioeconomic agents –public authorities, local institutions, business organizations, social movements, regional universities, research and technical study centres, non-governmental organizations– in order to make more efficient and sustainable use of the existing endogenous resources, to promote endogenous capabilities and create an innovative environment in the territory.

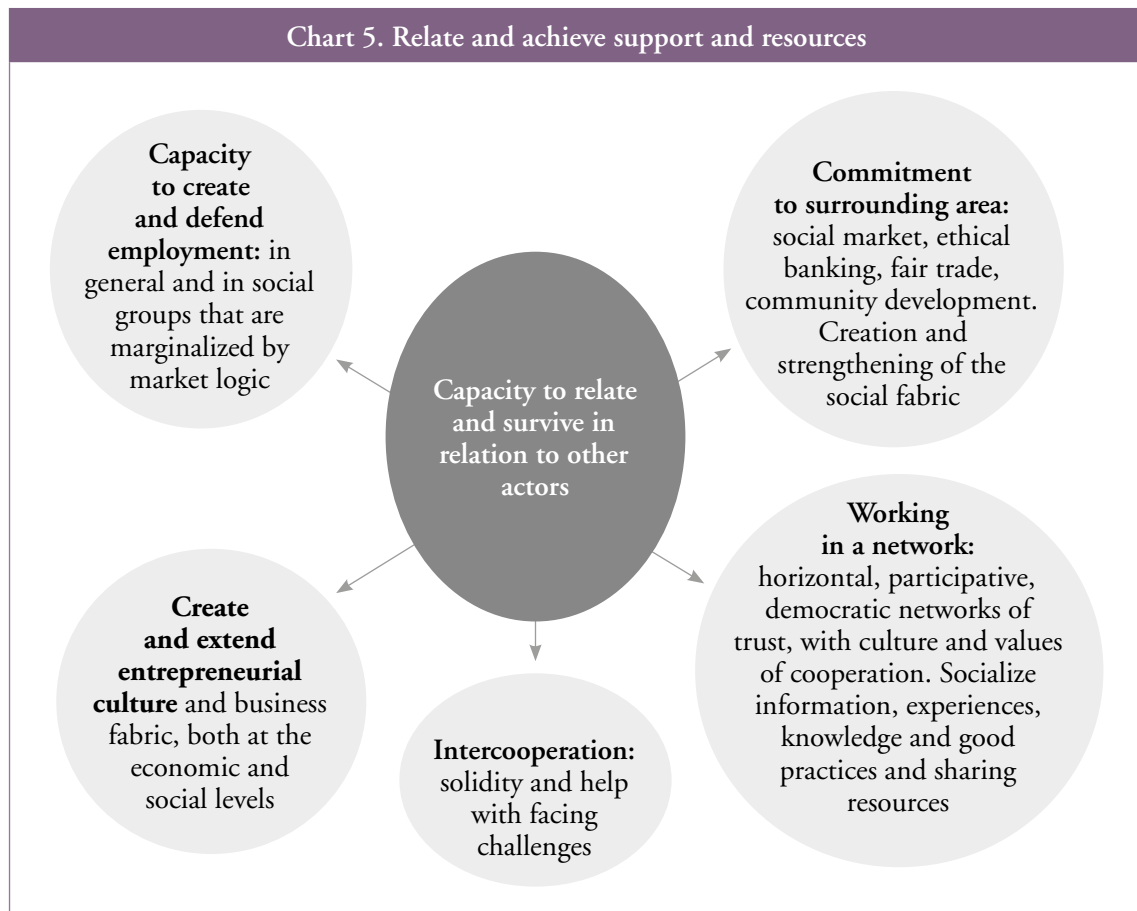
Economic self-management (Lanki, 2004:22-23) tends to aim to meet communities' needs, to be a willing servant of community development. As against a globalizing model promoted by capital, economic self-management is rooted in towns, in communities, in specific human geographies, in a land. If capital belongs to the people who provide the work and these people are also members of a specific community or territory, the productive activity of the company is rooted in that territory. The geographical-human space is not interchangeable, it is a core part of the *raison d'être*

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<sup>23</sup> The very understanding of development as economic growth, as against the defence of a genuinely sustainable economy that includes clean production systems, but also responsible consumption and other aspects such as food sovereignty. Furthermore, the role and importance of the local as against international insertion, which is not understood as the need for the competitiveness of local spaces when facing the challenges and threats of globalization, but rather the reproduction of the life of people based in the territory upon the foundation of agreed relations of production, distribution, consumption and funding that are based on justice, cooperation, reciprocity and mutual aid. Furthermore, the differences lie in the lack of profit motive advocated by the SSE as against the maximization of profit by profit-making organizations. Lastly, the meaning of cooperation is not limited to the grouping for general economies of scale for better conditions with respect to competition, but to build collectively a social model based on harmonious local development, on just commercial relations, equality, trust, co-responsibility, transparency, and respect.

of the self-managed company. The self-managed company also has a special potential for projecting its influence beyond the realm of the company and for committing itself to other areas of society, putting business action at the service of the integrated development of the community, creating links with other social and cultural experiences, with social movements related to ecology, the gender question, time banks and development models.

The social and solidarity economy contributes to the endogenous economic development of territories, since they have a greater tendency to reinvest profits in the same territory where they are generated, promoting accumulation processes at the local level (Garcia Serrano and López Serrano, 2011:30-32). It also has a greater capacity to mobilize resources that exist at that local level –local knowledge, networks, social capital, trust, prestige, etc.– and it has a major capacity to create and extend an entrepreneurial culture and the business fabric both at the economic and social levels. It is therefore better able to link economic activity with local needs –local community services, social and cultural services, etc.– and/or the local productive fabric. Furthermore, in a context of decentralization and modernization of states, it can contribute to a greater autonomy of territories in that the forms of control and decision-making in these organizations tend to be situated in a given territory's civil society.



Source: Own elaboration.

One of the most important recent debates has been on the matter of companies' social responsibility (CSR) to the societies in which they are inserted and where they carry out their activities. This is a concern that, in most cases, is related more to its impact on the company's income statement than to a genuine interest in the impact of that company's behaviour internally and externally. As against a voluntary, limited and often questioned CSR, in the social and solidarity economy, social responsibility is implicit in its day-to-day activities because these companies create permanent wellbeing for their associates, employees and the community in general, maintaining a constant balance between economic and social functions (Silva, 2010:80). In this regard it can be said that everything a cooperative does is CSR, because this lies in the very essence of the solidarity economy. Cooperative management is at the service of society and, therefore, it should look to the integrated development of the organization in all its dimensions and all its relationships. Social responsibility is the starting point and an integral part of the development of cooperative companies, not the end goal, as happens in other forms of company; it is a challenge and a strategy of permanent action that contributes to the development of social and business management, the creation of quality of life for each member and the company's sustainability over time.

Social responsibility is compatible with economic self-management (Lanki, 2004:28-29) because it brings a general form of *being* in the economy and of doing business; it has its own potential for developing social commitment –attending to the surrounding area's social, cultural and ecological needs–, and putting limits from this sphere on economic activity. Economic self-management can also establish limits to the purely economicist logic of the market, organizing companies' activity depending on social, democratic and ecological standards: putting limits on excessive company growth resulting from technical-economic requirements. Furthermore, it can establish better conditions to determine what and how to produce, develop a sensibility for caring for the environment in manufacturing processes, offering decent working conditions and carrying out a special effort for people's development.

The fourth of the capabilities –*adaptation and self-renewal*– is closely related to the capacity to confront contexts of change, often in very difficult situations, and is related to the capability of individual and group learning, to the capacity to promote internal dialogue, to resituating and reconfiguring the organization, and to the search for new ideas and new paths to travel on.

The social and solidarity economy has shown a significant capacity for resilience and adaptation to contexts of crisis, particularly in the creation of jobs and the defence of

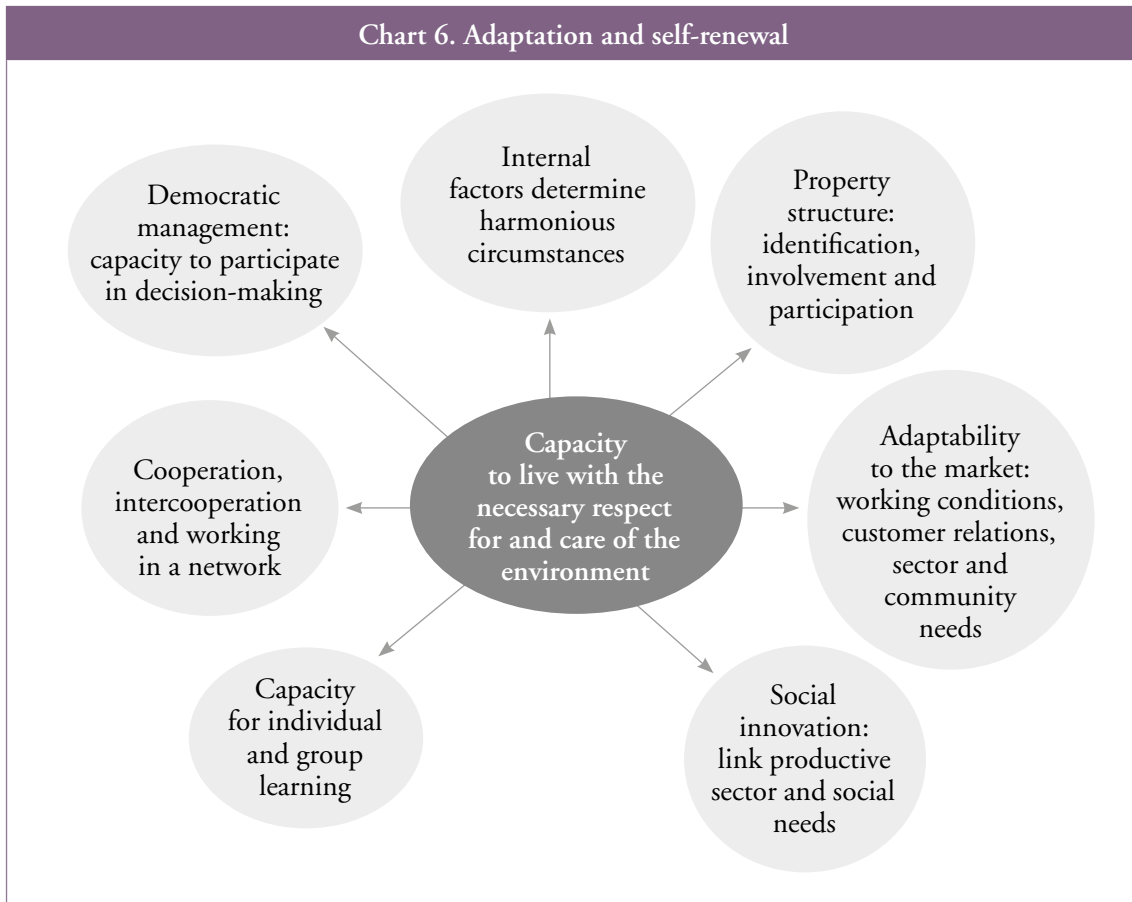
employment<sup>24</sup>. In a study of the crisis' impact on cooperative microcompanies, and particularly those in the social intervention sector, in the 2008-2011 period in Spain, Sabin et al. (2010:2) conclude that cooperative companies are resisting the crisis better than the rest of the business fabric, which is demonstrated by a lower rate of closure of companies and lower job destruction. They consider that the major factors that explain this better performance –the C factor–, is related to their principles and values, their greater capacity to adapt to market conditions and to adjust salaries and labour conditions to the reduction of the company's income.

Similarly, Díaz Foncea and Marcuello (2010) point out that cooperative employment is less dependent on fluctuations in Gross Domestic Product (GDP), since during periods of growth the creation of cooperatives is less significant than that of other organizations, but their destruction at times of crisis is also lower than in the rest of the economy. Furthermore, they state that cooperative societies offer a greater quality of employment, measured by the strength of job maintenance during recessive periods, which is due not so much to the close link between the creation of cooperatives and the search for a solution in situations of unemployment, as the quality of the kinds of work offered, since they offer better working conditions for the worker –smaller risk of being made redundant, etc.– than other kinds of companies do.

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<sup>24</sup> The International Cooperative Alliance figures are 1,000 million cooperative members in most sectors: agriculture, construction, industry and services, creating 100 million jobs, 20% more than the multinational corporations (2012). See <<http://www.aciamericas.coop/Hechos-y-cifras-del-cooperativismo>>. In the Spanish case, according to CEPES (2011:74-75) during the harshest period of the economic crisis after 2008, while the economy as a whole lost millions of jobs, the social economy generated net employment of more than 1%, although drops of 6.8% in terms of organizations and 24.6% in terms of turnover was registered. In general terms, the situation seems to be better for social and worker cooperatives than for conventional companies, particularly in countries with a greater presence and longer experience of cooperatives (CICOPA, 2011:2). Likewise, as COCETA (2010:69) states, the Cooperativas de Trabajo de Iniciativa Social (CTIS) have continued creating jobs despite the adverse circumstances experienced by the economy, they have maintained a presence in their territories and municipalities, maintaining the business fabric, generating territorial cohesion and encouraging, by their presence, the creation of new business projects.





Source: Own elaboration.

In a globalized world in which unemployment seems to be a structural problem, economic self-management presents the potential of creating, maintaining and defending jobs because this is its natural vocation (Lanki, 2004:25-25), given that being members, and so owners, of their own company, links their personal and family future to that of the company. In this regard, cooperatives have demonstrated a significant capacity to maintain non-profitable companies in times of crisis<sup>25</sup>.

Furthermore, in the last two decades companies in the social economy have developed social innovations and have moved into new, expanding sectors such as social services and socio-labour insertion, which in the Spanish case has been facilitated by legal reforms –the gender equality law, insertion and care companies law–, although it should not be forgotten that they have to face the challenge of the ever greater presence of capital companies and a greater commercialization of social services (Sanchis and Campos, 2008:194). Social and solidarity economy organizations have a greater level

<sup>25</sup> In the case of the Grupo Mondragón, intercooperation is shown in the creation of sectorial groupings, which have permitted economies of scale and organizational synergies, while in the social terrain, the transference and promotion of worker members has been boosted. It has been shown in the promotion of new cooperatives, in the creation of asset coverage entities in the financial, educational and research areas and in carrying out common projects in the social and business areas. See: <<http://www.mondragon-corporation.com/CAS/Cooperativismo/Experiencia-cooperativa/Cultura-Cooperativista/Intercooperaci%C3%B3n.aspx>>.

of recognition and visibility in the eyes of the public authorities and social agents and, therefore, they have advantages over the capitalist sector, especially comparative advantages in terms of efficiency in the allocation and production of major groups of services directly linked to social needs. This is the case because, in general terms, there is a considerable harmony of interests between public provision of these goods and services –water, electricity, transport, education, social and health services, etc.–, and the social and community philosophy of the organizations that they provide with a public service vocation (Garcia Serrano and López Serrano, 2011:30-32). This role of intermediary between the needs of the public and social spheres and the sector that produces and supplies goods and services can allow the creation of and a leading role in social innovation processes.

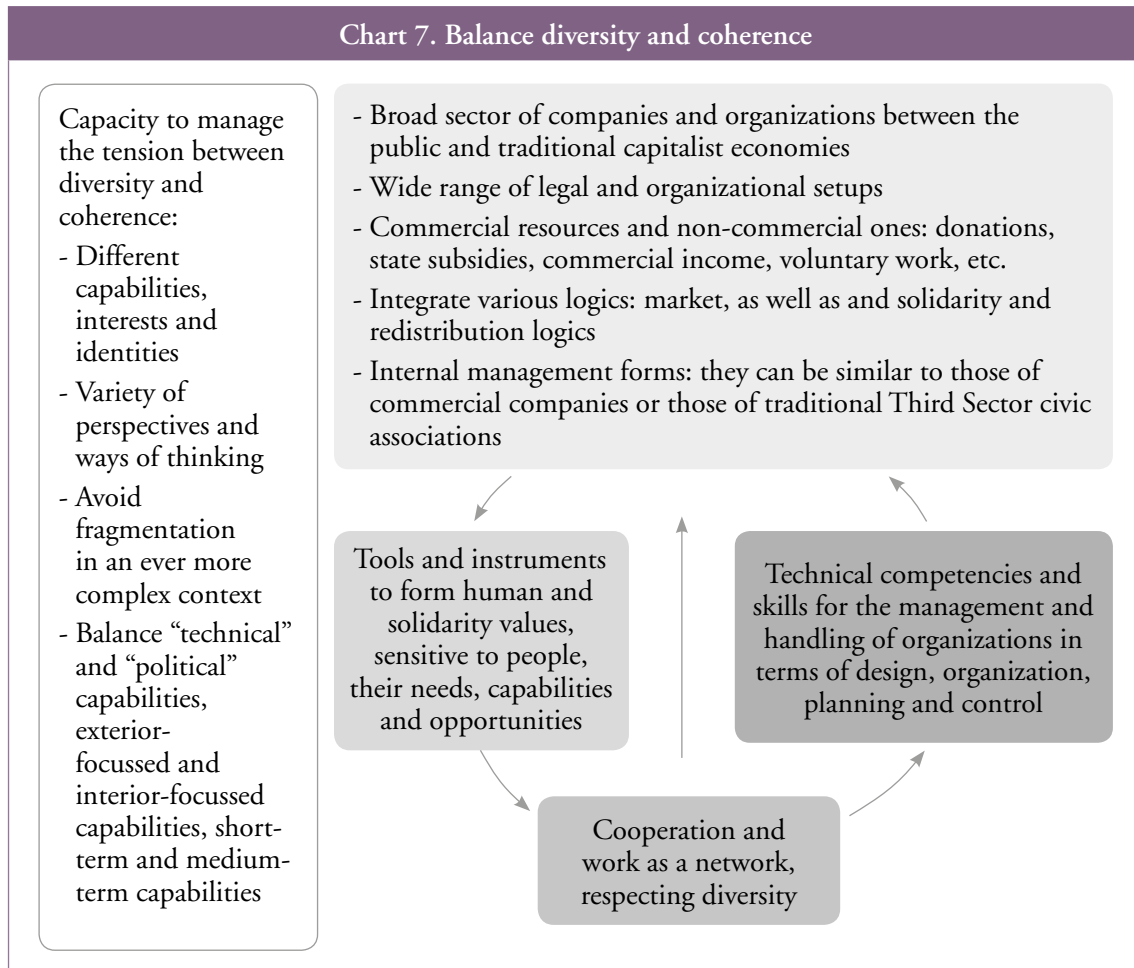
Lastly, organizations need to face up to the challenge of managing the tension between *diversity and coherence*, because while they should have different capabilities, interests and identities and a variety of perspectives and ways of thinking, they should also seek ways of avoiding fragmentation in an increasingly complex context. Organizations should also try to balance the different capabilities, for example “technical” ones and “political” ones, those oriented at the exterior with interior-focussed ones, short-term ones with medium-term ones, etc.

As was pointed out in a previous section, there is currently a significant variety of companies and organizations that are situated somewhere between the public economy and the capitalist economy. These have a variety of legal and organizational configurations and make use of commercial resources as well as non-commercial ones –donations, state subsidies, voluntary work–; they combine market logic together with logics of solidarity and redistribution, and incorporate internal management systems that are also very varied. This variety of initiatives and enterprises makes for a great richness in terms of a diversity of experiences and situations, but it also requires a certain rigour in order to avoid making it possible to classify anything at all as the social and solidarity economy. It is here that, once again, training and education in solidarity and cooperative values plays an important role.

Cooperative education aims to educate people in competencies for the smooth running of internal organizational management, in finance and in economic planning and management, but also in the capabilities that help to form better people in terms of their human, personal and social relationships. This contributes to diversifying members' capabilities, enriching their diversity and also maintaining the necessary coherence that guarantees the required stability.

Education is a fundamental pillar of the cooperative paradigm (Silva, 2010:81) because it is this that allows individual members to act at all times within a horizon of learning that perfects them as members of a group and essential actors; it is this that allows members to be aware of the potential of cooperativism and to consolidate management tools for their benefit, for that of the community and that of the economic system in which the organization interacts; it is education that allows construction of the

sovereignty of human beings as individuals and as groups, giving meaning to the advantages offered by a model of human management that allows the richness of individuals as a group and/or as individuals to be appreciated and, in turn, allowing elements of sustainable collective wealth to be created.



Source: Own elaboration.

In terms of management it is not only necessary to learn tools, techniques, standards and laws, but also, even more importantly, there is a need to be aware that what is being managed is a cooperative company, understanding this not simply as an instrument for selling services, generating income and making profit. It is with cooperative education where an understanding is built that administration, direction, monitoring and planning is done to serve, with service being the essential goal of the organization and not merely a means for creating surpluses. This better education and training will allow an increase of the adaptation and self-renewal capabilities, which are related to individual and collective learning. In that this education and training is not only in the sphere of technical-professional capabilities but in others related to cooperative identity, it will contribute to diversifying members’ capabilities, enriching their diversity and also maintaining the necessary coherence that guarantees the necessary stability (Silva, 2004:87).



## 4. Conclusions





The social and solidarity economy recovers the normative dimension of the economic and assumes the contributions that, since the end of the 19<sup>th</sup> century and throughout the 20<sup>th</sup> century, have questioned the principles upon which the conventional economy's notion of *homo economicus* is based, particularly those contributions from institutionalist and neo-institutionalist approaches, as well as from ecological economics, feminist economics, communitarian economics and varied critical currents.

As against the notion of welfare that underlies the utilitarian approach of human needs, the human development approach takes, as a reference point, human capabilities, both in their individual aspects and, above all, in their collective dimension. The social and solidarity economy contributes the bases to give content to the economic dimension of Local Human Development because the principles and values that sustain it are in harmony and are aligned with a strengthening of central and collective capabilities.

The principles and values that underlie and are promoted by the social and solidarity economy contribute to reinforcing the central capabilities because they put labour at the centre of economic and human activity, with capital subordinated to it, taking into consideration its human, social and political dimension and promoting cooperation rather than competition in order to build collectively a model of society based on harmonious local development, on just commercial relations, equality, trust, co-responsibility and transparency.

The SSE contributes to encouraging control of the milieu. Above and beyond merely symbolic participation it permits and stimulates the integrated participation of people in property and in management at all levels, both in business activities and in other areas of cultural, social, economic and political life. However, it is important not to forget the difficulties when it comes to practical application, which include a slide towards economicism, a lack of relations with other organizations or that technocracy imposes itself on democracy, as well as others resulting from the economic participation of members or the persistence of gender inequalities within organizations.

The sustainability of the environment and of life in general, upon the basis of the defence and encouragement of clean production, responsible consumption, food sovereignty, and territorial balance are values and principles of the social and solidarity economy, although the practices carried out by its organizations do not always fall into line with these values.

People's integrated participation, their right to be well informed, an improvement in capacities for initiative and creativity, promoting learning and cooperative work among people and organizations in different spheres, are all central values and practices in the social and solidarity economy that allow increases in its members' and organizations' commitment levels, thus creating a culture of cooperation, of mutual trust, of commitment, of shared values, which reinforce collective identity and a sense of belonging.

The social and solidarity economy is closely linked to local development because it arises from the territory, its people and its organizations, it is rooted in the territory, it uses endogenous resources and it promotes local capabilities for the creation of an innovative environment in the territory. It tends to meet the needs of communities, to be at the service of community development, have a special potential to commit itself to other spheres of society and a greater propensity to reinvest profits in the same territory where they are created, promoting accumulation processes at a local level; it has an intense capacity to create and extend entrepreneurial culture and the business fabric, both in economic and the social spheres. In this regard, it is worth pointing out the need to strengthen dialogue between the social and solidarity economy and local and territorial development, in that they have a number of elements in common, but stressing the contributions that the SSE can make. These contributions include an emphasis on environmental sustainability, not always respected from a growth-centred view of development; the role and importance of the local, not so much with regard to international insertion as to the reproduction of life; a focus that is not on profit, rather than one on profit maximization; and a kind of cooperation that goes beyond the creation of economies of scale.

Faced with contexts of crisis and change, the SSE has shown that it possesses capabilities of resilience and adaptation, which is shown by the creation and defence of jobs, something that is consubstantial because the ownership of labour and the share capital links personal and family futures to the company. Furthermore, its greater level of recognition and visibility before the public authorities and social agents presents comparative advantages of efficiency in the allocation and production of major groups of services directly linked to social needs, because it creates a greater symmetry between supplier and demander, that is to say, a greater harmony of interests between the public provision of these goods and services and the social and communitarian philosophy of the enterprises that provide it with a public service vocation.

Lastly, the organizations of the social and solidarity economy have shown capabilities for facing up to the challenge of managing different interests and identities, perspectives and forms of thinking, but with the necessary coherence, as is proved by the existence of a significant variety of companies and organizations that are situated between the public economy and the capitalist economy; these have a range of legal and organizational setups, make use of commercial and non-commercial resources, combine market logic with solidarity and redistribution logics, and incorporate internal management



systems that are also very varied. Training and education in solidarity and cooperative values play an important role, in that education in these values aims to give people not only competences that enable them to handle internal organizational management, as well as finance and economic planning and management, but also capabilities that create better people when it comes to their human, personal and social relationships.







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