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*COMBINING ENTREPRENEURSHIP AND SOLIDARITY ECONOMY:
IMPLICATIONS FOR PUBLIC POLICIES¹*

**COMBINANDO EMPREENDEDORISMO E ECONOMIA SOLIDÁRIA:
IMPLICAÇÕES PARA POLÍTICAS PÚBLICAS**

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INTRODUCTION

Solidarity Economy (SE), also called Social Solidarity Economy (SSE), is a group of people or associations working together to manage their economic activities. This economic model aims to recover the ethical and human dimension in economic relations by establishing new principles and alternative economic models. SE is often described as a new current and model of the economy that seeks to contribute to recognizing the quality of life of small producers who face socio-economic disadvantage (Ferguson, 2018).

Opposed to the solidarity point of view, entrepreneurship is often associated with individual ventures aimed at maximizing profit (Warnecke, 2014). The term entrepreneurship is related to the act of creating and managing a business for personal gain. Enterprises such as start-ups, small businesses, and even large corporations are often seen as the embodiment of entrepreneurship (Warnecke, 2014).

In recent years, however, there has been a growing recognition of new forms of entrepreneurship that promote social and environmental objectives, in addition to financial gain. New forms of entrepreneurship have emerged, with a

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focus on social objectives and the well-being of the community rather than solely on profit maximization.

Furthermore, in SE enterprises there is a resistance to discussing economic and financial concepts. Thus, discussions about topics such as loan costs and market strategies may be viewed as contrary to the ethos of the SE model (Morais & Bacic, 2020). Incorporating these aspects could lead to a move away from their core emphasis on social empowerment and cooperation toward more capitalist mechanisms (Warnecke, 2014).

On the other side, entrepreneurship in the context of SE has gained significant attention in recent years (Dacheux & Goujon, 2011). Researchers and scholars have explored the role of entrepreneurship within the context of SE. They have highlighted the potential of entrepreneurship to empower marginalized communities and promote social and economic justice (Stoyanov & Zhelyazkov, 2019; (Toma, 2022)).

Entrepreneurship plays a crucial role in the SE. Social entrepreneurship, in particular, is an economic activity that focuses on social values, goals, and investments that generate surpluses for the benefit of communities rather than solely focusing on financial profit (Felix & Klimczuk, 2020). Social entrepreneurs in the SE seek to address social needs that are not being adequately addressed by the state or commercial actors (Toma, 2022). They often engage in initiatives that aim to create social value and promote the common good (Felix & Klimczuk, 2020).

This editorial presents insights into how policymakers can use these different discussions related to entrepreneurship in SE enterprises to design policies to foster these enterprises. Thus, it is structured into three additional sections. The next section is dedicated to defining SE. The third section comments about the connections between entrepreneurship and SE. The following section highlights implications for entrepreneurship public policy in SE.



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Finally, the concluding section points to the complexities embedded in the nexus between SE and entrepreneurship and argues for sensitive policy formulations leveraging both SE and entrepreneurship's strengths.

DEFINING SOLIDARITY ECONOMY (SE)

SE does not have a universally accepted definition (Gaiger, 2017). However, it is generally described as an alternative economic system that prioritizes social and environmental objectives over profit maximization. The term itself is subject to variations, such as popular solidarity economy, popular economy, socio-solidarity economy (Iaskio, 2007), and social and solidarity economy (Morais & Bacic, 2020).

There are also different terms referring to enterprises that operate within the SE, such as social enterprises, cooperative enterprises, and community-based enterprises depending on the country where they are located and the specific context in which they operate. For example, In Nordic nations, cooperatives align with social participation and democratic values. In Spain and France, they are categorized as social economy and third sector, whereas in Norway it is the voluntary sector. Asian nations recognize them as part of the social economy, cooperatives, or intermediary systems. In Africa, they might be labeled as cooperative or charitable sectors, and in Australia as the philanthropic sector. Across Latin America, terms range from popular economy in Ecuador, informal economy in Peru, to work economy in Argentina, with both Brazil and Colombia identifying them under the umbrella of SE. These diverse terminologies across the globe highlight an ongoing debate about the nature and goals of such organizations among scholars, researchers, and policymakers (Duque *et al.*, 2021).

Usually, SE economy refers to an alternative economic model that strives to promote social and economic justice by prioritizing principles such as



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cooperation, equality, and community empowerment (Dacheux & Goujon, 2011). Also seeks to shift the focus of the economic structure, emphasizing the health of individuals and the environment over the conventional emphasis on profits and limited definitions of economic expansion (Warnecke, 2014).

Furthermore, SE encompasses a wide range of economic activities, including cooperatives, fair trade initiatives, community-supported agriculture, time banks, and social enterprises (Gaiger, 2017). It is characterized by enterprises that pursue social activities and/or social objectives, often in cooperation with the state or local bodies, or independently (Dacheux & Goujon, 2011; Ferguson, 2018; Stoyanov & Zhelyazkov, 2019; Warnecke, 2014).

SE enterprises are distinct from traditional businesses in that their primary goal is to generate surpluses for the benefit of communities rather than solely focusing on profit generation for individual stakeholders (Dacheux & Goujon, 2011). This movement began with the recognition of the limitations of traditional market economies in addressing social and environmental issues and the need for a more inclusive and sustainable economic system (Gaiger, 2017). From the decline of the Keynesian welfare state and the rise of neoliberalism, there has been a growing disillusionment with the market-centric approach to economic development. In response, the concept of SE emerged as a form of resistance to this dominant economic paradigm (Dacheux & Goujon, 2011).

Interest in the study of the SE is intensifying, notably among researchers in Europe, North America, and Latin America. Key international organizations, such as the United Nations, the Organization of American States, the European Commission, the Organization for Economic Cooperation and Development, and the International Labour Organization, underline its significance (Duque et al., 2021).

Many researchers and scholars have emphasized the importance of SE as a means of challenging traditional capitalist structures and addressing social



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and environmental issues. A common thread in the literature is the recognition of the limitations of traditional market economies in addressing these issues, and the need for alternative economic models that prioritize the well-being of individuals and communities (Dacheux & Goujon, 2011; Ferguson, 2018; Gaiger, 2017).

ENTREPRENEURSHIP AND SOLIDARITY ECONOMY

In the context of SE, entrepreneurship refers to the establishment and operation of economic ventures that uphold principles such as cooperation, social justice, and solidarity among its members and within the broader community. It is characterized by a focus on collective decision-making, democratic governance structures, and equitable distribution of resources and benefits (Duque et al., 2021; Warnecke, 2014).

Laville (2010) studied the evolution of associations and cooperatives over the past century, emphasizing their significant growth and the emergence of a global civil society. He illuminated the concept of the SE, which promotes cooperative relationships and is rooted in 19th-century aspirations for an interconnected society. While some cooperatives have veered away from radical societal change goals, others have successfully transformed into worker-controlled entities. Laville (2010) concludes by underscoring the need for continued experimentation with these economic frameworks and advocates for a cautious yet balanced approach involving both the public and private sectors.

Analyzing the way entrepreneurship is often seen, as a tool for wealth accumulation and individual success in mainstream capitalist economies, Warnecke (2014) stated that this conception, often related to masculinity, is only a small portion of entrepreneurial activity, but it shapes the form entrepreneurship policies are designed. Warnecke (2014) delves into the relationship between individualistic entrepreneurship and the pursuit of socially sustainable



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development, highlighting the role of microfinance in promoting community building. The paper critiques the prevailing ideology of entrepreneurship, which tends to portray entrepreneurs as individual heroes, asserting that this can clash with the principles central to the SE. Emphasizing this, the influence of individualistic values on microfinance initiatives is discussed, suggesting they may hamper community-building efforts.

Parente (2016) provides insights into a research project conducted from 2010 to 2014, which aimed to explore the burgeoning field of social entrepreneurship in Portugal and its global context. Addressing a gap in Portuguese research, the study scrutinizes the methodologies and journey of third sector organizations (TSOs) in this area. A distinctive highlight of the paper is its contrast between the SE, a concept that gained momentum in the 1990s within French-speaking regions, and the traditional social economies. This newer model, the SE, champions egalitarian values and has notably gained significant traction, especially in Latin American countries since its inception (Parente, 2016).

Pazaitis *et al.* (2017) delve into an exploratory study of the New Zealand-based Enspiral Network, which operates globally thanks to online facilitation. Their focus is on the emergent idea of open cooperativism, which marries aspects of traditional cooperatives with the commons movement. Unlike traditional cooperatives, open cooperativism emphasizes a broader societal and environmental perspective, championing global interests, multi-stakeholder governance, and a shared good. The authors draw a connection between open cooperativism and the SE, highlighting their mutual emphasis on social needs, economic democracy, and sustainability.

García *et al.* (2018) investigate the nature of social enterprises in Spain across four socioeconomic contexts: the social market economy, the Third Sector of Social Action, the SE, and social entrepreneurship. The SE is portrayed as a



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human-centric alternative to capitalism, while social entrepreneurship prioritizes social impact over profits. In Spain, these concepts intersect, resulting in social businesses that merge both ideologies. The study outlines distinct types of social enterprises for each context and concludes by presenting a unique typology for Spanish social enterprises, suggesting further research for validation (García et al., 2018).

Abad (2019) offers a critique of the neoclassical economic model, particularly its depiction of economic actors as isolated, competitive entities, and its tendency to view the economy in isolation from broader societal contexts. The author highlights the concept of the SE as an alternative to conventional capitalist approaches, blending principles from both social and solidarity economies. This perspective introduces an alternative paradigm that challenges standard economic models, incorporating theoretical, political, and enterprise-related dimensions. Notably, within this paradigm, enterprises emphasize democracy, self-management, and collective entrepreneurship.

Stoyanov and Zhelyazkov (2019) delved into the business models of the social economy, particularly concentrating on social enterprises within the European Union. Central to their paper is the exploration of terms like social economy, social entrepreneurship, and social economy enterprises. They highlight an emerging trend where these terms are beginning to converge, representing organizations with similar goals and focus. By doing so, the authors pinpoint a challenge: as more entities identify under this umbrella, distinguishing between them becomes intricate. The authors identify five predominant business models in the social economy: social cooperatives, social enterprises (both with social and commercial purposes), social franchises, and socially responsible businesses (Stoyanov & Zhelyazkov, 2019).

Velasco Burgos *et al.* (2020) studied SE and social entrepreneurship in the municipality of Abrego, Colombia. They found that these organizations play a



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pivotal role in local socio-economic growth. Entrepreneurship, especially of the social kind, is portrayed as an essential mechanism for regional advancement, with SE organizations serving as a prime example of blending economic stability with community benefits. The paper underscores the intricate role of these organizations in fostering local development and calls for more supportive policies and research to understand their widespread potential (Velasco Burgos et al., 2020).

Baque Villanueva et al. (2020) argue that for those involved in the SSE, it is vital to consider indicators like planning, human resources, environmental oversight, marketing, management, accounting, and finance. These metrics help identify and enhance internal strengths and address areas impacting their competitive edge.

Morais and Bacic (2020) delve into the SSE in Brazil, highlighting the pressing need for an entrepreneurial ecosystem to support it. The study, which adopts an exploratory and qualitative approach, underscores the essential role of an solidary entrepreneurial ecosystem for SSE, emphasizing the complexities of its establishment, especially considering the inherent structural weaknesses. They employ the concept of the "triple helix" to elucidate the coevolutionary relationship among ecosystem elements, touching upon the vital role of business incubators in bolstering budding enterprises (Morais & Bacic, 2020).

Characterizing the solidary entrepreneurial ecosystem for SSE as a tightly-knitted "network of actors" driven by mutual cooperation and regional dynamics, the authors emphasize its rootedness in political, production, and territorial innovation systems. Such an ecosystem thrives on the interdependence of its components, mirroring a food chain, which fosters productivity, creativity, and stability. Within this context, the authors advocate for a renewed understanding of entrepreneurship tailored to the SSE's associative nature. They highlight the significance of cooperation, collective decision-making, and shared



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projects in driving the SSE, whilst cautioning against strict capitalist frameworks. Describing SSEs as economic entities prioritizing human and environmental welfare over profit, Morais and Bacic contend that they present a sustainable alternative to the prevalent profit-driven economic model. While acknowledging Brazil's robust SSE history, the authors underscore the necessity for policy measures that further bolster the SSE landscape and ensure its sustainability (Morais & Bacic, 2020).

Hudson (2021) elaborates on the SE as an economic paradigm guided by principles such as mutualism, cooperation, sustainability, democracy, and justice. This model challenges capitalism, emphasizing ethical governance and prioritizing human and environmental needs.

Esteves *et al.* (2021) provide a comprehensive exploration of the SSE as a transformative force for Community-Led Initiatives (CLIs) in the journey toward sustainable development. In contrast to traditional economic paradigms, SSE underscores mutual aid, community welfare, and environmental consciousness, sidelining singular profit motivations. Through CLIs, SSE is not just a philosophical stance but becomes an active agent, encapsulating the values underpinning the Sustainable Development Goals (SDGs) and facilitating their tangible realization at a local level.

Copello (2022) approaches entrepreneurship in the context of social enterprises is centered on fostering a dialogue between the SSE and Community Mental Health. This dialogue aims to effectuate the subjective transformation of such enterprises. Her research not only outlines the project's achievements and challenges but also highlights its potential to precipitate social change and the holistic benefits of collective participation. The author concludes by calling for the creation of new spaces for dialogue and collaboration between different actors involved in social change processes (Copello, 2022).



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Inácio *et al.* (2022) explored the accountability measures of private institutions of social solidarity (IPSS) in Portugal. Although the main crux of the paper was not centered on entrepreneurship, it touched upon social entrepreneurship. This was contextualized as a means for social entrepreneurs to address societal needs, transitioning from profit-centric goals. While these organizations juggle economic and social objectives, their primary drive remains mission-based rather than purely market-driven.

Considering that social entrepreneurship is important to the SE because it represents a form of economic activity that is aligned with the values and principles of the SE, Bouchard and Rousselière (2022) conducted a study about recent advances in impact measurement for the social and SE. The document reviews various impact measurement methods for the Social and SE (SSE), encompassing both quantitative tools like Social Return on Investment (SROI) and qualitative ones such as Participatory Impact Assessment (PIA). It underscores the challenges these methodologies present and highlights the necessity for more adaptable, context-driven evaluation techniques in the SSE domain (Bouchard & Rousselière, 2022).

The authors also indicate a rising trend towards creating evaluation metrics that resonate more closely with the core values of SSE, capturing its local roots and capacity for change, and conclude by emphasizing the importance of developing measures and indicators that are more aligned with the values and principles of the SSE, and that reflect its territorial anchorage and transformative potential (Bouchard & Rousselière, 2022).

IMPLICATIONS FOR PUBLIC POLICIES

The convergence of SE and entrepreneurship signals a notable shift in the realm of economic thought, challenging established paradigms and



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operational models. This transformation is best contextualized through a myriad of thematic insights contributed by distinguished scholars.

Contrasting to SE, entrepreneurship, traditionally anchored to profit-maximization, has been revisited and reframed in contemporary scholarship. Warnecke (2014) engages in this analytical exercise, distinguishing between conventional entrepreneurial perspectives and their modern counterparts that align closely with SE principles.

The intricate relationship between SE and entrepreneurship is multifaceted. Stoyanov & Zhelyazkov (2019) underscore this complexity, arguing that SE's trajectory is influenced by both prevailing regulatory frameworks and the adoption of distinct business models. Delving deeper, Morais and Bacic (2020) shed light on the cautious stance within SE circles towards mainstream economic terminologies.

Building upon the discussion about the confluence of SE and entrepreneurship, the implications for public policy are manifold. Firstly, the evolving landscape of SE and entrepreneurship necessitates adaptive policy frameworks. With SE challenging conventional economic paradigms, policymakers should prioritize inclusive dialogues that account for the regional nuances and diverse terminologies inherent to SE, as highlighted by Iaskio (2007) and Morais and Bacic (2020). Regional adaptability, as underscored by Duque et al. (2021), suggests that a one-size-fits-all approach may be unsuitable. Instead, region-specific policies, informed by grassroots experiences and linguistic considerations, would foster environments conducive to the growth and sustenance of SE initiatives.

Secondly, the shift towards broader societal values in economic activities, as observed by Warnecke (2014), calls for a recalibration of traditional economic indicators. Traditional metrics, often centered around profit and GDP growth, might not capture the holistic impact of SE-driven enterprises. Policymakers,



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therefore, need to devise and employ multidimensional evaluation tools that measure societal well-being, environmental sustainability, and community empowerment. Such instruments would offer a more comprehensive view of development, aligning policy objectives with the ethos of SE and modern entrepreneurial endeavors.

Lastly, the emergence of social entrepreneurs, spotlighted by Felix & Klimczuk (2020) and Toma (2022), presents unique opportunities and challenges. These agents, operating at the intersection of SE and entrepreneurship, fill critical societal gaps. To maximize their potential, public policies should facilitate a supportive ecosystem. This encompasses not only financial incentives but also capacity-building initiatives, mentorship programs, and platforms for collaboration. By recognizing and nurturing the role of social entrepreneurs, public policies can catalyze innovative solutions for longstanding societal challenges, fortifying the bridge between economic viability and social welfare.

CONCLUSION

At its core, SE challenges conventional economic structures, not merely through its distinct definitional boundaries as highlighted by Gaiger (2017) and Iaskio (2007), but also through its diverse global terminologies and regional applications, as underscored by Duque et al. (2021). Entrepreneurship, once predominantly viewed through the prism of profit-maximization, now entertains a broader and more inclusive perspective.

From a policy perspective, the complexities embedded in the nexus between SE and entrepreneurship necessitate informed, adaptive, and regionally sensitive policy formulations. A deeper understanding of the foundational principles of SE and the dynamic landscape of entrepreneurship could significantly guide policy recommendations, ensuring they are not only effective



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but also aligned with the values of SE. The overarching implication is the call for a more holistic, cooperative, and community-centered approach in policy design, one that leverages the strengths of both SE and entrepreneurship to drive societal progress.

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