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Database on social economy
organizations: The qualification
criteria

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Database on social economy organizations: The qualification criteria

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PRESENTATION

The Canada Research Chair on the Social Economy studies social innovations produced in the social economy, to better understand its role in social change. The term social economy designates particular forms of organizations: cooperatives, associations, non-profit organizations, and mutual societies. These operate under a certain number of values, principles and rules that characterize their decision-making processes, their objectives, the distribution of surpluses, membership, financing, etc. In creating links between economic development and social development, the social economy focuses on serving the community rather than on generating profits for shareholders.

By their very nature, origin and mission, social economy organizations present the conditions that favour social innovation. In response to transformations both in the market and in the State, social demands are proliferating, making it necessary to invent new ways of addressing social concerns. The social economy's participative mode of functioning offers a wealth of social innovation, creating closer connections between the consumer and the producer, the beneficiary and the provider, as well as between individual needs and those of communities. In this way, the social economy can contribute to transforming both the public sector (e.g. networks of public policy, sustainable development) and the private sector (e.g. participatory management, corporate social responsibility, social auditing). In this respect, the social economy is a unique laboratory for a changing society.

The work of the Chair is focused on two main areas of study, that of proximity services (community housing, domestic help, collective kitchens, childcare centres, etc.) and that of community services, particularly services that support development (financial institutions, development funds, community economic development corporations, etc.). The studies are structured around three main spheres of work: The first is that of **governance**, to understand how public authorities and partnerships promote the consideration of objectives that are, at the same time, both market-based and in the public interest. The second is that of **modes of development and financing**, in a field where capital is not remunerated by profits. The third is that of **evaluation methods** specific to a dual, both economic and social, mission.

Ultimately, the goal is to understand the workings of the social economy in relation to the renewal and democratization of the development model, so that the economy can be made to serve society.

To report on the work of the Chair, we propose two series:

1. Research
2. Conference

Marie J. Bouchard
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ABSTRACT

Although it has a rich history, the social economy does not yet have a clear, unanimously supported definition. This makes it difficult to delineate and follow the evolution of the social economy for statistical purposes. Some definitions of the social economy only incorporate the non-market components, and others, only market-based ones. This text proposes a new approach which groups together both the non-market and market components of the social economy. Four qualification criteria are proposed which allow us to situate, along four continuums, the degree to which organizations correspond to these criteria.

RÉSUMÉ

Si l'économie sociale a une histoire déjà riche, sa définition ne fait pas aujourd'hui l'unanimité, rendant difficiles sa délimitation et le suivi de son évolution à des fins statistiques. Certaines définitions n'intègrent que les composantes non marchandes dans le champ de l'économie sociale ; d'autres, à l'inverse, uniquement les composantes marchandes. Ce texte propose une nouvelle approche regroupant les composantes non marchandes et marchandes de l'économie sociale. Quatre critères de qualification sont proposés, ce qui permet de situer, sur quatre continuums, le degré de correspondance des organisations à ces critères.

INTRODUCTION

Over the past twenty years, the social economy (SE)¹ has increasingly become a topic of current interest. Social economy organizations are called upon to assume an ever-increasing role in the production and delivery of goods and social services in the public interest. The difficulties encountered by economies in pursuing full employment and the inadequacies of the social state have had major consequences on the landscape of social economy organizations. New needs emerge, linked to regional development, unemployment, exclusion, population aging, breakdown of the family model, and difficulty in reconciling family and work life. Growing privatization and commercialization of public services have introduced competition in areas of activity which until now had been outside the free market. Services which have traditionally been public services have become new markets for social and collective entrepreneurs. Delocalizations and shutdowns of large businesses raise the issue of regional redevelopment based on local activities geared towards a global market. The pace at which social-economic organizations are being created is therefore accelerating, thanks in part to public policies that recognize them and support their development.

However, the social economy is also an older phenomenon. Mutual benefit societies, cooperatives and associations have been part of the economic landscape since the end of the 18th and beginning of the 19th centuries. Also born out of necessity and ideals, they emerged in clusters, each time in response to major socioeconomic transformations. They developed activities which were predominantly economic and which had, in turn, considerable economic and social impacts: modernization of agriculture and fisheries; creation of a broad network of financial institutions on a territorial scale; development of the regional economy and of employment, for example in forestry; organization of funerary services; establishment of grocery stores; construction and renovation of a large stock of community housing units, etc. The social economy is thus a far-reaching network of organizations whose missions account for both change and continuity², as much in the realm of economic development as in social development.

Given its organizational characteristics, its institutional rules, and its particular relationships with the State and the market, the social economy is specific and should be recognized and distinguished from other forms of economy (Defourny and Monzón Campos, 1992). Nevertheless it remains a difficult sector to delineate. On the one hand, the SE is a phenomenon that is not yet well documented and remains under-theorized, especially with respect to its specific contribution to the dynamics of development. On the other hand, the boundaries of the field are apt to shift depending on how social economy is defined, the particular situation, the networks and groups that are created, the institutional environment, the market, etc. It is clear that social economy is a polysemous expression, from which an extremely diverse range of practices have been derived (Lévesque and Mendell, 2004).

Now the public authorities, as well as the key players in the system, have formulated requests to both measure the sector and evaluate the contribution of the social economy. However, methodologies and indicators specific to the social economy are not yet well recognized, whether from a political or a scientific standpoint. The database project of the Canada Research Chair on the Social Economy aims to construct an information system to collect and analyse data on the social economy sector

¹ The term social economy is used here broadly to include associations, cooperatives and mutual benefit societies, as well as organisms for community economic development, solidarity funds, etc.

² By way of example, we note that the number of reporting cooperatives increased by 5.3% between 1999 and 2003 (MDEIE, 2005).

and follow its evolution over time. In delineating the field of the social economy, the database must take into account the diversity of organizations that make up the sector, and describe the characteristics of these in such a way that they can be grouped according to different definitions of social economy.

We will begin by presenting different definitions of the SE, and position the rating system we have adopted for our database on social economy organizations in Québec. In our conclusion, we compare our qualification criteria with those used in other studies.

1. SOCIAL ECONOMY, NON-PROFIT ORGANIZATIONS: A BRIEF OVERVIEW OF DEFINITIONS

Different definitions of the social economy have been put forward and still co-exist today. Three “classic” definitions are often recalled in the literature on the social economy in Québec: the definition by components (Desroche, 1983), by rules of operation (Vienney, 1994) or by values and principles (Defourny, 1992).³ For Desroche (1983: 204-6), the basic **components** of the social economy sector are: 1) the cooperative, 2) the mutual society, and 3) the association. In addition to these central components, there are four peripheral ones: the communal enterprise (bordering on the public sector); the community, or popular, enterprise (bordering on the community sector); the joint enterprise (bordering on the trade union sector), and the participative enterprise (bordering on the private sector).

Vienney’s (1980; 1994) definition is based on the **rules of operation** which characterize the dual relationship of membership and of activity within cooperatives. These four rules are: 1) the rule regarding membership: democratic functioning (one member, one vote); 2) the rule linking members to the enterprise: members determine the enterprise’s activity; 3) the rule linking the enterprise to its members: limited or prohibited the distribution of surpluses; 4) the rule regarding the enterprise: surpluses, which are collective property, are reinvested.

Finally, a third definition, based on the **values** of solidarity, autonomy and citizenship, was proposed by Defourny (1992) for the Walloon Council for the Social Economy. Specifically, this definition is derived from four principles: 1) objective of service to the members and the community rather than of profit; 2) management autonomy (the primary element distinguishing it from the public sector); 3) democratic decision-making process; 4) primacy of persons and of work in the distribution of revenues and surpluses. It is largely from this definition that the Chantier de l’économie sociale, in Québec, has taken inspiration for its own, but with the addition of a fifth principle: that of participation, empowerment, and responsibility, both individual and collective (www.chantier.qc.ca).

While the European tradition of social economy has left its mark on Québec (Evers and Lavelle, 2004), in English Canada the dominant approach has been, until quite recently, that of the “non-profit” inspired by the United States and the international comparison studies carried out by Lester M. Salamon’s team at the Johns Hopkins University (Vaillancourt, 2005). Within this perspective, large Pan-Canadian studies have focused on non-profit and volunteer organizations, defined institutionally by the criterion of being non-profit-making (with the associated legal status), without reference to the criterion of democratic decision-making inherent to the Québec definition (Vaillancourt, 2005: 8). Despite frequent references to the international definition proposed by the Johns Hopkins University comparative project (which is itself the foundation for the *Handbook on Non-Profit Institutions in the System of National Accounts of Canada*), certain ambiguities remain. We see differences, for example, particularly in the explanation of what is meant by a “volunteer” organization: the ambiguity surrounding the notion of “volunteer” has led to certain difficulties in translation: “volunteer” is translated effectively into French by the word “bénévole”, but its definition in English can refer to an open, non-obligatory participation (i.e., “voluntary”) as well as to the free nature of certain “volunteer” resources. The object of this definition is civil society rather than the social economy, at least as it is understood in Québec. Third sector approaches — to civil society and non-profits — do not allow us to understand the social economy adequately; they are at the same time too broad and too

³ For a refresher on the different theoretical approaches to the social economy, see Lévesque, Benoit and Daniel Côté (1995), *Le changement des principes coopératifs à l’heure de la mondialisation: à la recherche d’une méthodologie*, in Zevi, A. and J.L. Monzon Campos (editors), *Coopératives, marchés, principes coopératifs*, Brussels, De Boeck-Wesmael/CIRIEC, 1-14.

restrictive⁴. For example, cooperatives⁵ and mutual societies, which are clear components of Québec's social economy, are not considered in a strict non-profit approach, whereas not all non-profit organizations belong to the social economy.

Furthermore, for purposes of international comparison, it is useful to keep in mind certain European studies looking at more market-oriented components of the social economy: the "social enterprise" (as in the case of the EMES European Research Network⁶), or the cooperative and mutualistic social "market" economy (development of a European satellite account for social economy enterprises currently underway; Barea and Monzón Campos, 2005).

There is no need to expound further on the fact that definitions of "the social economy", of which there are many, vary according to context, over time, and sometimes even depending upon the will of the government programs aimed at supporting its development. A summary table presented in Appendix 1 allows us to see the differences between certain definitions used in studies on the social economy and related domains, while highlighting some common features. We believe that an information system on the social economy should make it possible to draw different perimeters of the social economy according to the definitions employed, thereby covering an area that is broader rather than restrictive, which we can later restrict or enlarge upon, according to comparisons and dialogues required between different concepts and studies. Moreover, such a system should make it possible to understand the evolution and the shifts taking place within this sector.

This brings us directly to the question of **indicators**. The five characteristics of the international definition of non-profit institutions (United Nations, 2003) do not make it possible for us, *a priori*, to position organizations in relation to each other. In fact, the organizations which fit into this definition satisfy five criteria: they are organized largely as non-profits; do not distribute surpluses; are non-governmental, autonomous, and volunteer-based. While some of these criteria (e.g. the non-governmental character and the formal legal constitution) can be decided with a yes/no response, we believe the three others would be better expressed along a continuum, which is the advantage of our proposal. In the following section, we will examine which criteria are preferred, and how they can be operationalized.

⁴ The definition of the social economy provided by Quarter *et al.* (2003) illustrates the former case. According to these authors, the social economy is made up of three types of organizations: 1) public-sector non-profits; 2) market-based social organizations; and 3) civil society organizations.

⁵ We note, however, that certain "non-profit" cooperatives, particularly in the health and housing sectors, were considered in the Pan-Canadian studies on the non-profit sector (for example, in the National Survey of Nonprofit and Voluntary Organizations and in the Comparative Analysis of the Nonprofit and Voluntary Sector).

⁶ <http://www.emes.net/>

2. QUALIFICATION CRITERIA AND THEIR INDICATORS

The contours of the social economy vary in accordance with the definitions employed. We have put forward, above, a number of problems presented by different visions of the social economy as held by theorists or as adopted by certain major studies of the sector. For instance, many organizations formally constituted as associations (non-profit organizations) did not initially have an economic mission, yet may develop economic activities in order to survive. The social characteristics of organizations in the social economy may also be adopted by other organizations created as companies, but who wish to assume a social, responsible and civic mission. "Social enterprises" can just as well be for-profit companies that redistribute a portion of their profits in the community (such as Community Interest Companies in Great Britain), as they might be non-profit organizations that develop economic activities (as in the definitions applied in English Canada, the United States and many European countries). In fact, many volunteer organizations may likewise be seen as contributing to the economy (in the substantive sense), even if the resources involved and the services produced are "free". This is, of course, an indication of the dynamism of the social economy, but it can also lead to confusion when it comes to delineating the field and evaluating its specific contribution. Thus, we are attempting to develop criteria which will allow us to describe organizations in the social economy across a group of continuums. This should facilitate an interpretation of the field which is more inclusive than exclusive, and provide some change indicators.

Four qualification criteria are proposed for organizations in the social economy. These are inspired, in part, by the social-economic approaches of Claude Vienney (1980; 1994) and Henri Desroche (1983), presented earlier. These criteria allow us to identify and classify organizations. First, however, we should emphasize two preliminary points:

On the one hand, cooperatives, associations, and even social economy enterprises set up as non-profit organizations (e.g. work integration enterprises, etc.) have, by their very nature, a high probability of satisfying all four criteria. Nevertheless, these criteria are not discriminating, to the extent that there is no clear boundary between social economy organizations and other organizations in the economy, but rather a continuum of correspondence to the criteria.

On the other hand, these four criteria do not represent a sectoral definition of the social economy. The social economy is often reduced to a "third sector" obtained by deduction after having excluded the for-profit enterprises which make up the "market" (market sector) and the organizations included in the public sector. Organizations in the social economy do not constitute a homogeneous group, as do, for instance, for-profit enterprises. Some are fully engaged in a social economy process, i.e., they will perfectly satisfy the four qualification criteria. Others conform to the criteria to varying degrees. This is also true in the case of for-profit enterprises. We will see later how we can draw different perimeters of the field of social economy, depending on the continuums of correspondence to the criteria.

In clear, we suggest to describe organizations based on their practices, and according to the institutionalization of these practices (particularly in terms of rules of operation), rather than by their legal status or by characteristics that do not call for a strict yes/no answer.

The four criteria we propose correspond to the principles or rules of management common to social economy organizations that generally appear in the laws, statutes or internal regulations governing these organizations. These rules may be modified marginally or substantially, then requiring us to re-qualify the organizations concerned.

Several indicators are associated with each of these four criteria, providing detailed information on how the concerned organization conforms to the qualification criterion. Each criterion can be given a weight in order to assign a percentage value to the degree of conformity in question.

2.1. 1st criterion: Carrying on an economic activity

We first ascertain the existence of a production of goods or provision of services. Resources can come from multiple sources: market, public, non-monetary. This is why not all organizations that sporadically carry on an economic activity satisfy this first criterion for qualification (for example, an advocacy association whose only economic activity is organizing an annual fundraising dinner), as well as those whose economic activity is limited to collecting dues or membership fees. In itself, an organization's mission or function (protection of rights, representation, leisure activities) provides no indication as to whether it satisfies this criterion. It is only when this mission or function is not accompanied by any economic activity that we can draw conclusions regarding conformity to the criterion. Nevertheless, non-profit organizations that develop a social economy project (in accordance with programs currently in place in Québec, for example) can be identified according to the proportion of their economic activities.

TABLE 1. Sources of revenue

Sources of revenue	Value in \$
1. Government payments for good and services	
2. Grants and government contributions	
3. Revenues from sales of good and/or services (other than those paid by government)	
4. Gifts -Monetary gifts -Gifts in kind (volunteering, supplies, etc.)	
5. Other revenues (membership fees, etc.)	
TOTAL REVENUES	

Indicators:

1. Field or sector of the economic activity (e.g. health, commerce);
2. Economic activity: Type of production of goods or provision of services (NAICS code), which allows us to know what goods and services are offered as part of the economic activity;
3. Maintenance of financial records (whether audited or not);
4. Proportion of the production cost that is financed by market-oriented economic activities.

2.2. 2nd criterion: The existence of social rules prohibiting or limiting distribution of surpluses among the members

Organizations of the social economy do not pursue profits as their main objective, i.e., whenever a return on capital among the members is authorized, it is limited. Once such a return on capital has been carried out, any surpluses are either:

- reinvested in the organization; or
- distributed to the community.

Indicators:

1. The presence of a formal rule to this effect;
2. If surpluses are distributed:
 - 2.1 Are surpluses shared proportionally according to each member's participation in the organization's activity?
 - 2.2 What percentage of the surpluses is distributed: all of it, or not? (if not, where are non-distributed surpluses allocated?)
 - 2.3 Who are the parties involved in the distribution of surpluses?:
 - individuals (status: members or non-members / employees or not / shareholder or not);
 - collective bodies (e.g. development fund, other non-profit organization, etc.).
 - 2.4 What is the respective share of the distributed surpluses allocated to each of the parties?
3. The disinterested vesting of net assets in case of dissolution;

2.3. 3rd criterion: The formal voluntary association of persons and/or of collective bodies

The creation of a social economy organization is the result of initiatives on the part of either individuals or collective bodies that are independent of the public authorities. Generally, membership in a social economy organization is open to any person who wishes to join, subject to certain conditions (the payment of a membership fee, for example).

Indicators:

1. Corporate status (institutionally independent of the State);
2. Can anyone become a member of the organization, or is membership limited?
 - membership is limited;
 - anyone can become a member;
 - don't know.
3. Conditions for membership (if any);
4. Types of members:
 - individuals;
 - collective bodies (non-profit organizations, cooperatives, mutual societies, etc.)
 - other enterprises.

2.4. 4th criterion: The democratic governance process

Social economy organizations grant decision-making powers according to use and not to the share of capital held. Generally they accord each member equal status in the collective decision-making process (i.e., in democratic proceedings constituted by the annual general meeting and board meetings), whatever their contribution to the organization. There may be exceptions, as in the case of agricultural cooperatives that have a proportional voting system according to the volume of transactions, or the cooperative housing confederation that allocates seats to the regional federations in proportion of their membership numbers.

Indicators:

1. Formal rule stipulating enforcement of the democratic principle of “one person, one vote”, or the distribution of votes in accordance with use and not shares held;
2. Holding an annual general meeting;
3. Number of members;
4. Number of members on the board of directors;
5. Number of members elected to the board at the general meeting;
6. Number of members mandated by the government or other external bodies outside of the board of directors.

These four indicators of qualification (a summary table of which appears in Appendix 2) define the rules of operation of social economy organizations. The following figures are based on a figure developed by H. Desroche, which we have adapted to illustrate the permeability of the boundaries between the “hard core” of the social economy and other organizational forms that can, according to certain definitions, enter into the field of social economy (Figure 1).

Thus, social economy organizations. (in the central rectangle of the figure) are differentiated from:

- associations or other non-profit organizations that produce no goods and/or services, by carrying out an economic activity (1st criterion);
- for-profit market organizations (generally identified with the “market”), by establishing social rules prohibiting or limiting the sharing of surpluses (2nd criterion);
- informal organizations and/or domestic units, by constituting a formal voluntary organization (3rd criterion); and
- organizations of the public and capitalist sectors, by adopting the democratic principle (4th criterion).

FIGURE 1. Characteristics of social economy organizations

(Adapted from Desroche (1983: 205))

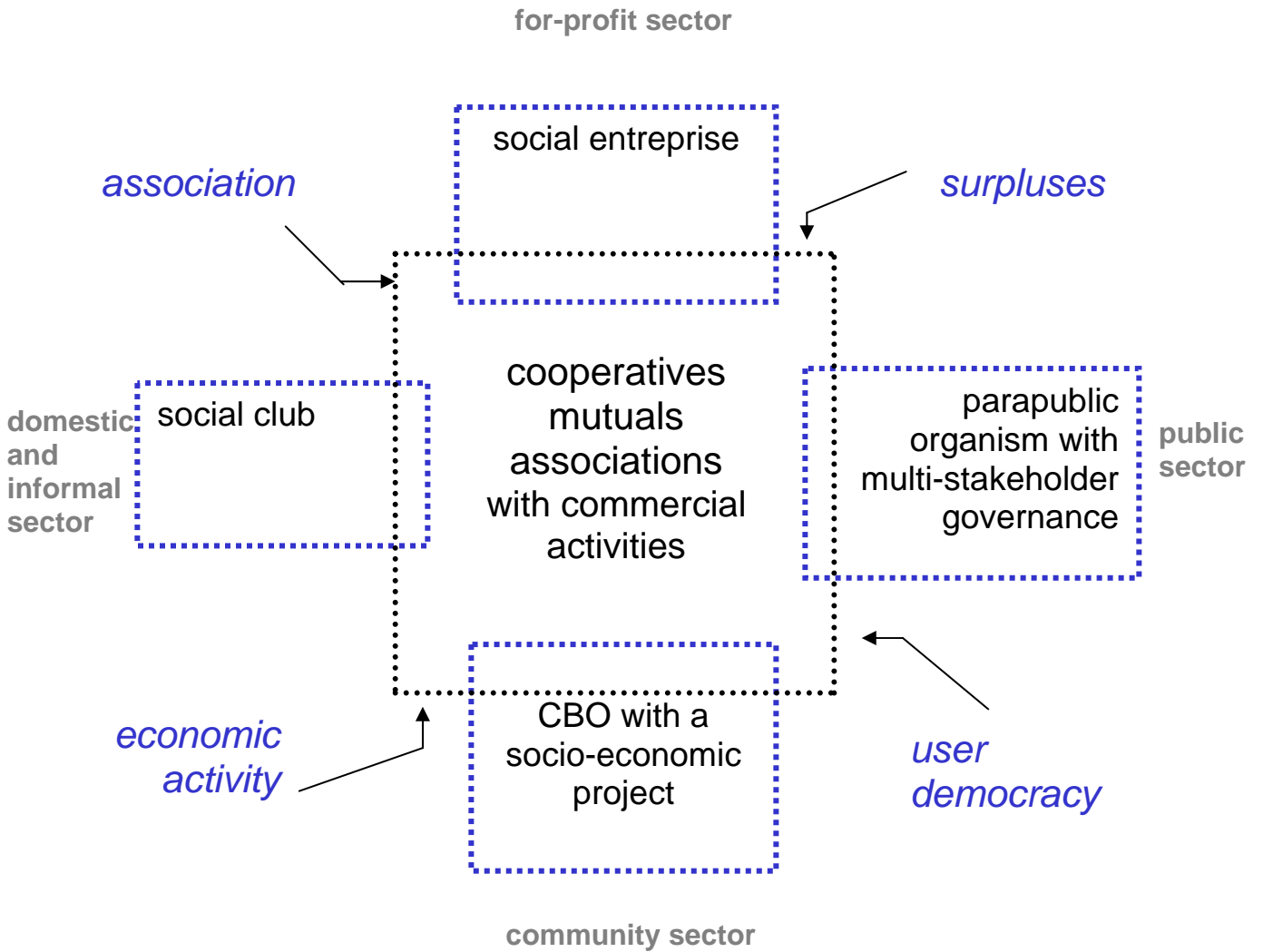
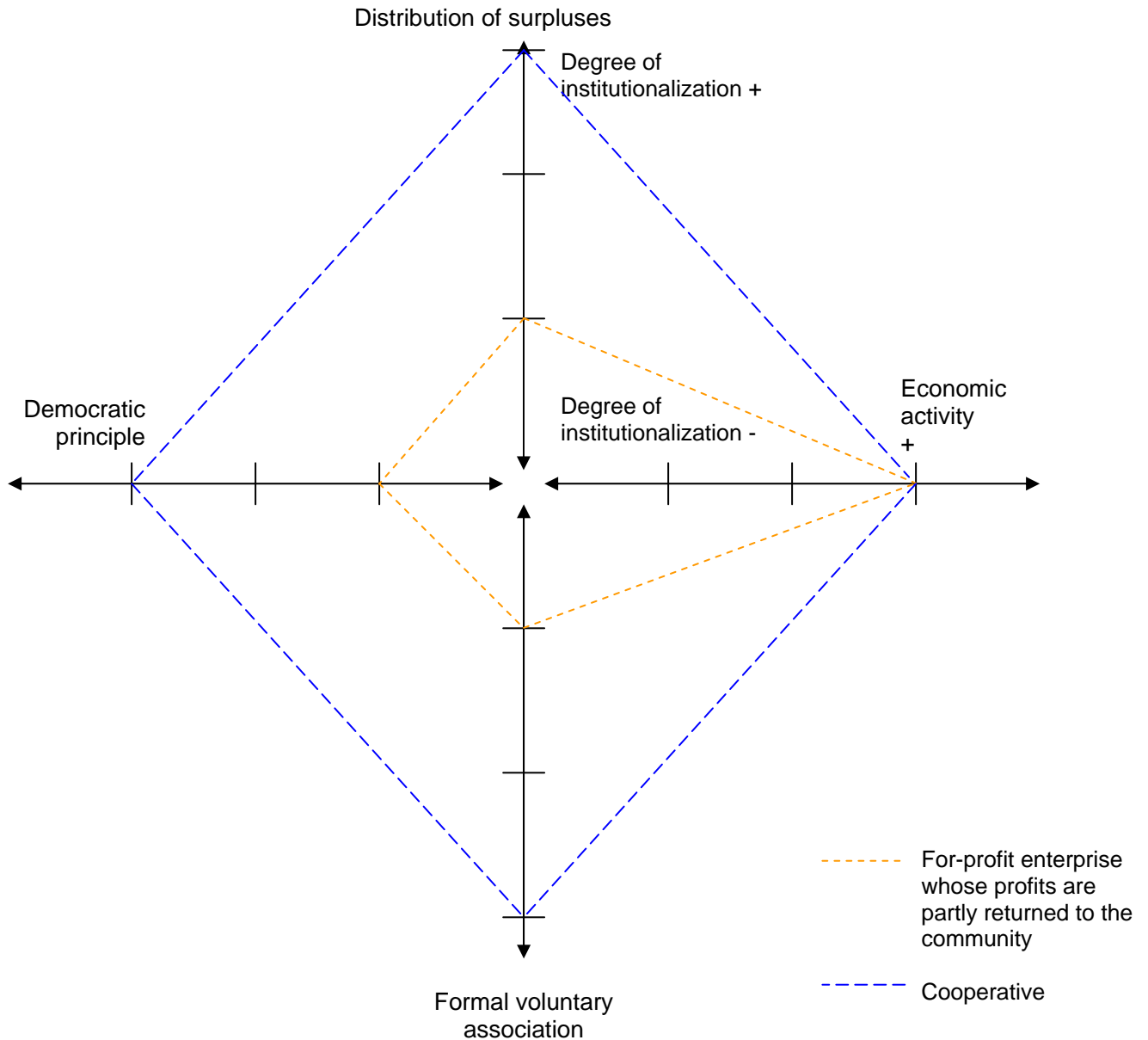


Figure 2 illustrates what is meant by “continuums” using two hypothetical examples of organizations positioned according to indicators of correspondence to the four criteria. It can be seen that the area occupied by the cooperative is much greater than that of the for-profit enterprise. This attests to the greater institutionalization of the qualification criteria in the cooperative than in the for-profit enterprise, where the decision to give profits to the community arises from the goodwill of shareholders, rather than any legal rule or operating principle.

FIGURE 2. Examples of various perimeters of social economy organizations



CONCLUSION

We have been able to verify, in various theoretical texts and from certain studies, the variety and heterogeneity of definitions and organizations of the social economy and related domains (civil society, non-profit sector, third sector, voluntary sector). These various definitions nevertheless have points in common, as can be seen in the comparison presented in Appendix 1.

The difficulty in delineating the field of the social economy is due to its double roots, both in the civil society and in the economy. The different definitions of the social economy emphasize one or another of its principal characteristics: organization of economic activity; non-capitalist rules of distribution and accumulation; legal and decisional autonomy; the democratic powers of users or their representatives. The choice of emphasis is likely due to different ideas of the social economy's contribution: as a producer of goods and services; as an alternative and sustainable form of development; as an organization of the civil society; as a means of social and economic democratization. We believe that in combining these criteria we can develop a picture of the social economy that encompasses all of these contributions and allows them to be measured.

With the database we are creating at the Canada Research Chair on the Social Economy, we aim to define the various domains that make up the social economy without limiting ourselves to any overly-constraining definitions. To accomplish this, we are developing a system of four qualification criteria that make it possible to define the more or less narrow perimeters of the social-economic sector and to delineate different subsets, in accordance with the various definitions of the social economy and their evolution.

We have inventoried the social economy organizations across the whole territory of Québec and in all sectors of activity. This database allows us to draw an exhaustive picture of the sector. It will be used to analyze the results of studies, which will have a consistent field of reference, and will make it possible to follow the evolution of the sector over the long term. We will also be able to create data warehouses with other studies, for instance on employment, household income, regional investments, etc., to better understand the contribution of the social economy to the dynamics of development.

APPENDIX 1. SUMMARY OF OUR PROPOSAL AND COMPARISONS

<p>Definitions/ Frames of reference</p> <p>Criteria</p>	<p>International definition from the <i>Handbook on Non- Profit Institutions in the System of National Accounts</i> (UN, 2003)</p>	<p><i>Social Economy Framework</i> by Quarter, Sousa, Richmond and Carmichael (2001)</p>	<p>Quarter, Mook and Richmond (2003)</p>	<p>EMES European Research Network</p>	<p>Satellite account for social economy enterprises (methodology developed by Barea and Monzón Campos, 2005)</p>
<p>Carrying on an economic activity</p>		<p>✓ “Market reliance”/ entrepreneurial activities</p>		<p>✓ Ongoing activity of production of goods and/or services</p>	<p>✓ Production intended mainly for market sale at economically significant prices (> 50% of production costs financed on the market)</p>
<p>Existence of rules or policies prohibiting or limiting the sharing of potential surpluses among members</p>	<p>✓ “Not-for-profit” (and “non-profit distributing”)</p>	<p>✓ Social property (“owned socially or, arguably, by no one”, neither individual nor governmental, p. 354) AND constraint of non- distribution of profits (2 basic conditions; the following “criteria” are in fact characteristics)</p>	<p>✓ “Social ownership”, i.e., generally no shareholders; assets do not belong to any particular individual; reinvestment of surpluses into services; in case of dissolution, assets are awarded to an organization with similar goals</p>	<p>✓ Limitation on distribution of profits</p>	<p>✓ Allocation of surplus, if one exists, in proportion to the activity</p>

Definitions/ Frames of reference Criteria	<i>Handbook on Non-Profit Institutions in the System of National Accounts</i>	<i>Social Economy Framework</i>	Quarter, Mook and Richmond (2003)	European Research Network, EMES	Satellite account for social economy enterprises
Formal voluntary association of persons or collective entities	<ul style="list-style-type: none"> ✓ Non-compulsory: participation is not mandated by law or other conditions of citizenship ✓ Organizations with a certain degree of internal organization structure; goals and activities; organizational boundaries or a legal charter of incorporation 	(✓ “Volunteer participation” in the sense of volunteerism)	✓ Minimal formal structure, even if they are not formally incorporated, AND “Volunteer or social participation”	✓ Initiative arising from a group of citizens	✓ Formally organized, e.a.g., endowed with its own corporate status
Democratic decision-making process		✓ Democratic decision-making		✓ Decision-making power not based on the holding of capital	✓ One person, one vote. Members have majority or exclusive control over the decision-making process within the organization
Other criteria	<ul style="list-style-type: none"> - “Institutionally separate from government” - “Self-governing” 	<ul style="list-style-type: none"> - Social objectives - “Government dependence”/ partnership 	- “Civic engagement”	<ul style="list-style-type: none"> - Initiative of a group of citizens - Minimal number of paid positions - Significant level of economic risk - Explicit objective of service to community - Multi-stakeholder dynamics 	- Self-help

APPENDIX 2. QUALIFICATION CRITERIA FOR SOCIAL ECONOMY ORGANIZATIONS

Criteria	Examples of indicators
<p>1st criterion: Carrying on an economic activity</p>	<ol style="list-style-type: none"> 1. Field or sector of the economic activity (e.g. health, commerce); 2. Economic activity: Type of production of goods or provision of services (NAICS code), which allows us to know which goods and services are offered as part of the economic activity; 3. Financial accounting including sales figures (income statement); 4. Proportion of production costs financed by market-oriented economic activities.
<p>2nd criterion: Existence of social rules prohibiting or limiting distribution of any potential surpluses among members</p>	<ol style="list-style-type: none"> 1. Existence of a formal regulation to this effect; 2. If surpluses are distributed: <ol style="list-style-type: none"> 2.1. Are they shared proportionally according to each member's participation in the organization's activities? 2.2. What percentage of surpluses is distributed: all of it, or not? (if not, where are non-distributed surpluses allocated?) 2.3. Parties involved in the distribution of surpluses: <ul style="list-style-type: none"> -individuals (status: members or non-members / employees or not / shareholder or not) -collective entity (e.g. social fund, organization, etc.) 2.4. Respective part of the total surplus allocated to each of the parties; 3. Disinterested vesting of net assets in case of dissolution.

<p>3rd criterion: Formal voluntary association of persons and/or of collective bodies</p>	<p>1. Corporate status;</p> <p>2. Can anyone become a member of the organization, or is membership limited?</p> <p><input type="checkbox"/> membership is limited;</p> <p><input type="checkbox"/> anyone can become a member;</p> <p><input type="checkbox"/> don't know;</p> <p>3. Conditions of membership (if any);</p> <p>4. Types of members:</p> <p>-individuals;</p> <p>-collective entities (non-profit organizations, cooperatives, mutual societies, etc.);</p> <p>-individual enterprises.</p>
<p>4th criterion: Democratic governance process</p>	<p>1. Formal rule stipulating enforcement of the democratic principle "one person, one vote"</p> <p>2. Holding an annual general meeting;</p> <p>3. Number of members;</p> <p>4. Number of members on the board of directors;</p> <p>5. Number of members elected to the board at the general meeting;</p> <p>6. Number of members mandated by the government or other external bodies outside of the board of directors</p>

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