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FOSTERING TERRITORIAL INNOVATION THROUGH SOCIAL ECONOMY ECOSYSTEMS

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SOCIAL ECONOMY INSTITUTE

OVERVIEW OF THE PRESENTATION

- 1.- Introduction. The UN Resolution, the SE contribution on social innovation and local economic development and the need of theories and empirical evidence.**
- 2.- Works of the CONCORDIA research unit (University of València)**
- 3.- Key ideas of the presentation: inverted organisational isomorphism, territorial institutional exaptation and SE ecosystems and clusters**
- 4.- Aim of the researches**
- 5.- Theoretical approach: evolutionist, meso-micro-macro and policy fields, meso-rules and territorial diffusion and exaptation**
- 6.- Method and cases studied: Anecoop, Mondragon, Valencian and Emilia-Romagna regions**
- 7.- Exaptation process of social innovations**
- 8.- Conclusions**

INTRODUCTION

United Nations

A/77/L.60



General Assembly

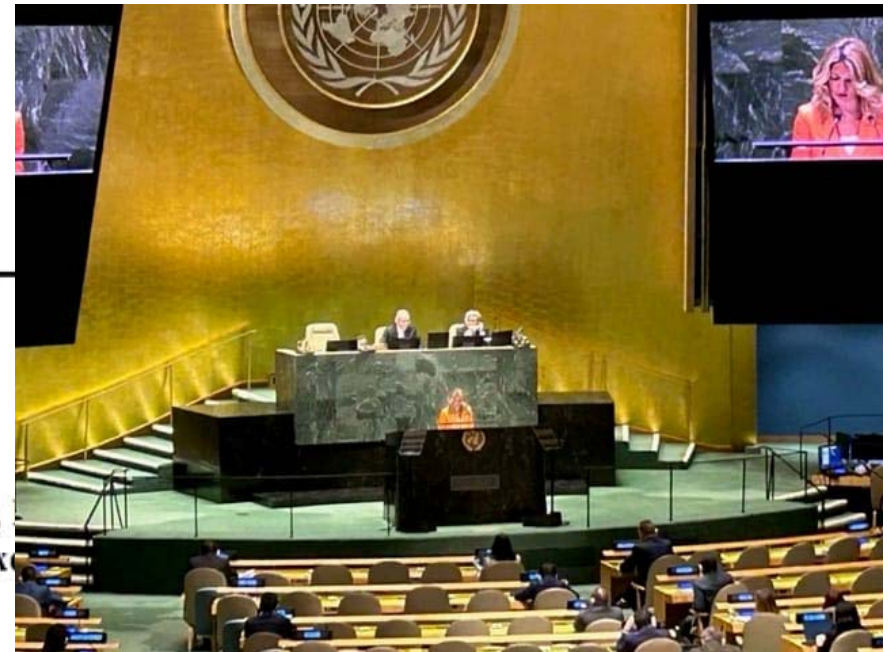
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Sustainable development

**Belgium, Canada, Chile, Colombia, Costa Rica,
Equatorial Guinea, France, Hungary, Italy, Lux
Slovenia and Spain: * draft resolution****

**Promoting the social and solidarity economy for
sustainable development**



INTRODUCTION

UN Resolution details that the social economy contributes:

- (1) to employment and decent work by promoting labour rights, social protection, skills development, raising workers' awareness of their human rights,
- (2) to the eradication of poverty and hunger,
- (3) access to affordable finance,
- (4) improving enterprise potential and entrepreneurial and management skills, productivity, competitiveness, social and technological innovation and participatory business models,**
- (5) local and community economic development,**
- (6) provision of social services such as health and care, education and others,
- (7) just and sustainable digital transition,
- (8) protection of the environment,
- (9) promotion of gender equality and the empowerment of vulnerable persons,
- (10) fostering diversity, solidarity and the protection of and respect for traditional knowledge and cultures, and finally
- (11) promoting democracy and the socio-political empowerment of people in relation to decision-making processes and resources, promoting participatory policy-making and all human rights.



formation

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Research Unit for Social Economy, Cooperatives, Social Innovations and Public Policies CONCORDIA – University of Valencia

Scientific-technical goals:

- » Desarrollar nuevos conocimientos sobre Economía Social, Tercer Sector, Cooperativismo, Empresas Sociales, Economía del Bien Común y colaborativa
- » Estudio de la innovación social desplegada desde la sociedad civil y desde los sistemas territoriales de innovación y producción
- » Estudio de las políticas públicas sociolaborales con especial atención a las políticas presupuestarias y a aquellas dirigidas a las cooperat
- » Formación investigadora de jóvenes investigadores en ciencias sociales y económicas
- » Fomento de recursos estratégicos ligados a la investigación en materia de economía social, economía y ciencias sociales

Research lines:

- » **Social Economy, Third Sector, Cooperatives, Social Enterprises, Economy of Common Good and Collaborative.** Teorización sobre la Economía Social, el Tercer Sector, el Cooperativismo y la pluralidad de fenómenos sociales emergentes no ligados ni al sector público ni al sector privado tradicional lucrativo. Conceptualización, edificaciones de modelos lógicos explicativos de su funcionalidad sistémica y micr
- » **Social innovation and Clusters - territorial systems of innovation and production.** Teorización sobre los modelos de innovación social, los procesos de exaptación e institucionalización de las innovaciones sociales, la relación entre innovación social y movimientos sociales, los sistemas territoriales de innovación y sus procesos de innovación social desplegados en el territorio
- » **Social and labor public policies and towards the social economy and the third sector.** Análisis de las políticas económicas, sus objetivos, instrumentos presupuestos, institucionales y legales, de carácter sociolaboral y dirigidas a cooperativas y otras entidades sociales. Análisis del diálogo social y de la gobernanza política. Evaluación de políticas públicas.

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From entrepreneurial and innovation ecosystems to the social economy ecosystem

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ABSTRACT

Despite the broad academic and political interest aroused by the ecosystem concept, it has not been paid to its social dimension and especially to the social economy conceptualization of the latter by establishing its defining features and its goals. Two worldwide known social economy ecosystems, one in the Valencian Community and the other in the Emilia Romagna region of Italy. The results show that the balance between the creation of social value and social innovation, collective social capital, and institutional elements of these ecosystems are key features of the operational sphere, the actual model.

1. Introduction

The terms ecosystem and entrepreneurial ecosystem have drawn great scholarly attention over time (Qian and Acs, 2022). In addition, policy-makers around the world and at different levels of government have embraced the ecosystem concept and perspective in their policies, although there is no consensus on its meaning (Brown and Mawson, 2019).

Since Moore's (1993) pioneering work on entrepreneurial ecosystems, there has been an evolution of the concept and its meaning has diversified depending on different factors, such as the central purpose of the ecosystem, to the point where it even becomes difficult to characterize it (Oh et al., 2016). In essence, and aware of the lack of consensus regarding its definition, the term ecosystem refers to multiple actors of a diverse nature existing in a territory, interrelated and interdependent, sharing factors and a common destiny. Variations of the concept depend on where the focus is placed. Authors such as Scaringella and Radziwon (2018) and Cobben et al. (2022) typify the four most studied ecosystems: business (Moore, 1993), innovation (Adner, 2006), entrepreneurial (Isenberg, 2010), and knowledge (Van der Borgh et al., 2012). Other approaches are the territorial ecosystem (Scaringella and Radziwon, 2018). The ecosystem concept also has similarities with long-standing scientific concepts such as clusters, industrial districts and innovative regional systems (Qian and Acs, 2022).

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How to boost clusters and regional change through cooperative social innovation

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ABSTRACT

The aim of this paper is to illustrate how social innovation is promoted and spread by cooperative clusters in order to develop regional change. This paper focuses on the main drivers of the spreading and exaptation processes of social innovation. The cooperative cluster model, the exaptation concept, the top-down approach, the meso-institutions concept and the meso-level perspective are used to capture the strategic approach of spreading social innovation. The study analyses two successful clusters:

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Social innovation; clusters; institutional exaptation; cooperatives; Mondragon; Anecoop; regional change

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Innovation cooperative systems and structural change: An evolutionary analysis of Anecoop and Mondragon cases☆☆☆

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ABSTRACT

In a globalized world, clusters, or territorial production systems, need to evolve into innovation systems to retain their competitive advantages and be able to develop. This study analyzes the cooperative entrepreneurship model as a means of structural change for these clusters, constituting a third way between the private business way and the government-oriented way. Building on an evolutionist approach and a qualitative comparative methodology, the study analyzes two successful cooperatives: Mondragon and Anecoop. As a novelty, this article explains the innovation process from an institutional perspective, combining micro-meso-macro levels. The results confirm that cooperatives are able to articulate structural change processes at the meso-level and to give rise to meso-rules that are functional and determinant in the processes of structural change. The two factors that enable these processes are the cooperative Schumpeterian entrepreneurs and the Hayekian meta-institutions.

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KEY IDEAS OF THE PRESENTATION

Key ideas of the presentation (I):

The contribution of the social economy in terms

- social and technological innovation and participatory business models,
- local and community economic development

is **not only a Direct Contribution**, defined by what Social Economy Entities do,

but also by the influence that these Social Economy Entities exert on Mainstream (public/private) organisations, transforming them, in a kind of "**inverted organisational isomorphism**".

In other words, the idea of this second contribution is that instead of the Social Economy being transformed by mainstream organisations, in a process of isomorphism, losing its specific Social Economy identity and its "way of doing economy", **it is the Social Economy that shifts the mainstream.**

KEY IDEAS OF THE PRESENTATION

Key ideas of the presentation (II):

In the context of spreading social innovation in the territories where Social Economy Entities operate, we will call

“**exaptation**” the process of “**inverted organisational isomorphism**”.

→ ***Territorial institutional exaptation*** concept

The capacity of the Social Economy to boost exaptation process is directly related to the size and importance of the social economy in its territory ... Size matters

A traditional and effective way for the social economy to achieve size and economic power is by **building social economy ecosystems, especially social economy clusters**.

These ecosystems have several properties that are particularly useful for Social Economy Entities: they provide them with competitiveness, economies of scope and organisational economies, but above all, mechanisms to maintain their specific social economy identity.

THE AIM OF THE RESEARCH

→ ***Territorial institutional exaptation*** concept

To identify:

- key factors of the spreading process of social innovations activated from the social economy ecosystems and cooperative clusters,
- the diffusion effect of this social innovation through the territory, activating regional change

in order to give a framework to leaders of social economy ecosystems and cooperative clusters and to government policymakers to develop strategic policies aimed at boosting clusters and regional change

THE AIM OF THE RESEARCH

Social innovations:

- imply **changes in the nature of social relations and a new way of meeting needs that were previously unsatisfied.**

A rule is a form of social innovation.

- have a high capacity to structural change of territories and to boost enterprises, social economy ecosystems and cooperative clusters through **adaptation and exaptation processes**

- **Social economy ecosystems and cooperative clusters, activate spreading processes of social innovations.**

THE AIM OF THE RESEARCH

Hypothesis:

SE ecosystems and *cooperative clusters* are able of transforming their territorial ecosystem and influencing the behaviour of other public and private actors in a double process of **adaptation** and **exaptation**.

2. THEORETICAL APPROACH

Based on the evolutionist theoretical approach
(Dopfer & Potts, 2011; Witt, 2007; Hayek, 1988;
Amin & Roberts, 2008).

It takes into account the concept of exaptation from a
combination of

- the micro-meso-macro approach (Dopfer & Potts, 2008) and
- the strategic action fields (ecosystem) approach (Fligstein & McAdam, 2012).

2. THEORETICAL APPROACH

According to the **micro-meso-macro approach**, in an ecosystem it is possible to distinguish between an *operative scope*, which collects the production and marketing processes within the framework of given **rules**, and a *generic scope*, which constitutes the domain changing rules, be they productive, commercial, etc., which condition and determine the operative scope (Dopfer & Potts, 2008).

The change in the generic scope occurs *when a generic meso-rule changes*, which therefore affects the set of entities that make up a population. The generic rule affects the micro level and it is adopted by the micro units according to their specific characteristics (Dopfer & Potts, 2010).

The **meso-rules constitute social innovations** according to Nicholls and Murdoch (2012) and Moulaert (2009).

2. THEORETICAL APPROACH

*Territorial **diffusion***

According to the **strategic action fields approach** (Fligstein & McAdam, 2012), the different actors of an **ecosystem**, or field of strategic action, interact with each other in the meso scope modelling the order of that field.

The interaction among these private, public and civil society actors is not only based on interests, power and material issues but also bear in **mind rules and values**, it is also based on other “existential” elements that are fundamental to understanding the “core of human sociability and a related capacity for strategic action”.

MESO-RULES AND SOCIAL INNOVATION

Meso-rules and social innovation system in the Mondragon group

to maintain over time competitiveness and dynamism in a globalised world requires the introduction of **key organisational and social innovations**:

a **social innovation system** is defined by the set of formal and informal institutions that make up “inter-business cooperation framework”, based on the development of inter-business cooperation in order to be able to deploy common behavioural patterns and the different solidarity and inter-cooperation mechanisms.

2. THEORETICAL APPROACH

The extension of social innovation in the territory is explained as a process of ***territorial institutional exaptation***.

This is defined as the process of spreading of a social innovation from cooperatives and social enterprises to other public and private actors that finally transform their territory. It organically integrates a double process of innovation penetration by territorial adaptation of social innovation and its full and effective adoption selected by the market **with a different and more general function to the original.**

3. METHOD



For our researches, we have analysed two types of SE ecosystems / clusters:

1) cooperatives clusters:

Mondragon and Anecoop Spanish clusters,
because of their strong innovation activity in a long term.

2) social economy ecosystems:

Valencian and Emilia-Romagna social economy ecosystems,
because of the firms diversity and weight in their territory

4. THE ANECOOP CASE (Valencia, SPAIN)

ANECOOP is a second-tier cooperative and one of the leading citrus exporters multinationals in the world. It integrates near a hundred of agriculture coops. This cooperative accounts for around 10% of all Spanish citrus exports (ANECOOP, 2019), with Spain currently being the largest global citrus exporter.



4. THE MONDRAGON CASE (Basque country, SPAIN)

MCC - Mondragon Group is one of the largest global industrial and cooperative groups, integrated by worker-coops, having in 2014, 74,117 employees, 1676 full-time researchers, a turnover of 11,876 million euros, and an allocation of the 8.9% of its industrial added value to R&D across its 15 technology centers and research units (Mondragon, 2015).



4. COOPERATIVES ECOSYSTEM OF THE REGION OF VALENCIA (SPAIN)

- Work Coop. Federation. FEVECTA.
- AgroFood Cooperative Federation. Federació de Cooperatives Agroalimentàries.
- Housing Federation. FECOVI
- Transport Federation FECOTRANS
- Consumers Coop. Federation.
- Education Coop. Feder. UCEV.
- Electric Cooperatives Federation.



CONCOVAL



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VALENCIANA

Conselleria d'Economia
Sostenible, Sectors Productius,
Comerç i Treball

- GVA Agriculture competence área.
- GD Housing competence área.
- GD Education área. (Professional Formation)
- GD Finance Area.
- GD Cooperativism. (coordination)

CONSELL VALENCIÀ DEL COOPERATIVISME. VALENCIAN REGION COOPERATIVE COUNCIL



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AJUDES
A EMPRESSES D'ECONOMIA SOCIAL
2020
DG Emprenedoria i Cooperativisme

COMUNITAT VALENCIANA

POPULATION	5.049.415
GDP (2020)	104.724.000.000
SOCIAL ECONOMY (*)	
Entities	34.838
GDP (estimation 2021)	13.957.809.000 – 12,6%
Jobs	172.000 – 8,2%
COOPERATIVISM (*)	
Entities	2.611
GDP (estimation 2021)	7.950.572.000 – 7,1%
Jobs	59.037 – 2,8%



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MESO-RULES AND SOCIAL INNOVATION

Main social innovations in Mondragon Case:

1.- The first and most important innovation was the creation of the second tier credit cooperative CLP (**Popular Labour Fund**) in 1959.

In addition to its financial dimension, CLP was the first institutional tool (a key social innovation) for cooperative relations among cooperatives.

2.- The compulsory **reinvestment of profits rule**.

This social innovation responded to the need for financing derived from the industrial positioning of cooperatives in capital-intensive sectors and the limited capacity and propensity of the worker shareholders to finance business projects.

3.- The building of **sectorial and regional groups of cooperatives** *inside the cluster and other relationships among the cooperatives*

Key factor: A **leading team of founders** of the Mondragon cooperative group acted as *cooperative shumpeterian entrepreneur*, promoting socio-organisational innovations coherent with their vision of a dynamic ecosystem.

EXAPTATION PROCESS OF SOCIAL INNOVATIONS

The process of exaptation in the territory has been carried out in the **socio-cultural and economic-policy meso fields**:

1.- Socio-cultural influence:

The cooperative cluster has helped to reinforce the ***Basque identity*** and sense of group belonging, shaping the regional *institutional identity* (a meta-institution), in the labour participation and social responsibility.

2.- Economic-policy influence:

Based on the influence of cooperative cluster on practices and competitive strategies of ***private industrial companies***, e.g. in R&D investments, technological innovation, cooperation between firms.

Through the links of the Mondragon cluster with the regional government, the *technological policy* and the *cluster policy* were based on the existing relational, sectoral and territorial networks of the Mondragon coops.

5. RESULTS

In the cases studied, the diffusion of the original innovations introduced by cooperatives to the whole territory, can be considered as a process of **institutional exaptation**.

In the existing literature on **exaptation of innovation**, the exaptation proceeds through a discontinuity between the original use of a new technology and its use to cover needs in a different field than initially intended.

In our case, and due to the very nature of social innovations, we have maintained that they must gain a general scope to be consolidated in a territory and in markets where organisations of a different socio-organisational nature compete (cooperatives, private companies, public administrations, other civil society organisations).

6. CONCLUSIONS

Our researches have introduced a new way of theoretically and empirically comprehending social innovation and its potential for territorial transformation throughout the ***Territorial institutional exaptation*** concept

Cooperative clusters and SE ecosystems constitute drivers of this *territorial institutional exaptation*

Our researches gives a framework to leaders of SE ecosystems and cooperative clusters and to government policymakers to develop strategic policies aimed at boosting territorial change.

Thank you for your attention

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