

DNA OF SOCIAL ECONOMY ENTERPRISES REFLECTIVE NOTE BASED ON A WORKING PAPER OF WALLOON SOCIAL ECONOMY ACTORS

Highlights:

- The Social Economy's (SE) legal recognition in Wallonia is one of the oldest regulation still in force (Walloon Decree on the Social Economy of November 20, 2008).
- As new types of entrepreneurial actors emerge and Social Economy Enterprises (SEEs) face increasingly intense market pressures, the very DNA of the social economy is being challenged across the board.
- A working group gathering 20 SE actors from French-speaking Belgium (academics, SE ecosystem, Walloon public administration and field workers) agreed on an inclusive approach defining 6 cumulative common practices making up the Social Economy's DNA.
- The working paper takes a practice-based and comparative approach rather than a normative or principles-based one to capture the essence of the SE ecosystem in Wallonia.



From various backgrounds, questions are increasingly being raised about the contours of social economy (SE), what distinguishes social economy enterprises (SEEs) from other actors, and what constitutes their essence. Indeed, many other concepts, more or less similar to SEEs, are emerging and developing: social profit enterprises, impact enterprises, mission-driven companies, corporate social responsibility, and various other terms. This brief document and the working paper it is extracted from takes an inclusive approach and identifies the practices that make up the DNA of SEEs in French-speaking Belgium; i.e. practices that are implemented by all SEEs (in all their diversity), and which, when combined, distinguish them from any other organizational form.

A brief historical context

Like all businesses and organizations, SEEs are part of a socio-economic context, and their contours have accordingly shifted to the evolution and transformations of that context. SE has evolved alongside capitalism and, in particular, has asserted itself during periods of major changes. Historically, SEEs have focused on addressing socio-economic missions — such as reducing inequality and poverty, strengthening social cohesion, and improving health and employment outcomes. Over the past two decades, their missions have increasingly expanded to also encompass ecological concerns, including climate change, biodiversity loss, and the sustainable management of natural resources.



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Walloon regulatory framework

Legal and institutional recognition of SEEs differs from one context and territory to another, from the European level, to the Belgian level with different definitions in the three regions (Wallonia, Flanders and Brussels). The working paper compares the different definitions so to understand the varying contours of this concept. The Walloon decree on the Social Economy of November 20, 2008 is one of the oldest of its kind in the world. The legal forms recognized are cooperatives, associations, mutual benefit societies and foundations. They must respect 4 principles: social purpose, management autonomy, democratic decision-making processes and the primacy of people and work over capital.

The six cumulative common practices reflecting the essence of social economy in Wallonia

The paper identifies six **cumulative** practices constituting the DNA of SEEs, reflecting their distinctive features. To be considered an SEE, the organization must implement all these practices: they are therefore cumulative. As well as being specific and cumulative, these practices are also crosscutting, meaning that they are implemented by all SEEs, whatever their legal form, sector of activity or size. The working paper discusses them at length and further positions SEEs on bordering topics through open-questions and debates around each one of six practices.

1. An SEE engages in **an economic activity** by producing goods and/or services.
2. An SEE prioritizes **societal purposes** over profit for its owners.
3. An SEE has **management autonomy** and is not majority-controlled by a single public player or private capitalist enterprise, or by several public players or private capitalist companies linked together and pursuing their own interest(s); this is reflected in the composition of the SEE's official decision-making bodies (GA and BoD).
4. An SEE relies on its **members** who are interested in its societal purpose, and whose status is not solely based on capital or equity contributions; these members together make up the General Assembly.
5. An SEE is **democratically controlled by its members**, since voting power is not solely dependent on the amount of equity contributed, and the "one person-one vote" principle is widely applied.
6. An SEE **prioritizes allocating its surplus** toward its societal purpose, and implements limited or no redistribution through various mechanisms, such as cooperative refunds/rebates, limited dividend distribution, and setting aside reserves.

Methodology

The working paper is the result of intensive co-construction and collective reflection carried out within the framework of Escap. Escap is a partnership initiative coordinated by the Centre for Social Economy (CES) at HEC–University of Liège, with the support of W.Alter, the Walloon public body financing SE projects in Wallonia (Belgium), and the university research Chairs in Social Economy (ULiège, UCLouvain, UMon, ULBruxelles). In order to strengthen the connections between social economy organizations and academic research, Escap brings together researchers and practitioners to co-construct knowledge and tools that promote the development of the social economy (www.escap.be). For over a year (2023-2024), around 20 diverse actors from the Belgian French-speaking social economy ecosystem (academics, federations, SEEs, networks, Walloon public administration, and other actors in the field) met and worked together to write a comprehensive report. This policy brief is only a very brief summary. In the full document, each practice is described from a scientific perspective; points for debate related to some of these practices are developed; and some further potential outcomes generated by the specific features of these management models are also discussed.