

Multilevel Governance and Inclusive Paths in Complex Organizational Environments. Experiences from Europe and Latin America

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Abstract

The article builds a typology of relationships between government and governance. Each of these types has different consequences for the surrounding environment, in creating development paths that are as inclusive and widespread as possible. The study allows us to identify four types of relationships. In this perspective, while in informal governance there prevails a flexible management of organizations in terms of both roles and processes; the formal one identifies an organization that tends to rationalize processes in a normative way. The management of power within organizations and the degree of institutionalization of organizational forms therefore, interact with forms of government.

The paper is based on an international research project (INCASI) within the Horizon framework. The methodology is structured on data analysis and semi-structured interviews, carried out in different political contexts: Italy, France and Argentina. The study aims to identify those cases of governance within which social enterprises are able to find new solutions to social problems deriving from the liberal market and to reduce social inequalities. The study highlights the strategic role that the public actor has in guiding, coordinating and negotiating spaces for social and economic action that open up to social innovation.

Keywords: governance, welfare, social regulation, complex organizations

Riassunto. *Governance multilivello e percorsi di inclusione in ambienti organizzativi complessi. Esperienze in Europa e America Latina*

Questo articolo costruisce una tipologia di relazioni tra governo e governance. Ognuna di queste tipologie ha conseguenze diverse per l'ambiente circostante, nella creazione di percorsi di sviluppo inclusivi e diffusi. In questa prospettiva, mentre nella governance informale prevale una gestione flessibile delle organizzazioni, sia ruoli che processi, quella formale identifica un'organizzazione che tende a razionalizzare i processi in modo normativo. La gestione del potere all'interno delle organizzazioni e il grado di istituzionalizzazione delle forme organizzative, quindi, interagiscono con le forme di governo. Il documento si basa su un progetto di ricerca internazionale (INCASI) nell'ambito del programma Horizon. La metodologia è strutturata su analisi dei dati e interviste semi-strutturate, distribuite in diversi contesti politici, tra Italia, Francia e Argentina. Lo studio si propone di identificare quei casi di governance all'interno dei quali le imprese sociali sono in grado di trovare nuove soluzioni ai problemi sociali derivanti dal mercato liberale e di ridurre le disuguaglianze sociali. Lo studio evidenzia il ruolo strategico che ha l'attore pubblico nel guidare, coordinare e negoziare spazi di azione economica e sociale che si aprono all'innovazione sociale.

Parole chiave: governance, welfare, regolazione sociale, organizzazioni complesse

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1. Introduction

In the last few years there has been a significant increase in researches and in the number of books and articles looking at the major changes to welfare regimes or social models, mainly throughout Europe. Some of these focused their attention on the similarities and differences among member States, whilst others tried to support the idea of a possible

convergence towards a European welfare model as a result of the integration process as a whole. This paper, using evidence from three countries such as Italy, France and Argentina, aims to provide a more detailed and original contribution to the international debate on future developments in welfare systems (Esping-Andersen, 1990; Ferrera, 2012, Klenk and Pavolini, 2015; Schubert, Villota and Kuhlmann, 2016) and models of capitalism (Amable, 2003; Hall and Soskice, 2001; Crouch, 2005; Burroni, 2016) by looking at the contexts, at the role of institutions, at the relations between government and governance processes, as well as at the consequences in terms of outcomes or national social policies. In general, there emerges the difficulty of giving concrete answers to the new economic, political and social challenges. This is exacerbated even more by the recent global COVID-19 Pandemic which, as evidenced by the latest forecasts of the International Monetary Fund, will translate into a drastic reduction in the GDP of the main countries, with a consequent contraction of the internal demand of goods, in employment and in the level of competitiveness of firms. Regarding this, a key question for future developments would be: «what will the welfare state look like after the Pandemic and when Coronavirus support schemes come to an end?». Nowadays, it's rather difficult to find answers and to predict the outcomes, but it is important to widen the perspective and look for any possible strategy and protection net involving public institutions and governments as well as private no-profit organizations in the broad field of social policies.

In particular, in an era of increasing liberalization and significant changes in the models of capitalism, we focus our attention on the emerging experiences within the field of the so-called social and solidarity economy, in which private no-profit organizations generally defined as social cooperatives or social enterprises play a significant role in dealing with public institutions and in delivering qualified and professional services. From a theoretical point of view, we start from the concept of embeddedness, that Granovetter (1985) borrowed from Polanyi (1983), saying that economic action is «embedded» within networks of personal relationships.

One of the aims of the paper is to show how social enterprises and social economy are able to cope with the recent economic and social challenges raised by the crisis, giving

effective answers to traditional and emerging social needs, offering new solutions. At the same time, governments play a key and strategic role in the orientation, coordination and negotiation of the spaces of action that are opened to social innovation. In this way there is an opportunity to structure or, on the contrary, to weaken them.

The paper is based on an international research project (INCASI) within the Horizon framework which has explored, on a comparative basis, the field of inequalities, their main causes, the policies and the ways adopted by the states to cope with growing inequalities in Europe and Latin America. The methodology is based on data analysis and semi-structured interviews. Throughout the interviews we have analysed the forms and evolution of private social organizations and their impact on the socio-economic field, by considering also the role and forms of intervention of public institutions.

The study is based on the analysis of the three case studies: Italy, France and Argentine. This choice derives from the fact that they have different models of governance, and at the same time they offer relevant experiences of social organisations such as social cooperation, associations and recovered factories that have in some way affected the models of social regulation by introducing new regulatory procedures. The development of social enterprise has in fact, followed different paths in different countries, depending on the needs that have emerged from the crisis in social protection systems or the decentralisation of public authorities, as stated in recent research (Borzaga *et al.*, 2021). The welfare crisis and the process of de-publicisation (Ascoli, 2011) have contributed to further widening the spaces for intervention towards social enterprises and consolidating their organizational models.

The comparison among these countries allows us to understand if and to what extent the contexts play a significant role in social regulation, as well as the importance of the organizational features of the social economy realities in producing new regulatory schemes. The type of action taken by the organizations of social economy can be seen as complementary or alternative to public action, but also the public actor can direct innovation in a neo-paternalistic direction or towards solutions of inclusiveness. The difference is built in the capacity of the government to be strong and, therefore, to support the creation of places of confrontation and dialogue, to implement participation with adequate investments,

especially in facilitation processes.

In Italy and France 20 interviews were carried out to privileged observers (e.g. local actors, social and solidarity economy associations leaders, academics) and 10 interviews with companies involved in solidarity economy networks, for a total of 30 interviews. The project lasted from 2016 to 2020. As far as Argentina, we used statistics, secondary data and studies carried out on recovered factories by members of our research group.

2. Social enterprises and regulatory models between Government and Governance

Social enterprise may be defined as a private organization that considers the economic and the social sphere at the same time, without identifying a single specific legal form (Defourny and Borzaga, 2001; Defourny and Nyssens, 2017). The social aim is achieved in the production of benefits for the community as a whole or for disadvantaged groups, and also in the fact of being a collective initiative, which is promoted not by a single entrepreneur, but by a group of citizens (Borzaga *et al.*, 2020). This definition configures social enterprise as a private legal entity, independent from the public administration, which carries out productive activities, but also pursuing an explicit social objective producing benefits for an entire community or for disadvantaged people (Borzaga, 2016).

In order to suggest an interpretative tool for the comparison among countries, a typology of the relationships and organisational models of social enterprises is provided, using as variables (fig.1) the role played by public institutions (government) in selected countries, defined as weak or strong, and forms of governance (formal and informal), including the degree of presence of social and solidarity economy actors involved at the level of the local organisational unit.

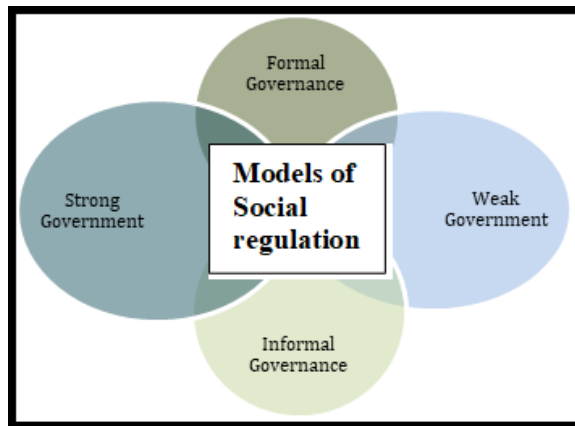


Fig.1 – Relations between public and private actors in complex organizational environments
Source: own elaboration

The aim is to highlight some mechanisms for the promotion of cooperation and more inclusive paths of development by social entrepreneurial organisations. The hypothesis is that in developing inclusive economic actions, under certain conditions of the context, the «private social sector» (Donati, 1996) could be more effective than traditional for-profit organisations. The hypothesis is supported by the fact that social enterprises have a clear intention to differentiate themselves from traditional forms of production or service provision, placing the human being and the social dimension of relationships at the core of action, rather than being exclusively oriented to profit and market goals (Defourny and Borzaga, 2001; Borzaga, 2016; Zamagni, 1996). However, their organisation depends on the capacity of government to provide tools for their development and the degree of institutionalisation of the organisational models themselves.

The supposed dualism between governance and government, as well as the problems of crisis and the transformation of traditional social protection models, has been at the centre of the social science debate in recent years. In general, government identifies the regulatory capacity of the public actor to provide regulatory and financial support and, above all, to create shared regulatory spaces. A weak government does not have the capacity to intervene in certain contexts with an appropriate regulatory function, while a strong government creates the necessary arenas in which public regulation can be exercised, providing not only the necessary support, but also defining the rules for organising and sharing regulatory spaces.

Governance theory proposes the participation of public and private actors in the decision-making process, thus offering a new way of interpreting politics and its relations with other spheres. In fact, the political actor participates in the network of relations that constitutes the decision-making process, but not in a hierarchical manner (Mayntz, 1999). Thinking in this way, we try to provide a possible response to the crisis of governability that characterises modern states by drawing attention to alternative forms of “governing society” (Mayntz, 1999) that can stimulate modes of participation in decision-making processes (Mayntz, 1999; March and Olsen, 1995). Governance thus indicates a new model of government characterised by less hierarchical control and more cooperation between public and private actors in mixed decision-making networks. From this point of view, different responsibilities and competences acquire different subjects who, involved in the practice of consultation, become protagonists in the decision-making and implementation phase of policy.

In the international scientific debate, some researchers have stressed the affirmation of «governance without government» (Kooiman, 1993; Rhodes, 1997; Osborne and Gaebler, 1992), while others have dealt with the existing problematic between these two forms of representation, highlighting forms of horizontal cooperation and the revitalisation of old business models. Some researchers have also observed that negotiation between political and social actors within policy networks or neo-corporate structures, as well as the delegation of regulatory functions to institutions of local or sectoral self-government, indicate a loss of management capacity on the part of the state, which appears weak – «semi-sovereign».

Empirical political science research has clearly shown that this is not a loss of state control, but a change in form. Indeed, social self-regulation takes place within an institutional framework recognised by the state. It exercises a function of legitimacy and at the same time supports forms of autonomy, the state maintains the right to legal ratification, to impose authoritative decisions in the event that actors do not reach independent conclusions, to intervene in the courts or executive in the case of an autonomous system that does not meet the expectations of regulation. Hierarchical control and social self-regulation

are thus not mutually exclusive, but they are principles of different orders that mix together, and their self-regulation in the shadow of hierarchy may be more cost-effective than any form of pure governance.

The complexity that characterises modern societies requires the presence of the state to guarantee the conditions of social, cultural and economic life and at the same time a redefinition of its role. In other words, it is the increasing regulatory difficulty of institutions that determines the recognition and affirmation of new levels of government, in addition to the national-state level (Magatti, 2005). According to this perspective, government represents a source of legitimacy for those who promote forms of governance at different levels (global, national, local).

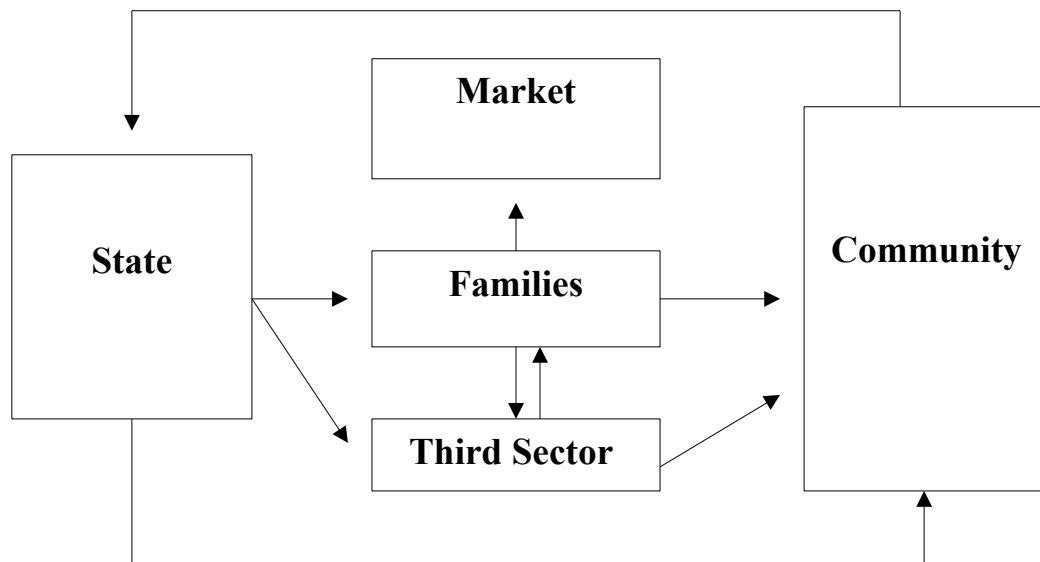
From this point of view, while in informal governance there is a flexible management of organisations, both roles and processes, with a strong focus on self-organisation, formal governance identifies an organisation that tends to streamline processes in a normative way. The management of power within organisations and the degree of institutionalisation of organisational forms therefore interact with forms of government. This relationship can favour, strengthen or weaken the presence of solidarity organisations.

3. Governance and government: perspectives from the case studies

The research carried out in Italy, France and Argentina allows us to identify at least four types of structured organisations characterized by various practices on the ground and different possibilities for creating development paths that are as inclusive and widespread as possible.

Starting in the 1970s, the welfare state showed clear signs of a probably irreversible crisis, due to the failing of all those factors which previously had allowed its development. Owing to the crisis of the welfare state, all of Europe went through a privatisation or, as some authors state, de-nationalisation process of public assistance. The consequence of this process was the increase of those collective subjects (e.g., charity groups, social co-

operatives, foundations, non-profit organizations of social utility (Onlus), self-help groups, and social associations) which fall within that category known as the third sector. In further and more sophisticated analysis, this model has also been defined as the negotiation model (Pavolini, 2003) or even the social market of services, «based on a reduced financial effort of the State and on its capacity/ability of identifying families' needs of services in order to orient them towards a private offer coming from accredited organisations, always more and more structured and formalised, in competition with each other» (Paci, 2007, p. 140).



*Fig. 2: The negotiation model and relations among the main actors
Source: own elaboration*

In practice, this implies a move from the traditional top-down logic of government to one of governance or a bottom-up approach aimed to take advantage of the knowledge and experiences of social partners working at local or community level. Therefore, the real challenge, increased in this period by the Pandemic, seems to be to spread the idea of an effective cooperation among the actors, co-design the system of social policies and also to introduce evaluation procedures of results in delivering social services.

3.1 A formal governance and a weak government: the Italian experience

In general, when we talk of the third sector in Italy, we refer to an extremely fragmented field which finds it difficult to emerge within a context which appears hostile to the development of a ripe and wide non-profit making sector. This hypothesis is supported by some researches (Borzaga *et al.*, 2020; Barbetta, Zamaro and Ecchia, 2016; Ranci, 1999;) according to which the institutional context is relevant for the growth of social economy.

The third sector, or social economy, in Italy includes 360 thousand organizations, with 900 thousand workers and 5.5 million volunteers. The majority are associations, and involve the highest number of volunteers. On the other hand, social cooperatives are the organizations with the highest numbers of workers, and the lowest of volunteers. The number of non-profit institutions increases with average annual growth rates substantially constant over time (around 2%) while the increase in employees, equal to 3.9% between 2016 and 2017, stands at 1.0 % in the two-year period 2017-2018.

The reform of the third sector, in application of the law n. 106/2016, and in particular with the decrees n.112/2017 and n.95/2018, defines new rules concerning social enterprises. The reform establishes that social cooperatives automatically acquire the status of social enterprise.

According to ISTAT data (2020), in 2018 there were 22,516 organizations formally recognized as social enterprises under the terms of the law, mostly are social cooperatives (12,956). Overall, these businesses have employed just over 650 thousand employees, almost all of these were employed by social cooperatives (Borzaga and Musella, 2020).

Social enterprises take various legal forms: social cooperative (57.5%); association (15.4%); non-profit institution with another legal form (21%); and finally, the foundation (6.3%). Institutions classified with other legal forms are mainly ecclesiastical bodies, sports clubs, committees, mutual aid societies and social enterprises.

Typologies	N. Organizations	Workers
Associations	3,469	39,724
Social Cooperatives	12,956	451,723
Foundations	1,420	72,096

Others	4,671	85,251
Total	22,516	648,794

Tab.1: Social enterprises and employees by legal form. Year 2018. Absolute values
Source: ISTAT (2020), cited in Borzaga and Musella (2020)

In the movement of the social economy in Italy, the economic dimension of development is very strong, linked also to the dimensions of work integration and social inclusion of disadvantaged people. This is particularly developed in some innovative organizations linked to the entrepreneurial model, such as social enterprises or social cooperatives.

Social cooperatives on their own have a turnover of over 12 billion euros, almost 1% of the Italian GDP, and employ just under 450 thousand workers. Nevertheless, they carry out a territorial activity that responds flexibly to the challenges of the crisis and responds to social needs that are increasingly less met by the public service. The third Euricse report (Borzaga, 2015), in fact, attests that almost half of the public social services are managed at a cooperative level.

These are, in most cases, companies with many years of experience which have been joined by companies born in more recent years: almost 30% of companies detected, in fact, appear to have been established in the last five years.

Before the law of reform in 2016 on social enterprises, there were two types of social cooperatives, depending on law 381/1991: type A and type B. In order to make explicit the contribution of social enterprises in responding to social needs, it is relevant to define what social cooperatives do on the territory. The type A social cooperatives are engaged in the production of social welfare, social health and educational services. There are 6,578, with a turnover of almost nine billion euros, mainly from public procurement, confirming an increasingly incisive role of these companies as welfare managers. This is, in particular, a public dependent model, issued on the management of welfare, in a framework of welfare mix. According to some estimates, at least half of the services mentioned today are managed by cooperatives, in a framework described as «nonprofitization» (Salamon, 2015) of the social political system for which there is the progressive assignment of services and functions of collective interest, also through the contracting-out to private subjects.

The type B social cooperatives are fewer, around 3,200 organizations, and have a

turnover of about two billion euros. They operate in all production sectors and they have a more entrepreneurial model respect to the type A ones, acting especially in social inclusion at work of disadvantaged people. This entrepreneurial model receives little public funding, representing a real enterprise with a social goal, both internal with the inclusion of disadvantaged people, and external accomplishing a social goal.

In the economic sectors of education, assistance health and social care, there are 77.1% of the total employees of social enterprises. The social assistance sector alone accounts for 56.1% of the total employed, defining the core business of these organizations. Adding the sectors of economic development and social cohesion to this, we have 98.5% of total employees.

The economic and social action linked to social enterprises in Italy undoubtedly is an area of social utility, whose aims are further to the simple purpose of doing business: through the carrying out of typical activities, the social enterprises pursue also the social inclusion of citizens, especially the most fragile ones. This is in fact one of the goals of the type B social cooperatives. It means that an enterprise of this kind of organization is useful to the territory and stakeholders thanks to its business action, but also in itself is an experience of inclusion and is useful for people involved in its activities.

The movement of social enterprises is strongly linked also into extended networks, which are able to build spaces of governance with the public institution in order to support social enterprises. Nevertheless, the public aid is usually not sufficient to guarantee their actions of social utility. With public support it is not intended only financial support, because social enterprises base their economic sustainability on business actions, but also the normative framework, in the sense of building spaces of governance in order to influence the process of legislation to favour the solving of social needs.

The relationship between social enterprises and the public is very complex, because there is not one way to relate with the public actor. Social enterprises join the public space of governance, expressing the idea that it is relevant to give their “voice” to local administrations, carrying out various campaigns such as the requirement that public school canteens include organic products, or the promotion of trade fairs on organic products, or

promotional activities on the public referendum on water, providing more detailed information on environmentally relevant issues such as pesticides or waste water protection. Nevertheless, sometimes for social cooperatives, it is very difficult to see themselves in dialogue with the government, because they perceive the institution as too rigid in responding to the requests of the society.

I do my politics with means that I can control, for example with my business I can check and I can decide the policies to be adopted. For the policies I have to look for comparison with other people, I prefer to do it with associations that are somehow very close to me as ideas (Interview n. 5, social entrepreneur - Italy).

In particular, cooperatives complain about their powerlessness to confront a government which is generally in the process of outsourcing services and privatizing them, by putting non-profit organizations in competition on the market with for-profit ones, without any measure of control, and without taking into account the different starting conditions between these two types of structure. Cooperatives usually state that in public tenders, they cannot compete with traditional enterprises. They rather ask public institution to apply a qualitative decision in public tenders, rather than only a quantitative and economic one. This would facilitate the work of social inclusion of social enterprises. The most enterprises in fact, state that they build strong relationships with pairs.

Our company would not have existed if there had not been a series of subjects that have bought our products, not only because the discount you give them is greater, but it is due to they buy because it's always that flow of relationships (Interview n.2 – social entrepreneur - Italy).

And yet, the public contribution will have been highlighted in this relationship, which then has the possibility to make the action of the solidarity economy in the territory constant, universalistic and sustainable. This is also confirmed by recent researches (Borzaga *et al.*, 2021) that affirm that the share of public expenditure for contracting out in health care and social assistance services increases the added value of social economy. To sum up the public support to solidarity economy practices, in terms of normative and also of

coordination of local actions, will help social and solidarity organizations to have a major impact in facing social issues.

3.2 A strong government and a formal governance: the activity and employment Cooperatives in France

In France the social and solidarity economy movement represents more or less 10% of total occupations. Social and solidarity economy initiatives in France have developed in a relatively autonomous way, but they have often been the result of partnerships with local or regional institutions, given the size of the financial resources required. Within the world of social and solidarity economy there is a diversity of cooperative entrepreneurship models in various sectors of activity. The central aim is profitability, reconciling economic performance and social performance through a collective dynamic, for the benefit of their employees, their members, and more broadly their partners and their territory.

Cooperatives are a growing part of the market and are active in several market sectors: agriculture, handicrafts, artisanal and industrial fishing, commerce, education, real estate, as well as transport, banking and finance services. There are four main cooperative families: cooperative and participatory societies (SCOP, SCIC); user cooperatives (consumer cooperatives, school cooperatives, co-ownerships); enterprise cooperatives (agricultural cooperatives, maritime cooperatives, craft cooperatives, transporters' associations, traders' cooperatives); cooperative banks. The solidarity economy movement is rather concentrated on the experiences of SCOPs and SCICs, because they are the bearers of new actions in order to meet social needs.

Since the end of 2016, the number of cooperative societies has increased by 10% to reach a total of 3,311 cooperative societies active in France at the end of 2018, representing around 2% of the total number of enterprises. Among the cooperatives, 2,369 are SCOPs and 868 are SCICs. The number of employees is 60,400, 87% of which are SCOP.

A particular form of SCOPs and SCICs are the activity and employment cooperatives,

which adopt as their commercial form either the *société anonyme* (public limited company), or the simplified joint stock company or the limited liability company. They choose a specific cooperative status: SCOP and partly also minimum SCIC. After having defined the legal characteristics of SCICs and SCOPs, we will specify the particularities of Activity and Employment Cooperatives (CAE).

In a SCIC (*Société coopérative d'intérêt collectif*) there are salaried employees, beneficiaries (customers, suppliers, collectives of all kinds, etc.), volunteers, local authorities, financiers or any other partners. In the general assembly, the democratic principle of "1 person = 1 vote" applies. The role of the beneficiaries is central, because they show the emergence of new needs and the means to satisfy them. The SCICs have a very defined relationship with the territory. It is a cooperative enterprise whose project, of social utility, responds to an identified collective need (territory, professional sector, etc.). This multi-partner cooperative, like in the counterparts in Quebec (solidarity cooperative) and in Italy (social cooperatives), is introducing the path towards a heterogeneous membership, making room in the governance of the cooperative for different stakeholders.

In the entrepreneurial aspect the SCICs do not have a predominant predisposition to entrepreneurial vocation. Their aim is to meet the needs of the collective interest, not only of the members but also of the territory or sector of activity that concerns them, with actions of social utility. The law specifies that «the purpose of the SCIC is the production or supply of goods and services of collective interest, which are of social utility». The collective interest being the interest around which all the associates meet and around which the environment can also be found, at least partially.

These objectives lead to a redefinition of the relationship between cooperatives and the territory. The particularity of the SCIC is that it allows local authorities, their groupings and territorial public institutions to hold together up to 50% of the share capital by decision of its deliberative council without having to seek the agreement of the council of state, as is the case for other forms of commercial companies. This specificity for commercial companies is a dynamic for the construction of a new form of public-private cooperation by internalising in the same legal framework the association between public and private actors

(from the citizen to the local society); it is a great opportunity to think about local public intervention with and for various actors.

The politician who supports social economy thinks “I want to create jobs but in social economy, which resist better on the territory, who will be more present”. This is what it worth for our organisation. Our goal is that development is shared by actors, but also to combine the challenges of the territory to that of politicians to make it a global project. This is for us a co-construction of policies (Interview n.3 – member of an association of second level - France).

This idea of co-production is particularly shared among the cooperatives, in order to work with local authorities. This is particularly clear for what it concerns work. The SCOP, (*Société Coopérative Ouvrière de Production*), is a commercial company (limited or joint-stock company). SCOPs represent around 1,600 companies in France, mainly very small businesses, which contribute to the creation of 1,500 jobs per year. The average size of a SCOP is 22 employees. The profit generated by the company is divided between the employees (in the form of a salary supplement or blocked profit-sharing) and the investor partners (who are remunerated from interest applied to the capital). The SCOP is the only cooperative whose members are the employees. In an agricultural or consumer cooperative, the member-members are not the employees, but farmers or consumers who pool their resources. In a SCOP, each employee can be a member, they participate in the strategic choices of the company at the annual general meeting. The employees of a SCOP hold at least 51% of the capital and 65% of the voting rights.

The *Coopérative d'Activités et d'Emploi* (EAC - Activity and Employment Cooperative), is a shared enterprise, made up of entrepreneurs. They aim to reconcile «the autonomy of individual entrepreneurship with the dynamics and collective protection of the workforce». On the one hand, the entrepreneur remains a self-employed worker who can manage his/her work independently, but at the same time, on the other end, the cooperative also allows him/her to access the status of employee.

These cooperatives have certain predominant characteristics. Firstly, the employees hold the majority of the company's share capital; they operate according to a democratic

principle of 1 person = 1 vote, regardless of the capital held, seniority or position in the company. Part of the result (minimum 25%) must be allocated to non-distributable reserves, which constitute the common assets of the company. In the end, the ownership of the capital is in principle linked to the performance of work in the company and is not subject to any capital gains on resale. These characteristics place them within the development of a local economy and responsible entrepreneurship.

The particularity of the cooperative is to bring together multiple economic activities, carried out by associated salaried entrepreneurs who choose to pool management and operating resources. EACs offer the possibility of testing a project without having to create a legal structure *ex nihilo*. The project leader retains the status of an employee on an open-ended contract (permanent contract), which guarantees him/her the maintenance of his/her social rights in the event of failure. They can benefit from the advantages of the salaried status while creating their own business. This scheme can also be useful for jobseekers who will continue to receive their benefits. This way of working is strongly linked with a politician statement, in order to valorise the fragile work for example:

Tools you use to achieve your goal are absolutely not secondary, and must be considered with the same importance and value as the aim itself. This is true for businesses but not only, it is true for NGOs, for many organisations that do solidarity and that do not pay attention to the tools they use to reach the goal, however they are good. Even if the goal is good, but to achieve it you use means and tools that are not good and useful maybe they cause other damage to other things, that's no good (Interview n.2 – social entrepreneur - France).

Like any business, these cooperatives produce goods and services that they sell to customers. In this way, they generate a turnover that enables them to finance activities and to pay the workers. The higher the turnover of the project leaders, the greater the resources of the cooperative.

The entrepreneur-employee is remunerated in proportion to the turnover achieved. If the activity proves to be viable, the entrepreneur-employee may decide to leave the cooperative to pursue his/her activity by creating his/her own business. In some cooperatives, this commitment becomes compulsory after three years from the date of joining the EAC.

Within a CAE, the mentors and the supported persons are involved in the same project.

According to data from the National Union of Wage Carriers, the wage portage would concern more than 15,000 employees for a turnover of nearly 183 million euros in 2004. The cooperatives benefit from public funding that pays for the reception and support mission that the structure takes on. For the territory, via public funding, the return on investment is therefore both economic and social, because the cooperatives make it possible to formalise and secure the employment contract of people who would otherwise be self-employed.

The cooperatives of activity and employment have had some criticism, showing that at times they can be a type of degraded form of salaried employment, even if the fact of being associated to a network ensures that certain characteristics of job security are guaranteed.

This model is particularly suited to women, who in 2018 represented 54% of entrepreneurs, compared with 40% of business creators in France (in 2016). Activity and employment cooperatives can be considered as real tools for entrepreneurial experimentation insofar as they allow project leaders to test their business and also their motivation. The aim is also to provide instruments to ensure a less weak sustainability of newly created enterprises. The holder is accompanied by the structure, which is supported by the public authorities.

3.3 Recovered factories in Argentina: informal governance and weak government

According to the *Instituto Nacional de Asociativismo y Economía Solidaria* (National Institute of Associativism and Solidarity Economy), there are 8,618 cooperatives with 17,818,197 associate members, around 40% of the population. These cooperatives extend across the country and generate 193,000 jobs, of which 78,000 are occupied by salaried workers and 115,000 by associate members of worker cooperatives. Worker cooperatives represent an organized form which aims to offer its members work based on the voluntary association of persons, collective ownership and democratic control. In the Argentinian

case, worker cooperatives cannot hire employees on a permanent basis, a feature which greatly differentiates them from other forms of cooperatives. Because of their innovative character, we will focus on recovered factories, one of the forms of worker cooperatives which has the best access to productive assets and which has managed to develop renewed forms of associative and self-management.

Recovered factories grew in the general crisis of 2001 and 2002, which saw the generalised closure of many firms. They have origins in the initiative of civil society for the recovery of enterprises by its workers, referring to worker-managed socio-productive units whose origin lies in the conversion of capitalist enterprises (Rebón and Kasparian, 2018). They emerged as a result of a critical situation in the previous enterprise that led capital to undermine wage relations through mechanisms such as mass layoffs or non-payment of wages (Salgado, 2012). Workers' collective action seeks to resist this critical situation, often by occupying the production unit. The process of resistance then leads to an organized conversion of the enterprise based on associated and collective management by the workers. In almost all cases, the new enterprise adopts the legal form of a workers' cooperative.

These cooperatives differ in their size, duration and relationship with the state as well as in their origin and commitment to the values of cooperative movement and their levels of associative and self-management. According to the latest available data, in October 2018 the 384 registered recovered factories covered several sectors of activity and employed around 15.500 workers throughout Argentina (see tab.2). Most of them are small or medium-sized enterprises – never micro enterprises – with a strong representation in the industrial sector, although there is also an increase in services.

The novelty introduced by these experiences is first of all the idea of defending the source of work, and, in this sense, they express resistance to the commodification of work and, in particular, to unemployment. Secondly there is a main change in the property, from the original firm to one self-managed by the collective of workers.

Regions	Enterprises	%	Workers	%
Metropolitan region of Buenos Aires	180	46.9	6,863	44.2
Pampa	129	33.6	5,521	35.6

Nord-Est	27	7.0	1,046	6.7
Cuyo	24	6.3	701	4.5
Patagonia	23	6.0	1,314	8.5
Nord-West	1	0.3	80	0.5
Total	384	100	15,525	100

Tab.2 – Recovered factories and workers, by region in Argentina - 2018
Source: Ruggeri (2018)

Although the original goal is to protect work, changes do not only concern economic benefits. On the contrary, the most relevant change introduced with recovered factories is the freedom to work without an employer. With this regard, several interviewees¹ declared that «there is no longer anyone who commands us» or «now we eat and drink together», «we work listening to music» as well as «now the company belong to us [...] it's our project». In other words, greater value is placed on what employed work usually forbade. At the same time value is given to the fact of being companions at work and to equality as results of struggle and production. In this direction, some workers claimed that egalitarianism is one of the key transformations. Trust in this process is expressed in statements such as «we have greater prospects for progress», «there is better management of the enterprise» and «we have more democracy and transparency». However, there emerge also more negative assessments regarding mainly the difficulty in making decisions, the weight of greater responsibilities, the lack of discipline, the earnings below those of the average of the sector.

Concerning the mode or quality of social inclusion offered by cooperatives, existing studies state that the level of remuneration within recovered factories is particularly heterogeneous. In some cases, they may exceed the average wages in the sector, in others they only manage to maintain the living and evolving minimum wage established for all formal workers in Argentina, or even fail to meet these requirements (Rebón and Kasparian, 2018). Systematic analyses of the extent of each situation are not yet available. However, it is important to bear in mind that in critical situations, recovered factories tend to favour lowering or freezing pensions in spite of high inflation rather than dismissing or suspending

¹ Interviews to Argentinian workers were carried out by Julian Rebón of the “Gino Germani” Research institute of the Universidad de Buenos Aires, as a member of the Project research group.

their members.

In addition, cooperatives demonstrate a social commitment to their communities. Most of them have implemented non-market community outreach activities through donations or community activities. The different degrees of activity result in the formation of cooperatives that are more or less open to the community. In some cases, cooperatives achieve a high degree of social rootedness by developing a systematic policy oriented towards the community fabric. As the current state of research shows, these are cooperatives which have, for example, a social-community work space open to the community and workers assigned to these tasks, or a sports hall which they have built and which they open to families and children from the neighbouring locality, or even school facilities up to the baccalaureate level built for the youth of the neighbourhood (Rebón and Kasparian, 2018). Thus, although heterogeneously and in most cases modestly, recovered factories contribute to community social welfare by promoting inclusion and social equality. Nevertheless, there is no a clear relationship and cooperation with government, and for this reason the governance remains informal, and it is related to the goodwill of actors, but it is not normed.

To sum up, recovered factories are a way of counteracting the processes of unemployment and social exclusion, contributing also to local social welfare. Nevertheless, despite the lack of concrete data, inclusion is still heterogeneous and even actions in communities are not so incisive. In this sense, recovery represents an effective mechanism for reversing the processes of unemployment and the closure of production units, but the existing heterogeneity means that poverty is not overcome in all cases. Finally, it should be remembered that recovered factories is a limited process in size, which is why its egalitarian contribution can only be modest at the macro-social level.

4. What can we learn from the case studies?

Case studies give an example of how social enterprises could afford social issues in different contexts having relationships within different governance contexts. In details,

figure 3 shows four different possible models of regulation looking at the relations among the main public and private actors within the analysed countries.

		GOVERNMENT	
		<i>Weak</i>	<i>Strong</i>
GOVERNANCE	<i>Formal</i>	<p>Social dimension (Volunteer and Social enterprise)</p> <p>Italy</p>	<p>Associative dimension (Public and private associations)</p> <p>France</p>
	<i>Informal</i>	<p>Entrepreneurial dimension (Recovered factories)</p> <p>Argentina</p>	<p>Supportive/mutual dimension (Informal associations)</p> <p>Ideal-type</p>

*Fig.3 – models of regulation and relations between public and private organizations
Source: own elaboration*

A strong context of public regulation tends to regulate the responses to grassroots needs by framing them in regulations and procedures. A strong government is able to develop legislation that recognises and precisely regulates the parameters within which new economic subjects must evolve. This generates an impact for the benefit of the whole community. In addition, a strong regulation has the tools to even promote the constitution and operations of solidarity economy organisations. On the one hand, it is possible to structure organisations characterised by formal governance, which are formed according to the guidelines of the public actor, called Third Sector organisations, as a relevant partner of public institutions. In this typology, our example is the French case; its organisations are able to respond to the needs in a universalist way, while remaining dependent on public funds and legislation. The French case represents a desirable model because it provides shared regulatory spaces and creates levels of governance, but the rigid structure of public intervention discourages private initiative, which informal governance can freely define. In this relationship of reciprocal exchange, it is desirable to build a positive relationship between government and governance.

On the other hand, in areas that the market does not consider profitable and where public

intervention is residual, informal organisations emerge more easily, with a strong vocation to positively influence the conditions of the local context. The informal dimensions develop a rejection of neo-liberal or state dynamics, seeking alternative solutions to the regulatory forms of state and market.

There is a part of the population that does not have access to the traditional labour market. Beyond the salary, it is important to get up in the morning to work, meet people and have a schedule for the day. And the benefits of putting people to work in terms of health, of psychology, are uncountable. We are a stabilizing element of society, because we give meaning to people's lives (Interview n. 12 - social entrepreneur – France).

Pervasive public action could in fact make experiences dependent on funding, and thus generate a kind of 'counter-movement' (Polanyi, 2000) of local and informal associations that rely on the values of self-management and autonomy towards public mechanisms. These organisations do not succeed in carrying out universalist action such as public action because the resources to which they refer are often narrow. They are often centralised on the action of individuals without the necessary participation of the community and tend to build themselves automatically in relation to the public actor. While remaining informal, they refer to a reading of territorial needs, which are not framed by public regulatory frameworks.

A weak government regulation leaves room for other forms of regulation, which may be market and community-based. This could give rise to the formation of solidarity-based economic organisations, creating spaces of collaboration among the actors of economic action and promoting inclusion. In this typology, for example, Italy has longstanding legislation on cooperation and volunteering. The Italian context is the protagonist of a strengthening of the private social service dimension at the expense of identity (Ranci, 1999). In fact, the reform of the third sector, implemented from 2016 onwards, completes a process of regulating the third sector in the private sense. However, social enterprises would need public support to carry out these actions in a universalistic way and not under the market rules, in order to be useful to the territory in facing social problems. Public support

is not only the normative structure and space where the governance acts, but also the support is seen as funding that gives the organisations the necessary strength to be able to structure themselves. The role played by the public institution can reinforce these dynamics by giving the possibility to these organisations to have wider impacts on the territory.

In a context of weak government, where private market regulation is strong, it is likely that traditional for-profit commercial organisations centred on a single economic regulation will materialise. The entrepreneurial vocation has an inventiveness to catch up with public intervention, therefore a strong impact on the context, with an impact on the conditions of the surrounding territory. In this case, the recovered factories in Argentina have a strong associative character, with an entrepreneurial dynamic, regulated according to the logic of commercial exchanges, strongly rooted in an associative dynamic with community objectives. Argentina, in a deregulated context, is experimenting with innovative solutions stemming from bottom-up civil society initiatives. The experience of reclaimed factories could represent an inclusive solution to be worked on within an institutional framework of more regulated labour policies.

In a regulatory framework that is being privatised and in informal associative contexts that are being reduced, the organisational models created take many forms and activate different forms of resources, in addition to public resources, to ensure the sustainability of development paths. Nevertheless, the case studies show that the relationship between governance and government is crucial for the success of inclusive and innovative economic paths in some territories rather than others. The relationship between them is effective when it recreates sustainable development paths in the territory, activating a multiplicity of actors focused on achieving a common goal. It seems that bottom-up processes can manage increasing complexity better than those imposed from above, and that this can be done in a perspective in which common interests are recognised and pursued and the capacity of systems affirmed locally to activate collective resources (Fortunato and Mirabelli, 2007). It is not enough for the institution to provide strong support, but it is necessary for it to establish a symmetrical dialogue with the organisations (Guarascio, 2018) and for there to be mutual recognition of the respective regulatory roles. Where this does not happen, the

studies have shown that, at the intersection of several regulatory forms, transaction costs (Cella, 1997; Williamson, 1979) can have a significant impact on regulatory dynamics.

5. Conclusions

Our analysis has underlined different experiences of social enterprises dealing with the needs expressed by communities that neither the market nor the public can effectively meet with the same professionalism and reduced costs. Studies and researches (Kazepov, 2010; Piketty, 2013; Ciarini and Neri, 2019) have given the opportunity to reflect on the role of government in providing a favourable ground for social innovation created by social enterprises.

The case studies highlight work on the relationship between government and governance, between public power and the opportunity for self-organisation of private actors. It emerges that where public regulation is stronger it could create dependence, such as in organizations of the French case study, it could also support the creativity of social initiatives, like in organizations in Italy. Self-organisation could also emerge with greater emphasis in a weaker regulation, like organizations in Argentina. This aspect has different impacts on the field and on the construction of sustainable and inclusive development. In Argentina, for example, recovered factories experienced a strong involvement of the community, becoming also a point of aggregation. For example, recovered factories open as cultural centres and training places. In Italy an important characteristic feature is the cooperation among companies, even if competitors, in accordance with the values of the solidarity economy, and they use democracy among workers as a method of organisation. In France, innovation is represented by a positive relationship between public and private actors, with the construction of places for negotiation and public coordination.

In all the case studies social enterprises help to reduce inequalities, but the relationship between government and governance defines a framework that has an impact on a strengthening or weakening social experience. On the one hand, they represent a model of

social inclusion based on work and, on the other hand, the process itself de-structured the mechanisms of production and reproduction of productive inequality and generated more egalitarian forms of production than the previous ones.

These organisations have an impact that is not only economic, but also social and cultural. As Magatti (2017) pointed out, a substantial paradigm shift is needed to overcome a crisis. The Schumpeterian idea of «creative destruction» (1942) returns as an opportunity for contemporary societies to radically rethink their growth and development trajectories on a new basis in a logic of sustainability and inclusion. We need to change rules and perspectives, to adapt our view to a new way of interpreting reality. And before a new paradigm, a new normalcy is established, there is a time when all possibilities are open. Now that model based on the supremacy of the market economy and financial capitalism is saturated, because it is no longer able to meet the needs of an increasingly unregulated global market, nor to the degeneration of politics, increasingly populist and nationalist. According to Magatti this is a great opportunity, because if the old rules are no longer valid, this is the moment when we can invent new ones. The important thing is to have a clear direction, and the direction is that of renouncing the blind consumer economy in order to achieve sustainable exchange. «Only the combination of sustainability and contributory logic can allow us to reconstruct on a new basis the relationship between economy and society that neoliberalism has shattered over time. And so, answer the question about the nature of the next economic growth, in the context of a new season of democracy» (2017, p. 10).

The analysis and initiatives in favour of social economy must be interpreted in this direction, inspired by the ideas of Polanyi. The opposition to the economic approach and utilitarianism, the advocacy for social or solidarity economy as opposed to the market economy are noteworthy, especially in supporting alternative organizations to the current form of society. However, as highlighted in the paper, they still remain marginal or in any case complementary to the traditional expressions of capitalism based on market supremacy.

In our analysis we support the idea that a new economic and social equilibrium is possible, but this requires a radical change in decision making processes and in the role of

all the key actors involved (public and private, individual and collective, market and non-profit organizations). Better policies and instruments can deliver stronger growth and greater inclusiveness, but this is the result of a complex policy mix involving several policy areas such as economic governance, national fiscal policies, labour market, education and skills, competition and product market regulation, innovation and entrepreneurship, financial markets, infrastructure and public services, development and urban governance. Other than reinforcing policies to enhance competitiveness, it is particularly important to favour equality of opportunities for all people. In fact, relevant factors for individual success are closely linked to the availability and quality of basic services (such as education, health, transport), and the creation of favourable business conditions (business opportunities and financing, active labour market and the possibility to reach it).

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