

**DELINEATING, DIFFERENTIATING AND UNDERSTANDING
SOCIAL ENTERPRISES AND THEIR TWO-WAY RELATIONSHIP
WITH PUBLIC POLICIES: THE CHILEAN CASE OVER THE
PERIOD 2006-2013**

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I, Sebastián Gatica Montero, confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.

Abstract

Social enterprises are an emerging phenomenon in the Chilean economy and society. They are characterised by their social aims, the adoption of market principle and logics, and their commitment to public interest. Today, the theoretical and analytical frameworks that seek to understand these organisations and their relationship with public policies mainly come from either social economy or for-profit social business schools of thought, thus lacking hybrid approaches. Moreover, such frameworks were mostly developed by researchers from developed countries. This thesis seeks to explore the field of Social Enterprises in a Latin American context, with Chile as an example, in the interest of make a contribution to the understanding of both, these socio-economic organisations and their relationship with public policies.

The overall objective of this thesis is to answer the question: In the case of Chile, to what extent and why has the emergence and development of Social Enterprises been favoured by public policies during the last two national governments. The following objectives arise from this question: First, to know which are the distinctive features of Social Enterprises in Chile, and why; second, to explore which were the public policies developed and encouraged by the two national governments that supported Social Enterprises in Chile in their respective periods between 2006 and 2013, and the paradigms that nurtured them; and finally, to understand the implications of the public policies implemented by both governments on these organisations.

A qualitative research approach and design were adopted. The research universe was delineated through a three prone approach: Associative, Business and Cooperative (ABC), based on the different legal traditions and single features of these organisations. Then, a research sample was selected to, firstly, differentiate and understand the various types of social enterprises included in the ABC approach, and secondly, explore public policies that concern them and the relationship between the two. These processes were developed through different tools such as semi-structured interviews, exploratory groups and workshops, among others.

The main conclusions are, first, that the ABC approach functions as an alternative methodological and analytical tool to delineate, differentiate and understand all Social Enterprises traditions including some for-profit organisations, encompassing the particular historical institutional context of Chile. Second, that this approach contributes

to highlight the fact that what unites Social Enterprises in Chile is stronger than what divides them; therefore, if public policies reinforce their convergence paths and respect what differentiates them, the ABC could become a human-centred approach to Social Enterprises. Third, the emergent and diverse mechanisms of incidence in public policies of Social Enterprises in Chile are not given by direct public policies, but rather by the paradigm of entrepreneurship and innovation that characterised the government of Sebastián Piñera. And finally, Social Enterprises, particularly type B ones, show a unique ability to innovate and influence public policies and foster cross-sector collaboration, which transforms them into key actors in the co-construction of more developmental public policies.

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CHAPTER 0: Introduction

The construction of this Ph.D. thesis has not been an easy task. Social Enterprises are organisations that are part of a complex process that modern societies are facing and, as such, the different paths that I have taken to understand it have been long and not at all obvious, at least at first glance. In line with Philip (1998), both the position adopted as a researcher and previous practical and professional experiences, perspectives and prejudices have been significant in the development and results of this research.

In this regard, my position as a researcher cannot be separated from my personal history; particularly, from the set of practices, institutions, relationships and hierarchies, which are part of a context of meaning rooted in my experience (Sandoval, 2013). Hence, just like in a narrative story, different professional, academic and personal experiences not only have converged into shaping my interest in addressing Social Enterprises as a subject of academic study but also into making both theoretical and methodological decisions in this regard. Understanding the complexity of Social Enterprises also led me to modify the original thesis structure; the hypothesis suffered numerous changes while the method and investigative approach moved from a combination of quantitative-qualitative towards an in-depth qualitative approach¹.

My first approach to the subject of Social Enterprises was during my active participation in traditional social economy organisations. The conceptualisation and the theoretical roots of Social Enterprises were not in my “intellectual setting”, yet these experiences were an important part of its initial construction. As I look back to all those years of practical professional experience in the field, it would have been impossible for me to have created a valuable intellectual reflection about Social Enterprises without it.

Since my undergraduate years, I have been part of different Chilean organisations that have focused on poverty and socioeconomic inequality issues. Mainly, these initiatives attempted to overcome these complex social challenges through charity and social assistance approaches. The main organisation I worked for was *Un Techo Para Chile* (A Roof for Chile), where I reached the senior position of Director. When “*Techo*” launched its operations, it just focused on Chile, but it increasingly began to internationalise its activities to most countries in Latin America, a process I experienced

¹ For more information regarding methodology, please see Chapter 2.

and led as Director. The success of the process resulted in the organisation changing its name to *Un Techo Para Mi País* (A Roof for my Country) to reflect its international reach. During this period, I was mainly involved in productive development programmes like micro-credit projects centred on disadvantaged micro-entrepreneurs who wanted to escape poverty. In my first years in the organisation, these programmes were targeted towards the poorest population of Chile. During the internationalisation process, I was responsible for developing and coordinating these initiatives with the same target audience but in a vast array of countries and institutional settings in Latin America.

I then founded *Travolution*, an organisation with community-based tourism aims, with the purpose of filling the gap, which I had detected in traditional social economy organisations and state agencies, by creating innovative social solutions to tackle complex social problems in this area. The organisation did this through merging the economic, social, environmental, and cultural dimensions that I believe should be part of development programmes, adopting hybrid logics. In this sense, although I concentrated the objectives of this endeavour in productive development, I also included cultural and ethical aspects in each of its programmes and products. An important aspect of the goal of this organisation was also to “democratise entrepreneurship”. This democratisation was done through training, methodologies, mentoring, and innovation in the governance structure of community-based organisations, with communities becoming owners of the venture after a couple of years of collaboration. *Travolution* also focuses on national and international research on community-based tourism.

This endeavour made me realise that something was changing in the way people usually tackle social problems and, therefore, modifying the way organisations with social aims address and frame their goals and operations. Notably, it seemed that organisations such as *Travolution* addressed social issues through adopting hybrid strategies using market and non-market approaches. Through these strategies, organisations set themselves apart from the traditional social economy initiatives that sometimes lack transparency and accountability and whose positive impacts are not easily identifiable. Moreover, the fact that many of these organisations depend largely on funding captured through grants or subsidies, puts them in a position in which they are susceptible to being influenced by either the public or private sectors. I found the latter to be a profound problem, as traditional social economy organisations are at risk of becoming instruments in the interests of third parties. Furthermore, particularly regarding the role of the State as a third party for social economy organisations, it is

important to note that it is not precisely a dynamic institution in Latin America; on the contrary, it is conceived mostly as a non-flexible institution that reacts to changes in citizen demands rather than as a promoter of social change.

Throughout these years, I experienced that a profound social transformation was taking place in Latin America. However, I realised I did not possess the necessary intellectual base to grasp it in its totality. Therefore, I strongly felt the need to study and deepen my knowledge in relevant social and economic challenges in Latin America complementing my locally grown perspective. At the time, I assumed that the institutionalisation of scientific research in public and private universities in developed countries would allow me to grasp emerging social processes more profoundly.

Hence, I studied a Master in Development Administration and Planning at the University College of London in 2007. The programme specially centred on theories, methodological frameworks and tools used in international development and planning. Along with offering the experience of a critical reflection process aligned with my intellectual interests, I had the opportunity to travel to the Mbarara district in Uganda on a field trip where I worked as a consultant for specific development problems, opportunity in which I applied what I learned in the Master. In line with my job in *Travolution*, I chose a pro-poor tourism strategy, in which I reviewed the tourism value chain in a Ugandan national park, interviewing key actors, and offering suggestions to help support the inclusion of community-based socio-economic organisations.

While studying my Master, I was hired by the Inter-American Development Bank (IDB) as a consultant for a project about recyclable material collectors, with the challenge of supporting potential organisations that could add value in a more sustainable way, including economic, social and environmental dimensions. The work was carried out in various cities in Brazil as per the request of the *Ministério do Desenvolvimento Social e Combate à Fome* (Ministry of Social Development and Hunger Alleviation). This full immersion in different territories with a broad range of socio-economic grassroots organisations helped me build a first comparative perspective between Chile, my home country, and other countries of Latin America, concerning socio-economic organisations and their potential contribution to local development.

Therefore, I decided to focus my Master thesis on an in-depth exploration of these organisations in Brazil. I developed a field study proposal with the objective to analyse the Brazilian solidarity economy. Specifically, I examined the popular cooperative recycling movement. I was able to work with the central government, IDB's multilateral investment fund FOMIN and Avina Foundation, alongside the main leaders of the

movement. My main conclusion was twofold: first, most cooperatives organisations put the welfare of their members before the economic profits of the organisation. Thus, the possibility of taking people out of poverty in the local community by making them part of the cooperative organisation is prioritised over economic profits. Moreover, the support of the State is a crucial part of their success. The Brazilian State not only supports them economically with public funds but also places them highly in its socio-political agenda, empowering and strengthening the movement. This situation may be in apparent opposition to the reality in Chile, where my perception is that, as a result of a long dictatorship period, the State does not engage as strongly as Brazil in the development and support of grassroots movements.

Second, and paradoxically, I found that cooperatives' values and principles apparently are not present in this particular Brazilian movement. In Brazil, it is very common for popular cooperatives to be run by one person who holds most of the power and makes most of the decisions. Furthermore, nepotism is ordinary in many Brazilian cooperative organisations. Therefore, the support of the State to these organisations could also lead to the encouragement of unethical behaviour within the cooperative movement, and between the movement and public institutions.

In the interest of making a contribution to both the knowledge of socio-economic organisations as well as to the relationship between these organisations and public institutions, I decided to do my Ph.D. on the subject of social economy in Latin American countries and the hybrid character of their organisations regarding their principles and logics. In this line, once my Ph.D. studies had started I travelled to one of the most significant and well-known events in the field: The annual conference of the EMES International Research Network. While there, I carried out ten semi-structured interviews to build a first approach to the latest discussions in this emergent field.

It was then when I realised that members of the EMES network had been studying these hybrid organisations since 1996, naming them Social Enterprises. EMES scholars have tried to identify the specificities and particular features of Social Enterprises that challenged the possibility of placing them in any of the three traditional socioeconomic sectors: public, private, and social economy sectors (Borzaga and Defourny 2001; Nyssens 2006; Defourny and Nyssens 2012). However, I realised that there were, at least, other two schools of thought on Social Enterprises. The first school attempts to characterise Social Enterprise by highlighting their earned-income strategies (Weisbrod, 1998). This school of thought is based on the interest of non-profits (NPOs) to become more commercial in order to diversify their funding in support

of their social mission. The second school focuses on social entrepreneurs and their capacity of “creative destruction”, as coined by Schumpeter (1942). Along these lines, entrepreneurs in the non-profit sector are changemakers, as they carry out “new combinations” in different areas of modern societies. Social entrepreneurship may, therefore, be a question of outcome and social impact rather than of income (Defourny and Nyssens, 2012). For example, in 2007, the Cabinet Office UK explicitly stated that there were 55,500 Social Enterprises by then, contributing £8.4 billion to the Gross Domestic Product (GDP) (Cabinet Office UK, 2013). Two years later, the Social Enterprises Survey showed that they acted as “recession busters”. In the 2008 crisis, an impressive 56% of them increased turnover versus 28% of Small-Medium Enterprises (SMEs); fostered diversity, with 28% of Social Enterprises being women-led versus 14% in SMEs; and, were actors, with very few industries in which Social Enterprises were not involved (SEC UK, 2009). These numbers showed me that, with no doubt, Social Enterprises could have a strong socioeconomic impact if we were to apply these results in the UK to other contexts. In 2012, there were 70,000 Social Enterprises, contributing £18.5 billion to the GDP (Cabinet Office UK, 2013).

At this moment, it could be said that I had defined the “main actor” of my thesis: Social Enterprises, and established that these entities are emerging in Latin America in a diverse range of types and changing the status quo in socio-economic, political and cultural institutions. However, I still lacked two important parts to build the thesis: a better framing of the subject to study and the particular territory in which it will be framed.

Up until this point, I had been guided by the following conclusions of my initial Ph.D. research. First, there was the need to build up the case that Social Enterprises can have an impact on socio-economic development and environmental sustainability. Second, I noticed also the need for moving from solely conceptual to more empirical research and to further explore the relationship between public institutions and Social Enterprises. Third, thanks my visit to the EMES conference and conversations with academics that have been studying Social Enterprises for years, I realised there could be a knowledge gap because these organisations were studied mainly by researchers from developed countries, especially from Western Europe, England and the United States. Thus, until now, Social Enterprises have been investigated mainly without the collaboration of researchers in developing countries, where this process has particular characteristics. Furthermore, through my previous academic and professional experience, I noticed that there is a need to put special care in each specific context behind Social Enterprises. Therefore, as a Chilean with significant experience in the

field, and due to my background as both researcher and consultant in Brazil, at the time, I believed that the best idea was to do comparative research on Chile and Brazil. In light of this, I presented my first research question as follows: *To what extent does the relationship between public institutions and Social Enterprises favour the latter to be at the core of a Solidarity Development Strategy?* My hypothesis was that Social Enterprises can be at the core of a solidarity development strategy when public institutions and Social Enterprises acknowledge and further develop their relationship.

I started my field and exploratory work by gathering data from both countries. On the one hand, there was a growing number of cooperatives and NPOs in Chile, with 47% of total social economy employment made up of volunteer workers -the highest in Latin America- (Irrarrazaval et. al., 2006); 1,890,683 people as cooperative's members (more than 10% of the population); and yet in 2004 there were minor changes in legislation regarding cooperatives (Ministerio de Economía, Fomento y Turismo 2014a). On the other hand, Brazil had an innovative legal framework to regulate the third sector, particularly popular cooperatives; in which there was a 100% growth from 1995 to 2005, with the cooperatives sector representing 40% of agricultural GDP; at the time, 15,000 enterprises related to recyclable material collectors collectively employed 1,250,000 men and women (Ministerio de Desarrollo Social, 2012).

My first field study in Brazil and Chile and the study of the institutional setting of both countries, made me realise that this research question was too ambitious, as the process of Social Enterprises and the countries' institutional history were too complex, unique and divergent. Thus, I decided to focus my thesis only in Chile.

Due to this shift in my research proposal, I realised that it would be more valuable to expand the historical institutional approach. Moreover, I decided to explore deeply and understand the evolution of these organisations and the possible differences in their relationship with public institutions. I particularly focused on the last two national governments: the administration of Michelle Bachelet between 2006 and 2009 and of Sebastián Piñera between 2010 and 2013.

Michelle Bachelet assumed as the first female president of Chile in March 2006. She belongs to the *Partido Socialista de Chile* (Chilean Socialist Party –PS), which is part of a larger political coalition called *La Concertación de Partidos por la Democracia* (Coalition of Parties for Democracy –*Concertación*), born to defeat Augusto Pinochet's dictatorship in 1989. It is considered the largest centre-left political alliance in Chile in the last 40 years. In the context of the global economic crisis of 2008, which started in the United States, Bachelet's government achieved a 2.9% GDP average accumulated

growth; and, inflation in her four-year term reached 4.02%. Furthermore, according to the Encuesta de Caracterización Socio-Económica Nacional (National Socio-economic Characterisation Survey –CASEN, as per its acronym in Spanish), poverty declined from 13.7% to 11.4% between 2006 and 2009 (see Table N° 0.1). Real wages of the working population, also went up during her administration, with a 22.5% increase from 2006 to 2009 (Ministerio de Desarrollo Social, 2007, 2010). Furthermore, her government promoted 10 different Free Trade Agreements and aimed to foster the largest progress in the country’s legislative history regarding State transparency with a new Law on Transparency and Access to Public Information. Also, it created a new environmental, institutional framework under the Ministerio de Medio Ambiente (Ministry of Environment).

Table N° 0.2 Socio-economic Indicators During President Bachelet's Term in Office

Indicators	Results
Poverty Rate ²	13.7% in 2006 – 11.4% in 2009.
Real Wages	+22.5% increase in the period 2006-2009 (CLP147,3 M in 2006 and CLP180,5 M in 2009)
GDP	+4.4% in 2006, -1.0% in 2009. Average accumulated growth + 2.98%
Gini Index	51.8 in 2006 and 52.0 in 2009

Source: Author’s elaboration based on Casen 2006 and Casen 2009 (Ministerio de Desarrollo Social, 2007 and 2010), Nesi and Esi (INE, 2015), World Bank (2015).

In the presidential elections of 2009, Sebastián Piñera, the candidate for the right-wing Chilean political coalition named La Alianza por Chile (The Alliance for Chile –Alianza) won the elections. Piñera was part of Renovación Nacional (National Renewal Party – RN, as per its initials in Spanish) party, considered the liberal part within the Alianza. It was the first time in more than 50 years that a right-wing party had won a democratic election in Chile. In March 2010, Piñera took office just a few days after the massive earthquake and tsunami that hit the country on February 27. By the end of his

² The most commonly used indicator to measure poverty and extreme poverty is the incidence, which is the percentage of individuals whose income is insufficient to meet their basic needs in the case of poverty, or food in the case of indigence. Data held by ECLAC traditional methodology. Ministerio de Desarrollo Social, Casen.

government, Chile's GDP had grown by 5.32% average accumulated growth, and annual inflation averaged 2.6% (see Table N° 0.2). A significant achievement for his government was the reduction of the national unemployment rate, which declined significantly from 8.1% to 5.3% between 2010 and 2013; it dropped in all of the country's 15 regions except for Aysén. Furthermore, according to the CASEN (using the traditional methodology of international organisations measuring poverty based on the concept of incidence), poverty rates fell from 10.9% in 2011 to 7.8% in 2013. Regarding inequality, the Gini coefficient was 52.0 in 2009 and 50.5 in 2013, similar to the levels of the previous government.

Table N° 0.3 Socio-economic Indicators During President Piñera Term in Office

Indicators	Results
Poverty Rate ³	10.9% in 2011 ⁴ - 7.8% in 2013
Real Wages	+ 26% increase in the period 2010-2013 (CLP 360,3 M in 2010 and CLP 454 M in 2013)
GDP	+5.8% in 2010, +4.2% in 2013. Average accumulated growth +5.32%
Gini Index	52.0 in 2009 ⁵ and 50.5 in 2013

Source: Author's elaboration based on Casen 2009 and Casen 2013 (Ministerio de Desarrollo Social, 2010; 2014a); Nesi y Esi (INE, 2015); World Bank, 2015.

Researching both governments provided me with interesting ideas for my final research question. First, these two administrations were from different ideological backgrounds. On the one hand, Bachelet, from the Socialist Chilean Party, which is strongly influenced by left-wing parties from France and Germany, countries in which most of the leaders of the Socialist Chilean Party lived in exile during Pinochet's dictatorship. On the other, Sebastián Piñera belongs to what it is known as the "Chicago Boys' generation"; a term used for a group of economists trained at the Department of Economics at the University of Chicago in the 70s under the guidance of Milton

³ The most commonly used indicator to measure poverty and extreme poverty is the incidence, which is the percentage of individuals whose income is insufficient to meet their basic needs in the case of poverty, or food in the case of indigence. Data held by ECLAC traditional methodology. Ministerio de Desarrollo Social, Casen.

⁴ According to the Ministerio de Desarrollo Social, there is no survey for 2010.

⁵ According to the World Bank, there is no data for 2010.

Friedman, which built the base of the Chilean socio-economical system implemented in the 80s and influenced the future democratic governments (Garretón, 2000). In this sense, the conservative wing of the *Concertación* coalition that had greater power between 1990 and 2010, implemented a consensus politics strategy under which important pillars of the Neoliberal model, imposed during Pinochet's regime, was maintained in order to avoid an excessive confrontation between the right and left-wing parties that could lead to a new political crisis (Garretón, 2000). Therefore, given that these two national governments represent political coalitions that are ideologically opposed, it would be interesting to examine, through the analysis of public policies that support Social Enterprises, their differences regarding the role of the State. Specifically, the main focus of research in this thesis is how the role of the State changes between these two periods, and if ideological differences are a factor in the development of these organisations. Moreover, it would be valuable to study how the international and national socioeconomic contexts could influence the role of the State in supporting and promoting Social Enterprises.

Therefore, I structured my final research question as follows: **To what extent and why have the emergence and development of Social Enterprises been favoured by public policies? The Chilean case in the last two national governments.**

A profound study of a theoretical framework to support my reflection on Social Enterprises, and specifically in the case of Chile, is necessary. It will allow me to develop a better understanding of the subject before tackling my research question empirically.

In light of the above, this thesis is structured as follows. Chapter 1 builds a theoretical framework of Social Enterprises and the role of public policies in favouring their emergence and development. Chapter 2 explains the methodology used to answer the research question. Chapter 3 introduces a macro institutional framework and delivers an analysis of the main features of Social Enterprises in Chile. Through the review of nine case studies, Chapter 4 proposes the Associative, Business and Cooperative (ABC) approach to characterise Chilean Social Enterprises. Chapter 5 directly analyses different public policies that both national governments built to support Social Enterprises. Chapter 6 studies the three most relevant cases of Social Enterprises under the lens of the research question, their tensions and overlaps with the role of the State, followed by a reflection on in regard to their commitment to public interest. Chapter 7 reaffirms the thesis statement, discusses conclusions reached by this

research, elaborates a few policy recommendations and building on research limitations suggests areas for further research.

CHAPTER 1: A Theoretical Framework to Understand the Relationship between Social Enterprises and Public Policies

1.1. The Social Economy Debate and Definitions

Prior to the formulation of the definitive research question and hypothesis, the question that laid the foundations for this thesis was: How to build a more socially inclusive society? Hence, it could be said that the analysis of the possibilities of building a more social and inclusive society is the inspiration of this theoretical framework.

The two trends that were the key drivers of this initial question are: the social economy and inclusiveness. It could be argued that both are closely interconnected due to the fact that they were considered in the first analyses as possible paths towards solutions for the unprecedented challenges that humanity is facing in our time, such as income inequality, lack of community spaces, multiple risks over global public goods, and the multidimensional negative impact upon the environment.

The social economy is a longstanding phenomenon that has emerged from common citizens as an attempt to build an alternative system based on cooperation and solidarity in order to achieve a more inclusive society. It is widely described as a complex concept with different definitions that intend to grasp its full incidence and scope.

The current definition of the social economy as a specific field of economics is devoid of theoretical consensus among the scientific community (Chaves and Monzón, 2000; Chaves, 1995; Monzón, 1996), as it does not correspond to either the public economy (first economic sector), or to the traditional capitalist economy (second economic sector). However, there are different approaches to understand what the social economy means and which its primary goals are. Hence, this thesis' first task is to analyse the main theoretical trends and approaches to the social economy.

The first approach defends that there are three main families or type of organisations, which make up the social economy: cooperatives, mutual societies and associations (Chaves and Monzón, 2001; Defourny, 2001). These organisations defend explicit ethical values, such as democracy, public interest, and distributive justice, which, in practice, are translated into operational rules that are inconsistent with the logic of the dominant sector in the developed economies of our time, namely the traditional

capitalist sector (Monzón, 1987; Tomas Carpi, 1988; Barea, 1991). It could be said that this approach to the social economy highlights an outlook of the economy, based on the value of democracy, and fulfilled through the promotion of the market as a tool and space that could be used for the betterment of all citizens.

For some authors like Barea and Monzón (1992), the cooperative movement is the backbone of the social economy. Given their history, broad dissemination in different industries of the economy, and roots in local communities, cooperatives are –more than any other family of organisations– the best representatives of the social economy in terms of production and capacity of delivering services (Ibid). Cooperatives differentiate themselves from traditional capitalist organisations mainly because they place at the same level of importance, the commitment to their workers, the goal of benefiting their members and the creation of wealth.

This first theoretical approach to the social economy leaves out other organisations and entities that do not fulfill some of these definitional criteria of the social economy structure, such as some private foundations and many religious associations, arguably due to their democratic deficit. Hence, this approach gives a central importance, in the social economy dynamics, to organisations that follow cooperative ethical values and behaviour.

Nevertheless, in an inclusive attempt to encompass a wide range of socio economic organisations that might have evolved from this approach the European Commission's Consultative Committee of Cooperatives, Mutual Societies, Associations and Foundations (CMAFs) has established the following guidelines to emphasise the common features of all social economy organisations that can help distinguish them from traditional capital organisations:

- Paramount of man and social objectives over capital.
- Voluntary open and democratic control by their members.
- Conjunction of the interests of members, users and the general interest.
- Defence and application of the principle of solidarity and responsibility.
- Autonomy management and independence from public authorities.

(CMAFs, 1998)

This approach to the social economy has disseminated and has been appropriated by various researchers and policymakers worldwide, moving towards the development of policy frameworks in these matters in countries like Spain, Belgium, Canada, and also in countries in Latin America, for instance, Mexico.

A second approach to the social economy, labelled as non-profit organisations (NPOs), also known as the Third Sector, has Anglo-Saxon and francophone roots dating from the twentieth century, period in which specific laws on non-profit organisations were enacted. This approach re-emerged over a quarter-century ago with the rise of the non-profit sector in the United States (Weisbrod, 1975, 1977). At the time, the economy was perceived in the second approach as composed by two sectors -public and private capitalist-, and therefore, this pre-existing terminology made possible to group and foster communication among researchers regarding this growing sector of non-profit organisations (Gidron, 2015), which among many other features shared the capacity to mobilise volunteers.

Under this approach, organisations that are part of the social economy cannot distribute profits to those who control them. Indeed, non-profit organisations can allocate profits either to the achievement of the organisation's objectives or to help people who do not exercise any control over the organisation. The most widespread NPO approach at present is defended by Salamon and Anheier (1992, 1997), in which five basic requirements must be met in order to consider an organisation as part of the social economy: formal, private, non-profit, self-governing and voluntary participation from its members.

There are two significant differences between these first two approaches. Firstly, in contrast to the first approach, the democratic element is missing in the second one, as organisations like foundations or associations of a religious character that might lack any form of democratic control and economic democracy could also be included as part of the social economy (Barea and Monzón, 1999). Secondly, the third sector approach is considered mainly a conceptual framework that attempts to emphasise the intermediary nature of the belonging organisations and therefore has been largely used in scientific literature as Pestoff (1995, 2001), Kerlin (2013), and Salamon and Solokowski (2001). Furthermore, the use of this term is becoming more inclusive and popular outside the academic community as well, and it is increasingly applied to refer to a vast array of organisations that pursue social goals, including cooperative organisations.

For some researchers like Chaves and Monzón (2001), these two approaches to social economy lack a delimited and complete definition that assesses the organisations that are part of the social economy. Hence, these authors intend to unite them, defining the social economy as the sector composed of:

Private enterprises created to meet the needs of its members through the market by producing goods and services [...] And in which the distribution of profits and decisions are not directly linked to the contribution of capital by each member, corresponding one vote to each of them. The social economy also includes therefore non-profit institutions that are producers of non-private markets, not controlled by the public authorities, and that produce services not intended for sale to certain groups of households, carrying their principal resources from voluntary contributions made by: households in their capacity as consumers, payments made by the general government, and property income (Chaves and Monzón, 2000, p.13, translated from the Spanish by the author).

The main issue introduced by this definition lies in the characterisation of social economy organisations as enterprises that engage in an economic activity through the production of goods and services in order to meet the needs of its members through the market (Chaves and Monzón, 2000). Hence, as it will be seen later, this definition has a direct relation with some relevant Social Enterprises schools of thought, particularly in terms of the importance of the market as a tool for tackling social problems. In other words, this definition does not undermine the market as it can be transformed and used for the solution of many socioeconomic quandaries.

Along with was discussed above; there is a third approach to the social economy, also relevant to this thesis, with roots in the movement of the solidarity economy in Latin America. This movement looks to outperform the market and build a non-market economic rationality for social economy organisations. Representatives of this trend are found mainly in Brazil with Paul Singer (2000) and Luiz Inacio Gaiger (1999, 2012), in Argentina with Jose Luis Coraggio (1999, 2011), and particularly in Chile with Luis Razeto (1990). The latter is considered the intellectual who coined the concept of solidarity economy in Latin America in the '70s, and especially where this rationality emerges.

According to Paul Singer (2000), the concept of solidarity economy was born in Brazil in the mid-nineties. He attributes its emergence to a response by citizens to the social crises caused by the globalisation of markets that affected local contexts directly, which led workers to assume the management of the organisations in crisis and establish a system of self-management. Hence, it has a direct relation with the cooperative global movement as it poses the premise that the accumulation of capital should directly benefit the workers. Moreover, Gaiger (2012) refers also to the progress of this stream of thought in Brazil, in terms of its incidence on scientific production and public policy.

According to him, since the '90s, given the importance assigned to these organisations, academics with a social vocation and public authorities started to legitimise and institutionalise this movement. Such powers evolved later to the form of inter-ministerial policies focused on promoting a solidarity economy.

Brazil's example shows that the solidarity economy converges to assert the alternative nature of new experiences of self-management and economic cooperation of organisations that use the market to help the welfare of their members. Given the disruption that its organisations introduce in the relations of capitalist production, especially due to the importance of people before capital, they represent the emergence of a new mode of work organisation and economic activity; thus, the solidarity economy can be considered the germination of a new social form of production, which places the importance of labour over capital and whose tendency is, paradoxically, to shelter the workers who have been excluded from the traditional capitalist mode of production (Gaiger, 2006) by using the market as a tool to benefit the members of these organisations. Victor Jácome (2012) complements this vision raising two issues considered crucial for the development of the solidarity economy in Latin America. First, he states that research on this topic should include the genesis processes of organisations belonging to the solidarity economy. Second, he proposes that the academic field of entrepreneurship should include the understanding of how particular communities are organised using principles and logics of capitalist economic organisations for the welfare of their inhabitants, which could be considered an attempt to capture the evolution of social economy and its practical grass-roots assimilation. The fact that Jácome addresses the relevance of the use of entrepreneurship principles in the social economy shows the emergence of new principles and logics that were normally associated to organisations in the traditional capitalist sector; thus, it is possible to observe an evolution in the social economy (2012).

Finally, in the conceptual analysis of the solidarity economy in Latin America it is possible to find a new terminology that positions it as a sector under the label of a 'third system', which implies a different form of encountering socioeconomic production. Based on the concept of political embeddedness (Granovetter, 2005), the 'third system' term focuses on understanding the ways it is affected by the dynamics of institutionalisation, conventionalisation and re-emergence of the socio-economic organisations belonging to it (Laville et al. 1999).

Moreover, an in-depth exploration of the European-based research of Laville et al. (1999) leads to the finding of three major features of the 'third system' as a potential

fourth social economy approach. Firstly, it includes all organisations with legal status that place limits on the private and individual acquisition of profits. Secondly, the aspiration of welfare pluralism and the mixed economy is intrinsically tied to the 'third system', particularly, due to the intermediary role of these organisations, which lie somewhere in between the traditional capitalist and public sectors, implying that they could develop as an independent socioeconomic sector promoting a mixed economy of welfare. This differs with the historical association of the Third Sector approach with the expansion of public intervention. This analysis will be deepened later in this chapter through the tool of the Welfare Triangle (Polanyi, 1944).

Thirdly, the 'third system' also strengthens the linkages between socio-political and economic spheres. Therefore, it differentiates itself from the Third Sector approach in the fact that it conceptualises the social economy through a pure economic neo-classical approach, associating its emergence as largely triggered by market and State failures.

After all, the intention is to create an appropriate theoretical framework to answer the initial question that inspired this thesis; however, when delving into the theories regarding the social economy, it is possible to identify that these definitions have a number of shortcomings, as they:

- Provide very general concepts.
- Bring together organisations that display extremely diverse functions and goals.
- Characterise social economy organisations as if they were of a static nature.

Hence, these approaches and definitions on the social economy are unable to grasp the dynamics of all the components concerning the initial question: How to build a more inclusive society? Indeed, in line with Borzaga and Defourny (2001), by 2001 it was difficult to find approaches or definitions on the social economy that referred explicitly to a set of organisations characterised by a peculiar entrepreneurial behaviour. Nevertheless, as presented in the above framework, around a decade later, Jácome's solidarity economy perspective acknowledged some of the dynamics of these organisations, regarding their entrepreneurial behaviour (2012), in other words, what most approaches on the social economy lack is the comprehension the evolution of modern economies towards a broader organisational diversity (Hansmann, 1996). Indeed, it seems that most of the aforementioned approaches to the social economy only consider organisations that clearly differentiate themselves from traditional capitalist organisations by taking part on the construction of a more socially inclusive

society. Moreover, the fact that the social economy conceptualisations are too general, limited the possibility of comparative research or interregional assessments and projects, which has limited the profound understanding of the dynamics of organisations with social aims. Thus, in the context of such diversity of organisations and contexts the term 'Social Enterprise' is increasingly mentioned as a promising actor that could tackle current economic, social and environmental challenges.

1.2. What is a Social Enterprise?

Although it is a relatively new concept, in the last twenty-five years much has been said about Social Enterprises. Relevant theoretical discussions have emerged in relation to their intrinsic characteristics and main features, as well as the discussion about where these organisations are located within the social economy and the economy as a whole. But, if Social Enterprises do not just refer to organisations belonging to the social economy neither to organisations that follow the for-profit business model, then what are they? (Young, 2013). The following paragraphs will illustrate relevant discussions around the origins of the concept, the challenge of a definition, the different school of thoughts and the diverse typologies of Social Enterprises.

1.2.1. Historical and Contextual Perspectives: First Notions and Appearances

Despite significant differences, there are relevant similarities between the emergent notions of Social Enterprises worldwide. The first notion stems from Italy in the 1980s, where organisations, which consisted mainly of cooperatives, had an important economic impact. Nonetheless, their theoretical conceptualisation actually began in Europe in the mid-90s, especially through the work of the EMES European Research Network (Defourny and Nyssens, 2008). According to EMES, the emergence of Social Enterprises tends to be associated with citizen groups that organised while mobilising their local resources in order to deal with widespread social problems caused by the high structural unemployment in Europe at the time. Therefore, it can be argued that Social Enterprises' origins and causes in Europe are very similar to the solidarity economy in Brazil, since they are a reaction to new socioeconomic problems.

Nonetheless, the origins of Social Enterprises in the United States are very different, as they are strongly linked to the relevance of the expansion of market logics towards spaces that were previously dominated by non-market organisations. Indeed, Social

Enterprises were intended to be part of the market and, therefore, most of the funds available for social organisations favoured non-profit organisations that were connected and focused on more commercial activities, fact which shaped the emergence of Social Enterprises in this context (Dees, 1998).

Finally, in emergent economies of Latin America the origin of Social Enterprises and their conceptualisation has shown close linkages with popular economic initiatives, which emerged from socio-political unrest, particularly at the end of various dictatorships. Hence, they are at least in part related to the solidarity economy described earlier in this chapter. The situation has been explored through the work of scholars such as Razeto, Bauwens, and Nyssens in Chile; Arruda and Singer in Brazil; and Coraggio in Argentina, among others. Particularly Razeto (1990), in his work around popular economic organisations, described the marginalisation and poverty among some urban communities, and referred to the difficulties in understanding the different logics behind these community economic organisations, in the context of mainstream economics.

1.2.2. Social Enterprises: The Challenge of a Definition

Social Enterprises are still very difficult to define, as it is a notion that lacks conceptual clarity and is difficult to operationalise (Markusen, 1999). As abovementioned, the term Social Enterprise has emerged strongly in the academic discussion as well as crossing the borders to practitioners and policymakers. Furthermore, it is a term that adapts to a wide range of contexts and opens possibilities, in the long run, to build bridges between sectors of the economy. Nevertheless, the malleability of the term could lead towards the situation where the term Social Enterprises can mean “different things to different people across time and contexts” (Teasdale, 2012, p. 113).

Moreover, its diversity and scope seems to go beyond a niche or specific notion of a selected economic activity (Spear et al., 2009). In fact, what seems to be happening is that there is an increasing diversity among types of organisations, and even legal forms emerging to address the complexity of the current social and environmental challenges; thereby, making the task of many academics and policymakers who are aiming to define, classify and count them, somewhat difficult (Defourny, 2001; Nicholls, 2006; Spear et al., 2009; Galera and Borzaga, 2009; Teasdale, 2012; Gordon, 2015).

In this sense, while it is possible to see that many scholars have diverted their attention from the social economy to Social Enterprises, hoping to solve many of the

aforementioned limitations of the former, it seems that both have not yet been blended in a sole theoretical and analytical academic discussion. However, the fact that there is a larger attention on the actor (Social Enterprises) seems to equip the discussion so as to move along with the changing dynamics of these organisations and their environment.

Thus, Social Enterprises seem to encompass the history and evolution of the organisations belonging to the social economy. Indeed, the term Social Enterprise has some similarities with the proposals of some of the previous social economy definitions, as they are organisations that, on the one hand, incorporate both the market as a social tool and as entrepreneurial logics, like Chaves and Monzón (2001) and Jácome (2012) have raised in their description of the social economy; and on the other, can mobilise multiple resources, such as volunteering, described as a central feature of non-profit organisations. Moreover, Social Enterprises appear to be contained by the solidarity economy because of their tendency to innovate on new forms of social production or service provision, which in turn enhance their diverse linkages with the public interest.

Therefore, due to the challenges in defining Social Enterprises, and, given the pressure from various contexts to manage expectations within these organisations in terms of opening a space coherent with the specificities and the historical traditions of each territory, many scholars have become involved in the research, yielding different schools of thought.

1.2.3. Different School of Thoughts Regarding Social Enterprises

The literature suggests that today there are at least three relevant schools of thought about Social Enterprises (Dees and Anderson, 2006, Defourny and Nyssens, 2010; ICSEM, 2013). The first is the 'earned income' school of thought; as studied by Weisbrod in the United States, many social organisations started to develop diverse earned-income strategies in a dynamic and changing context when facing the need to secure and diversify sources of funding to enable them to support their social mission (1998).

Defourny and Nyssens (2010) attempt a more profound study of the earned income school of thought and suggest a distinction between for-profit and non-profit perspectives on earned-income strategies. The 'commercial non-profit approach', on the one hand, embraces all types of initiatives that develop strategies to fund their

social mission without an aim of generating profits. On the other, the 'mission-driven business approach' refers to organisations that trade for a social purpose, including for-profit companies from the traditional private sector (Austin et al. 2006).

Although they have been strongly questioned, organisations that follow the 'mission-driven business approach' have gained much attention in the last five years. They are represented mainly by the B Corps movement which promises to illuminate a certain tipping point in the evolution of capitalism as they could "mark the coming home of capitalism that returns businesses to its proper role in society to create shared prosperity" (Cohen, 2013). This promise, somehow, illustrates the other side of the paradox posed by Gaiger (2006) in the social economy debate, but from the traditional private sector perspective. For-profit businesses aim to renew capitalism, but from inside the system, under the same rules of capitalism, just by confirming the compromise of 'shared prosperity' and their social role in society. Hence, the interest of policymakers, practitioners and academics to understand their dynamics (Cohen, 2013).

The second school of thought, often questioned among social economy scholars, places emphasis on social innovation and social entrepreneurs. This School was also originated in the United States, and it is intimately tied to the work that organisations like Ashoka, a leading social innovation network, are promoting: the notion of entrepreneurs as agents of change. However this idea that only the entrepreneur is going to change the world has been questioned from different fronts, because of both its individualism and anthropocentric perspective (Scharmer, 2014). Nevertheless, following this stream of thought, the entrepreneurs that emerge could hold the promise of carrying out new forms of production and delivering of services (ICSEM, 2013).

Among the relevant academic references, it is possible to highlight the seminal work of Gregory Dees. He states that social entrepreneurs are:

Playing the role of change agents in the social sector by adopting a mission to create and sustain social value, recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, acting boldly without being limited by resources currently in hand, and finally exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created (1998, p.4).

A distinctive characteristic of this school of thought is, therefore, to focus on both outcomes and social impacts at the expense of revenues (ICSEM, 2013). Furthermore, the social impact may be reached through systemic innovation associated with the naissance and development of these social entrepreneurs. In this sense, Tracey et al. (2011) argued that one important way through which new organisational forms have merged is via a process of entrepreneurship, which involves an entrepreneur combining aspects of established institutional logics and new emerging ones to create a new type of organisation underpinned by a new hybrid logic.

Hence, to understand this approach and other elements in the debate described in this chapter, the concept of institutional logics needs to be reviewed. It can be traced back to Friedland and Alford's (1991) critique of the "theoretical retreat from society" (p. 232) of the neo-institutional approach dominant at that time. They argued that society is composed of multiple institutional logics –a set of material practices and symbolic constructions– that constitute organising principles available to individuals and organisations as bases for action. Institutional logics, as described by Stubbs encompasses implicit rules that influence the "issues that are important and how they are addressed by actors in controlling economic and political activity in organisations" (2015, p. 5), guiding managerial attention by providing "formal and informal rules of action, interaction, and interpretation that guide and constrain decision makers in accomplishing the organisation's tasks" (Thornton and Ocasio, 1999, p. 804).

The focus of this line of thought is the impact of individual entrepreneurs, which is more open and flexible in terms of the legal forms of the organisations that could be considered Social Enterprises (Perkmann and Spicer, 2014; Tracey et al., 2011). The objective of this school is, therefore, to reach systemic impact through diverse organisations led by social entrepreneurs in order to build bridges with organisations of all sectors. This is why it could be considered a hybridisation of different school of thoughts and the reason why some authors have labelled Social Enterprises led by social entrepreneurs as 'impact-driven companies' (NBIS, 2012).

Since 1996, the third school of thought led by the EMES European Research Network has tried to identify the specificities of Social Enterprises as hybrid actors due to their intermediary position between traditional socioeconomic sectors (public, private and social economy sectors) (Borzaga and Defourny, 2001; Nyssens, 2006; Defourny and Nyssens, 2012). The EMES approach differs from both previous schools in that it stresses the analysis of Social Enterprises on their specific governance models rather than individual social entrepreneurs. Particularly, EMES expresses their preference for

democratic control and participatory involvement of all Social Enterprise stakeholders, reflecting their interest on promoting economic democracy as part of the aim of these organisations, in line with the governance model of cooperatives (ICSEM, 2013). Also, EMES frame Social Enterprises as organisations that combine entrepreneurial dynamics to provide goods or services driven by their orientation to their social mission and aims (ICSEM, 2013). That is why, for example, popular cooperative organisations in Brazil may be broadly conceptualised as Social Enterprises under this inclusive definition. Indeed, EMES is strongly influenced by institutional theories as it defends that the third sector agglomerates most Social Enterprises (Defourny and Monzón, 1992; Evers and Laville, 2004) and, therefore, these organisations have long witnessed these particular entrepreneurial dynamics shifting towards favouring persons or communities whose needs were neither met by private companies nor by public agencies (Defourny, 2001).

Besides these main three schools of thought, a fourth one has been growing lately, largely based on EMES reflections and inspired by the solidarity economy. In their latest academic work, Eynaud et al. (2015) aim to deepen into the political dimension of Social Enterprises so far quite limitedly studied by previous schools. The authors propose to go beyond participatory governance, as suggested by EMES, and refer to a macro political dimension of Social Enterprises. Therefore, it is possible to argue for the role of Social Enterprises as institutional intermediaries in public spaces.

The authors established that this field of research is made of organisations that combine entrepreneurial dynamics to provide services or goods with a primacy of social aims; and describes and analyses the origins and characteristics of the schools of thought of Social Enterprises in order to shed some light on the whole set of organisations, in order to create a more comprehensive typology of Social Enterprises. In this way, the theoretical subject of Social Enterprises is better equipped for the investigation.

Thus, in the dynamic context of the referred definitions, and the research interest of moving from the general perspective and common ground towards distinctive features of Social Enterprises, the next section seeks to explore the key typologies of Social Enterprise.

1.2.4. Typologies

The evolution of the academic discussion in the last five years in regard to Social Enterprises has brought, along with definitions, a number of attempts to identify distinctive features to characterise and group them. Kim Alter, conducted a study on a global scale, in which she makes emphasis on the integration of social activities in a business -thereby illustrating the differences that may occur- and proposing one of the first works in this line (2010). Her work raises particular differences among organisations in a context like the United States, between, on the one hand, social purpose businesses and, on the other, Social Enterprises that have built a business model to support a social or environmental mission. Hence, the categorisations, which she called “mission-centric”, “mission-related” and “unrelated to mission”, contributed at the time to lay the groundwork for a particularly useful first distinction between social and private for-profit enterprises, “based on the level of integration of social programs and business activities” (Alter, 2010, p.26).

Meanwhile, a second typology with the purpose of comparing Social Enterprises around the globe is the one provided by Kerlin (2013). Based on Salamon and Solokowski (2010) and the historical institutionalism perspective of the social origins’ theory, Kerlin (2013) attempts to advance the analysis of the global emergence of Social Enterprises. She argues that macro-processes and institutions have a large importance in the construction of traditional socioeconomic sectors of the economy. Therefore, as it will be discussed in depth in Chapter 3, the author seeks to advance the construction of her model in order to illustrate the dominant models of Social Enterprises at a country level.

A third and more empirically grounded typology is elaborated by Spear et al. (2009). The authors propose a new typology of Social Enterprises based on origin and development paths. In a context in which Social Enterprises are particularly developed, such as the UK, and in the understanding that it is not possible to identify Social Enterprises simply by the legal form they may adopt, the authors explore the unique challenges of different governance styles of these organisations. The research suggests four main types of Social Enterprise, each with different origins and development paths. One type of Social Enterprise has its origin in mutualism, by providing benefits or services to their members, for example, credit unions and cooperatives. Another type, trade charities, arise from charitable activity, in which one of these organisations:

Engages in trading activity either to directly further its charitable mission or to generate new sources of income that can be used to support it [...] Public-sector spin-offs arise when services are 'spin-out' of the public sector, for example 'leisure trusts' that are formed to take over the recreation and leisure services formerly run by local authorities. *New-start up Social Enterprises* are new businesses created from scratch by social entrepreneurs. Many of these are linked to new social movements, for example fair-trade organisations and many green or recycling organisations (Spear et al., 2009, p. 14-15).

A fourth typology, this time about the purposes of the organisations, is proposed by Gordon (2015). He considers "the longstanding problem of how to define and classify Social Enterprise, given the great variety of Social Enterprises' activities, organisational types, legal forms, and policy objectives" (p.4). Moreover, Gordon's paper argues that most of the debate about Social Enterprises arises because of the diversity of origins and purposes of these organisations (Gordon, 2015). To tackle this confusion, he proposes a typology based on six Social Enterprises' historical traditions, each representing a distinct purpose. These six traditions and purposes are the following: mutual purpose, community purpose, altruistic purpose, ethical purpose, private market purpose, and public statist purpose.

Finally, a fifth typology, and possibly the most widely used, is the one created by Defourny and Nyssens (2006). The authors refer to Social Enterprises as a bridge between the non-profit and cooperative sectors that tends towards non-prescriptive but archetypal indicators. Initially, its grounding proposed archetypes of Social Enterprise that had two major dimensions: social and economic. These dimensions grouped nine indicators. However, as time passed and to the extent that the EMES proposition had served as the basis for a comprehensive discussion about Social Enterprise worldwide, another dimension that emphasises participatory governance is proposed. In consequence, the nine indicators are grouped into three large dimensions. In this way, Social Enterprises can be categorised by the characteristics detached from these multidimensional indicators. Furthermore, organisations can be compared under the stresses they put on the economic, social, or participatory governance dimensions, permitting to compare the characteristics and impact of these organisations.

However, when looking at this model critically, the EMES evolution could be understood as a reaction to the global movement of Social Enterprises, and as a tool to distinguish or differentiate Social Enterprises from other organisations. Consequently, the participatory governance dimension is given a central role of importance, which can

be directly associated with the characteristics of the traditional European social economy. This differs from other contexts like, for example, the United States where the notion of Social Enterprises is emerging in close relationship to organisations of the private sector, which do not have the participatory governance at the core of their model.

1.3. Why have Social Enterprises Emerged and Developed?

One approach to further understanding the meaning and significance of Social Enterprises is to consider what circumstances might have favoured the emergence of these organisations. Certain theories have determined possible explanations for the emergence of these organisations. In particular, this work seeks to bring together an array of theories related to the emergence of Social Enterprises, ranging from a residual approach (that would come as inheritance of the perspective of the third sector as the socioeconomic sector that groups organisations that neither respond to dynamics and definitions of public and private sectors) to theories associated with the role of the State and institutional theories.

1.3.1. First Approach: Theories Related to the Notion of the Third Sector

As stated in the above discussion on the social economy, from a more economic perspective, a first theory attributes the emergence of Social Enterprises to failures of both the State and the market. This theory, which is based on a residual view on this sector, follows very closely the line of thought associated with the notion of Third Sector or Civil Society. In fact, it states the idea that State and market are inherently limited in their ability to produce public goods. However, several arguments and evidence tend to refute these assertions. On the one hand, Salamon et al. (2000) explain that in many cases, as the welfare state grows, so does the non-profit sector. Moreover, as Teasdale puts it, "the state failure hypothesis tends to ignore the role of the State in facilitating and promoting Social Enterprise" (2010, p.6). As it will be depicted in the following pages, this is a central aspect to be explored in this thesis.

Moreover, the resource dependence theory does incorporate the participation of the State in the emergence of Social Enterprises, at least partially and indirectly. This role of the State is limited to funding traditional organisations of the third sector. In this line, and complementing the earned income strategies school of thought, the resource

dependence theory argues that because of the economic dependence of these organisations on declining government funding and philanthropic donations, for both of which there is increased competition, they will seek to increase commercial activity to attain economic sustainability and independence (Froelich, 1999; Eikenberry, 2009; Gordon, 2015). Although, the evidence for this is inconclusive (Kerlin and Pollack, 2011), the impression is that the non-profit sector as a whole is gradually becoming more enterprising, through the increasing commercialisation of their products and services as both public sector funding and philanthropic donations have declined, particularly in developed countries (Gordon, 2015).

1.3.2. A Second Approach: Linked to Theories of Political Science and the Role of the State

Several scholars have alluded to this idea of the State as prime driver in the transformation of the non-profit sector in recent years; an example is the former UK New Labour Government's Third Way - between the market and the State (Alcock, 2010; Nicholls, 2010a), particularly through policies associated with social exclusion, public services delivery, service provision and welfare enterprise. Furthermore, some would postulate the possibility of a transformation of the third sector into a "governable terrain" in order to increase voluntary and community organisations' capacity for public service delivery through partnership with the public sector (Carmel and Harlock, 2008).

As a complement to this rather instrumental Social Enterprises emergence approach, there is another theory that highlights the interdependence between the State and non-profit sector organisations. Salamon et al. (2000), suggest that non-profit organisations bring benefits (such as expertise, structures and experience) that governments can exploit in their own undertakings, but that they also have inherent critical limitations (amounting to "voluntary failure"), which hinder their capacity to address public problems and needs; thus, there can be considerable potential for interdependence and collaboration between the public and non-profit sectors (Salamon, 1987).

1.3.3. A Third Approach: An Inspiration on Institutional Theories

Somewhat in contrast to previously raised residual and instrumental theories, it is possible to find theories that explain the emergence of Social Enterprises from an institutionalist perspective. These theories enhance the intermediary role of these

organisations, acting in the economy but not necessarily in a residual manner. These include diverse works that intensely deal with an analysis that, on the one hand, is based on a rather macro perspective, like the theory of social origins, which at the level of countries and global regions, suggests that the regional socioeconomic context determines the possibilities for Social Enterprises development in any given area, resulting in divergent models of these organisations (Salamon et al. 2000; Defourny and Nyssens, 2010; Kerlin, 2010; Gordon, 2015). On the other, at a more micro-institutional level, and from a perspective that has particularly permeated the school of thought suggested by EMES, institutional theories suggest that organisations tend towards isomorphism in particular fields (DiMaggio and Powell, 1983). Moreover, these theories argue that organisations seek legitimacy (rather than efficiency or effectiveness) as a primary organisational goal. By conforming to the expectations of key stakeholders and constituents in society at large, organisations achieve legitimacy, which enables them to succeed, and gain support and resources; institutional isomorphism is therefore encouraged, with organisations exhibiting similarities and adhering to the dominant institutional norms of the industry in which they are involved (Dart, 2004; Suchman, 1995; DiMaggio and Powell, 1983; DiMaggio and Anheier, 1990).

Although social economy organisations are distinctly different from business organisations, Social Enterprises are becoming increasingly hybrid, straddling the boundaries between traditional social economy organisations and conventional for-profit business entities (Dart, 2004; Billis, 2010). The same authors contend that, over recent years, in the Organisation for Economic Cooperation and Development (OECD) (and especially the UK and the USA), there has been a decline in the welfare state ideology, together with a widespread renewed belief in the efficacy of markets and the ideology of business, whose principles, models, logics, and language have become dominant, to the point that even organisations in the social sector can obtain legitimacy by embracing business "language, goals, and structures" (Dart, 2004, p. 419).

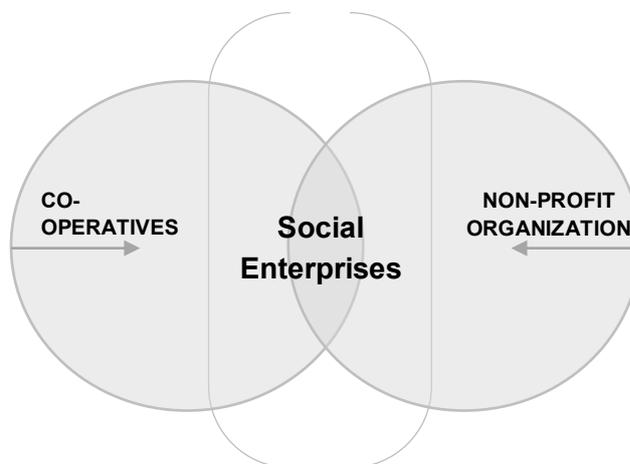
1.4. Placing Social Enterprises within Socioeconomic Sectors and the Whole Economy

1.4.1. Social Enterprises and Socioeconomic Sectors

Social Enterprises have been described as being a bridge between the most important traditions or families of organisations within the social economy sector: cooperatives

and non-profit organisations (Nyssens, 2006). Moreover, Social Enterprises not only correspond to existent types, traditions or families of organisations reshaped by new entrepreneurial dynamics, but also to new entities, which have emerged while having in place original institutional forms. Hence, while aiming to understand the formation process of Social Enterprises as organisational forms, it is necessary to explain the evolution of the two traditional branches of the social economy: cooperatives and non-profit organisations. On the one hand, the process of cooperatives, which have been historically considered Social Enterprises, is based on their tendency to go beyond their members' benefit. As it was largely discussed on theories around Social Enterprises and their emergence, there is a need for these organisations to explicitly mention their aim of also benefiting the community if they are to be considered Social Enterprises. Furthermore, some consumer cooperatives and workers cooperatives have been pushing to integrate, for instance, the education of the children in the neighbourhood, as part of their mission as well. While at the same time, on the other hand, some non-profit organisations started moving towards more entrepreneurial behaviour, functioning more like a non-profit private business. As it is shown in Figure N° 1.1 below, most Social Enterprises are in the intersection of these major traditions or families within the social economy, which for years have followed their own separate paths without relying on each other (Borzaga and Defourny, 2001). Furthermore, there are some Social Enterprises that go beyond these two spheres, like for instance some family businesses (Defourny, 2009).

Figure N° 1.1 Social Enterprises at the bridge of the two traditional spheres of the social economy



Source: Author's Illustration, adapted from Defourny and Nyssens (2006)

Moreover, since the analysis by Defourny and Nyssens published in 2006, these new entities that are emerging to address social and environmental issues have been increasing in number. In other words, these organisations have been slowly finding legitimacy in their contexts, and thus gaining diversity in terms of the types of organisations that can be considered Social Enterprises, in addition to cooperatives and non-profit organisations. Therefore, it could be said that there might be a new disruptive leap in the concept of Social Enterprises. At the time, in 2006, the conciliation between two traditional families that had kept their distance from each other for many years stood out, and now, it seems that the disruption could be even greater, as the Social Enterprises' movement could build a bridge to connect this movement with mission or impact driven for-profit enterprises from the private sector. Furthermore, as it is done by Spear et al. (2009), the origins and development paths of different types of Social Enterprises that are emerging towards this convergent field it seems to be essential to deeply understand their position in the whole economy.

Therefore, along with aiming to observe and understand which are the characteristics of social economy organisations that could categorise them as Social Enterprises (like cooperatives and non-profit organisations), the intention is to also complement this "inward-look" of the traditional social economy sectors with an "outward look", with the purpose of understanding what are the dynamics beyond traditional social economy organisations, including the private sector and its for-profit organisations.

1.4.2. Dynamics of Convergence and Emergence

Up until this point, and after the analysis of different theories on Social Enterprises, there are enough signals that speak of a time of change in the organisational landscape in modern economies. Therefore, an approach that illustrates the dynamics associated with these changes is key. Sabeti (2009) takes a first step in analysing these dynamics and the public characteristics that these Social Enterprises are adopting. He proposes two patterns of change, at a global level, that show the most relevant socioeconomic dynamics occurring within and among these organisations, with the intention of unveiling the diverse origins of their hybrid character (as is the case of Social Enterprises). A first pattern involves the convergence of organisations from the three traditional socioeconomic sectors (public, private, and social economy sectors) towards a new organisational landscape. On the one hand, traditional public interest organisations such as institutions, agencies or enterprises of the public sector and traditional social economy organisations make a transition to incorporate

institutional logics of the private sector by internalising market logics in order to achieve their objectives. On the other hand, traditional private interest organisations such as for-profit businesses of the private sector make a transition to becoming public interest organisations by addressing social and environmental problems. In other words, traditional public and private interest organisations start combining different institutional logics (market and non-market logics), which usually belonged to just organisations of one specific sector, so as to balance their social, environmental and economic impact (Battilana and Dorado, 2010).

A second pattern described by Sabeti (2009) specifies the emergence of new hybrid organisations that, from their origin, incorporate attributes, strategies and logics from all three traditional sectors. In other words, in line with the aforementioned typology of Spear et al. (2009), these organisations do not find their origin in any of the three traditional sectors. Furthermore, they defy this socioeconomic structure from their beginnings as intermediary organisations of hybrid characteristics.

As already discussed at length in this chapter, the analysis of cooperatives and non-profit organisations, and also of for-profits with features of Social Enterprises, still falls short. In particular, it fails to explain aspects of these organisations and their contribution to the economy as a whole. Therefore, institutional analysis beyond the social economy's traditional organisations is required in order to analyse Social Enterprises regarding the whole economic structure.

1.4.3. Placing Social Enterprises Within the Whole Economy

As argued by Laville et al. (1999), Social Enterprises play an intermediary role within the whole economy. In the origins of the European third system, this role referred to their location in the middle of the two-pole paradigm between the market and the State. Later on, following Nyssens perspective, they were located at the intersection between the market, public sector and an emergent sector that she called Civil Society (2006), which remains, in many ways, similar to the third sector depicted in other theories. Consequently, the difficulty of defining Social Enterprises' location in the traditional socioeconomic structure illustrates the challenges and tensions regarding their naissance and development.

Furthermore, the degree in which Social Enterprises can be defined as "hybrids" is not only justified by their institutional logics, their type of organisation, and outcomes, but also by their social position between the politics and the market spheres. Ulrich Beck

(1995) and Anthony Giddens (1999) have introduced the concepts of sub-politics and life politics, respectively. Both refer to the area that is opening up to ordinary citizens, which is outside the reach of ordinary politics, suggesting a space for social action between the market and politics (Pestoff, 2012). Social Enterprises can, therefore, be defined as actors that break with the market-politics dichotomy, as global changes are demanding a greater degree of reciprocity and dynamism in institutions of welfare. Therefore, Social Enterprises are part of the need to enable more political participation denied by traditional institutions and channels, and have, therefore, become important actors in economic, social, environmental and political dimensions of societies. Nevertheless, the categories and poles in which Social Enterprises position themselves to be considered hybrids still remain too general (as does the intermediary role of Social Enterprises, in between traditional sectors), and a more detailed perspective of the hybrid character of these organisations is needed, which will be the aim of Chapter 4 of this thesis.

It is also important to note that Nicholls (2011) has approached this issue with a systemic approach. He argues that the rhetoric of Social Enterprises encounters not only social and environmental issues, but also promises of systemic change, global reach, and a new and more just societal equilibrium; thus, Social Enterprises are intrinsically political actors. The sole existence of Social Enterprises claims directly and indirectly to a collective action that could disengage diverse processes of change in such diverse areas as the production of social goods, labour relations, social exclusion, empowerment of citizens and consumers, and new organisational models that account for these changes.

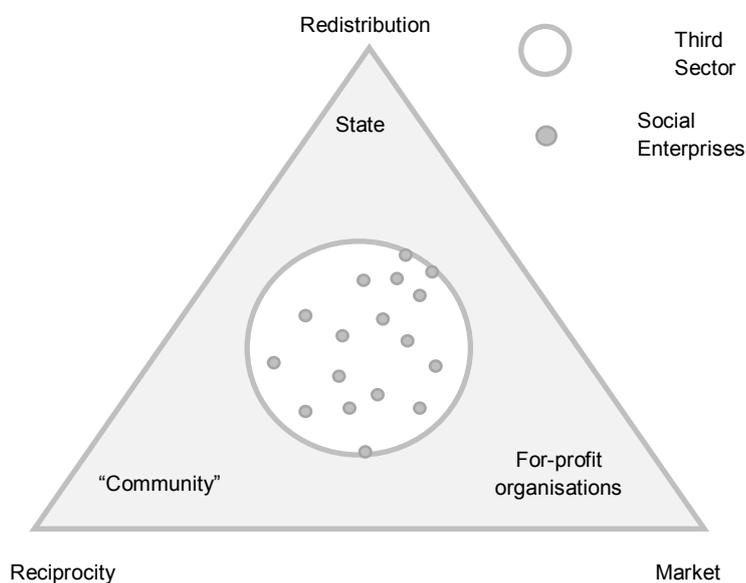
The political action of Social Enterprises stands out mainly for two reasons that are intertwined with each other. First, the blurring of sectors previously described opens up spaces for organisations that were usually considered outside the social economy sector. Second, as Social Enterprises have hybrid logics in its operations and practices it can be claimed that they differentiate from traditional dichotomies such as private-public, market-state, free market-communism (Nicholls, 2011).

Accepting Social Enterprises as political actors implies that they operate at different socio-structural levels within and across societies. Therefore, the relationships between the diverse Social Enterprises actors and their environment will be a significant factor in achieving the systemic institutional change at national and global scale promised by the emergence of Social Enterprises (Nicholls, 2011).

In this sense, to deepen the intermediary role of Social Enterprises it is necessary to study the present traditional socio-economic structure composed by three sectors (private sector, public sector, and the most popular terms for social economy as civil society or third sector). It can be considered that this socioeconomic structure was born during the eighteenth Century when the State had coercive power due to its direct relationship with God and the Church. According to Hegel (1968), the level of complexity of societies is greater in modernity due to the increase in relationships of different character between individuals, and therefore the rules of social behaviour and social protection intensify in order to maintain a social order. In this sense, modernity can be defined as the establishment of the State as the main coercive institution, the institutionalisation of market activities, and the structure of the three traditional sectors of the economy (Hegel 1968; Weber, 1925; Durkheim, 1893; Touraine, 1988). Under this hypothesis of a greater complexity in societies due to their evolution, three sub-systems emerge: civil society, where the world of life is developed; the economy, where the exchange of goods and services is produced and where labour relationships take place; and the State where the power relationships are established through the State and other institutional structures related to it (Hegel, 1968).

Polanyi (1944) and Pestoff (1998 & 2005) go a step further regarding the analysis of principles and institutional logics of each of these sectors. Based on the welfare principles accounted on the Welfare Triangle shown in Figure N° 1.2, mainstream approaches to economic and social development tend to relate each socioeconomic sector with a particular and separate economic principle. Firstly, the private sector, formed by for-profit companies, operates through market principle (the supply and demand for goods and services exchanged through price setting); secondly, the public sector acts through the redistribution principle (centralisation of resources in an authority, as for example the State); and the social economy is formed by a group of organisations that use a hybrid combination of reciprocity (actors that are voluntarily complementary and interdependent), redistribution and market principle (Pestoff, 1995; Polanyi, 1944).

Figure N° 1.2 The Principles under which the Socioeconomic Structure is Organised



Source: Authors Illustration based on Pestoff 1998 & 2005

It is relevant to remark that, under this traditional framework of the economic structure, only the social economy sector reveals its intermediary character since its organisations are not only related to redistribution and market principles, but also to the reciprocity embedded in institutions and organisations of public and common interest. This is illustrated in Figure 1.2, which is based on the work of Pestoff (1998 & 2005). This approach recognises the great variety of ways in which the diverse organisations of the social economy sector have acted as hybrids, intermeshing different principles and resources, and connecting with different actors. In other words, this view emphasises the synergetic mixes of resources, principles and logics available only to social economy organisations. However, Social Enterprises are also hybrid organisations because of the use of the three welfare principles. For a more in-depth examination of these principles refer to Table 2.8 in Chapter 2.

The problems faced by this traditional structure and its respective actors are mainly centred on the simplicity of this perspective of the economy and its organisations. Under this traditional socioeconomic approach, organisations are viewed as unitary actors, overlooking internal and external tensions generated by multiple logics within them (Battilana and Dorado, 2010). Furthermore, global challenges and socioeconomic

problems of the last decades have increased the conflicts among the different logics that organisations embody (Glynn, 2000; Zilber, 2002).

These problems of the traditional socioeconomic structure are key to understanding the concept of Social Enterprises. Social Enterprises differentiate themselves from the conventional conception of organisations belonging solely to the social economy or the Third Sector, to a large extent, because they use the market principle and logics to achieve their social objectives; and from traditional private enterprises because the concept of enterprise is not solely associated to for-profit organisations of the private sector. Distinctive processes are happening in different sectors of the economy, making it impossible to restrict the concept of enterprise exclusively to one socioeconomic sector. In this way, Social Enterprises construct new types of enterprises models that can respond to the new dynamism, logics, demands and needs of modern societies, and therefore they emerge as hybrid organisations that have the ability to combine previously separate logics and principles, accounting for logic plurality within them (Battilana and Dorado, 2010; Haigh and Hoffman, 2012). Hence, it seems impossible to locate Social Enterprises in one of the traditional three socioeconomic sectors.

Thus, now that this journey between schools of thoughts, typologies and 'emergence theories' has been made, and a framework in which to place Social Enterprises has been created, the possibility of crafting an instrumental definition that allows to delve into enter the research question seems fundamental.

1.5. Social Enterprises: Towards an Instrumental Definition

When aiming to define Social Enterprises there is one premise to start from: there is a consensus regarding the fact that they are organisations that are mainly driven by a social purpose and their differences are largely based on how each organisation achieves this social mission (Dees, 1998; Nyssens, 2006; Alter, 2010; Defourny, 2009). Also, the hybrid character of these organisations is important as well, in terms of their intermediary position between traditional socioeconomic sectors, which implies the use of logics from either or both of these sectors. Consequently, in order to craft an instrumental definition of Social Enterprises, which will be tested during the research, three different inputs will be taken into account.

1.5.1. The Starting Point: The EMES definition

Firstly, the EMES research network proposed an inclusive definition, which has proven to be adaptable to diverse contexts, ranging from developed European countries to some countries such as Canada and even to some other regions like Eastern Europe or Asia (Nyssens, 2009). Thus, said definition provides an interesting possible baseline for the analysis of this thesis.

Social Enterprises are not-for-profit private organisations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dynamic involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity (Defourny and Nyssens, 2008, p.5)

For purposes of this research, this definition highlights two main contributions. On the one hand, the investigation continues building bridges between families of organisations, for instance, the associative tradition with the cooperative tradition are now connected. Also, this process is looking to extend the definition to include new socio-economic initiatives that have recently developed, particularly in this case, within transition economies of Eastern Europe. On the other hand, this definition recognises the productive dimension of a set of diverse organisations, coming from the non-profit sector, which is rarely regarded as productive. Notwithstanding, by explicitly arguing that Social Enterprises are only not-for-profit organisations, this definition attempts to make a clear separation with organisations coming from the Corporate Social Responsibility (CSR) world.

However, it is important to consider that this definition arises in 2008, a moment where the discussion about these organisations in the private sector was still very incipient. In fact, it was a time when there were no movements like *B Lab* or *Sistema B* (organisation that defends the emergence of Social Enterprises from the traditional private sector) in Latin America. Indeed, in the EMES definition there is no reference to for-profit organisations in the Social Enterprises definition. The reason behind this might be related with the fact that that there were not enough accumulated business cases, legislation and knowledge in order to better equip and legitimise such distinctions within the mission-driven or impact-driven business approach of the private sector.

1.5.2. A Complement to EMES: Kerlin's Definition

Given the overall context and abovementioned theoretical discussion, it is possible to establish that a second –even more inclusive- definition could help craft a particular instrumental definition. This could be the very broad definition proposed by Kerlin for her global comparison on Social Enterprises. Kerlin defined Social Enterprises as organisations that use “nongovernmental, market-based approaches to address social issues” (2010, p.164).

However, her definition has certain weaknesses that are important to acknowledge when constructing the instrumental definition for this thesis. These limitations could be largely overcome if both definitions (EMES and Kerlin) are taken into consideration. On the one hand, Kerlin's definition is not clear in regard to whether Social Enterprises could include some public institutions, agencies or enterprises. On the other hand, it does not mention that the provision of products or services should be conducted regularly, and not as a one-off trade.

1.5.3. The Blind Spot until Present Times: Social Enterprises and their Public Character

The processes of convergence and emergence of organisations described above, reinforce the previously concluded notion regarding the hybrid character of Social Enterprises, due to their position, which lies somewhere in between traditional socioeconomic sectors. The hybridity of Social Enterprises can be summarised as: *private* organisations that also have a commitment to *public interest* issues.

To understand the term *public* the work of Anna Arendt called *The Human Condition* (1958) is illustrative. Arendt defines the term *public* as: “[...] the world itself, in so far as it is common to all of us and distinguished from our privately owned place in it” (Arendt, 1958, p.52). This means that the term *public interest* can be applied to Social Enterprises, as their goal is to tackle socio-environmental issues that address challenges of society as a whole.

Nevertheless, there has been a degree of confusion regarding the conceptualisation of the term *public*, as it is used to name the State as the *public sector*, which implies that it is the only institution with a *public interest commitment*. In order to understand this confusion, it is clarifying to differentiate between the meanings of the public sector and the public sphere. On the one hand, the public sector is the set of administrative

institutions and agencies through which the State meets the political will, expressed in laws. This classification includes, within the public sector: the legislative power, the executive power, the judiciary power, and autonomous government agencies, institutions, enterprises and individuals engaged in economic activity within the State and who are represented by it. On the other hand, the public sphere can be defined as the public spaces that become meeting points that grant visibility to the discussion and resolution of issues of common concern (Jovchelovitch, 2007). Hence, there is a remarkable difference between both, as the concept of *public sector* is bound to the sole institution of the State whilst the public sphere is defined as the spaces where a diverse range of actors from different socioeconomic sectors can debate and construct public spaces and goods. Moreover, the concept of the public sector implies the centralisation of responsibilities, power, and resources in one sole actor, whereas the definition of the public sphere is settled on the idea that every actor in society should be part of the construction of the “public”.

One of the main reasons for this confusion might be related to the appropriation of the public sphere by the State. Habermas (1962) conducts an historical, political, and sociological analysis to demonstrate that the public sphere, in its origins, – in the seventeenth and eighteenth centuries – was constructed by private actors that related to each other through a nascent market that allowed the rising of new spaces of public debate outside of the State realm. Before this time, these actors were not considered for “public” issues, as they were “private people”. It is only in the nineteenth and twentieth century that the State starts centralising these public spaces, which were born initially out of its perimeter of power, through a set of formal institutions (Habermas, 1962).

As explained before, this misinterpretation has influenced the delimited modern societies during the last century as if they were strictly structured and divided into three traditional sectors: public, private and social economy (or as named in many theories as civil society or third sector). This traditional structure indirectly assumes that for-profit organisations of the private sector do not have a responsibility in the construction of the public sphere. This is because it views the public sector (centralised in the institution of the State) as solely responsible for the creation of goods and services of public interest. The evolution of modern societies has seen the emergence of non-profit associative organisations and cooperatives as part of the traditional social economy sector, which also claimed to have a public interest commitment, as it was analysed at the beginning of this chapter. However, no reflection has been done until now over Social Enterprises that place themselves in the intersection of the three traditional

socioeconomic sectors (private, public, and social economy sectors). As Social Enterprises are hybrid actors that operate on the boundaries between the for-profit and non-profit worlds (Haigh and Hoffman, 2012), and consequently are practically impossible to place in one of the traditional sectors of the economy, they are defying the actual role of different actors in the creation of goods and services of public interest. In this sense, Social Enterprises could be private organisations providing goods or services on a regular basis, which use market logics to address socio-environmental problems.

In the same train of thought, Ostrom (1990) develops a very interesting argument, in which she claims that neither the state or the privatisation of property through the market principle are capable of uniformly solving issues regarding the governing of common natural resources. Applying her theory to the subject of Social Enterprises, it can be seen that these actors emerge as possible solutions for problems and challenges of common interest between all citizens. Furthermore, Social Enterprises, as hybrid organisations, surpass the dichotomy between the State and the market and emerge as new organisations that tackle the way to govern issues of public interest.

Therefore, based on the above analysis, this thesis proposes a definition under construction that allows not only incorporating these new trends, but to delineate and delimitate those organisations that would not be considered Social Enterprises. Thus, the proposed definition for this thesis is as follows:

“Social Enterprises are private organisations that adopt hybrid logics to provide goods and/or services on a regular basis in order to address socio-environmental issues of public interest.”

1.6. Public Policies and Social Enterprises

The fact that in this thesis Social Enterprises are defined as private organisations that address socio-environmental issues of public interest, inevitably leads to the exploration of the relationship between Social Enterprises and one of the most important institutions of modern societies, the State. In this sense, this definition of Social Enterprises defies the centralisation of the provision and delivering of goods and services of public interest in the institution of the State. Furthermore, this relationship goes beyond funds, grants or any kind of training given by the State to these organisations; rather it has to do with the State's institutional dimension.

Precisely, the following sections aim to discuss the perspective of the State and public policies and their connection with Social Enterprises. A first step in this exploration introduces two concepts relevant during the last decades: Welfare State and Welfare Societies. A second step is to review this relationship by exploring the construction of public policies and exploring the political dimension of Social Enterprises in terms of their public interest commitment.

1.6.1. Welfare and Social Enterprises

To understand this relationship, it is useful to analyse two concepts that have a different perspective regarding the responsibility of the State in providing products and services of public interest: Welfare State and Welfare Societies. Robson describes the former as “what parliament has decreed and the government does” (1977, p.7), whilst defines Welfare Society as “what people do, feel and think about matters which bear on the general welfare” (1977, p. 7). Therefore, this definition of a Welfare Society implies that organisations of public interest will solve welfare needs with local resources, initiatives and participation (Lin, 2004).

These two clearly separate concepts are relevant nowadays because the effectiveness of the State as the sole provider of welfare services has been questioned during the last decades. This is particularly due to the persistence of social problems, such as poverty in developing countries. Furthermore, it has been also claimed that the provision of public goods and services by the State has weakened community institutions and relationships, as it has appropriated the functions and roles that were previously satisfied by reciprocal relations. Hence, in recent years the debate around welfare has intensified. For instance, there are scholars like Rodger that suggest that there is a shift from the ideal Welfare State to a “quest” for a mixed economy of welfare, in which a set of diverse actors and institutions are part of its dynamics (2000). By contrast, a more grounded approach seeks to highlight issues taking place at the global discussion, like the re-municipalisation of water (Pigeon et al., 2013).

Nevertheless, and beyond the necessary debate, it is important to address that processes moving towards a Welfare Society have risen, particularly in countries as England and the United States, mainly fuelled by conservatives, where the paradigm of the Welfare State is not deep-rooted in society. Specifically, the Big Society approach, originally proposed by the British politician David Cameron, which defends the line of thought of the Welfare Society concept as it depicts the government’s need to open up

public goods and services to new providers like charities, Social Enterprises and private companies in order to attain more innovation, diversity and responsiveness to public needs (Cameron, 2010). However, there are many who today question if this change was really implemented, and to what extent, in the name of the Welfare State, this has forced the entire social sector to seek models of financial self-sufficiency in which the only beneficiaries might be the traditional private sector.

Beyond this debate, this research aims to expand on the different principles behind the Welfare States and Welfare Societies. The Welfare State model, on the one hand, entrusts the State with the responsibility to provide welfare for its citizens through public policies, in contrast to a Welfare Society, which is seen as a policy model based on the core principle of civil self-management (OECD, 1981; Cox, 1998) and the empowerment of grassroots community institutions and organisations. Indeed, societies with an inclination towards the construction of a Welfare Society see as a moral or ethical obligation of the individuals and organisations members of society to work and contribute to it. Hence, the shift from Welfare States to Welfare Societies can be considered a question of ethical and moral legitimacy, which would require the construction of a new ideological framework with notions of subsidiarism, selectivism, reciprocity and private dependence (Lin, 2004).

The apparent success of the approach of Welfare Society in public policy, which some countries have followed, is mainly because it offers the advantage of low operating costs for the State and the decentralisation of responsibility. Moreover, this shift attempts to be a solution in a moment of financial crisis that most governments have encountered in the last decades. However, the transition from Welfare States to Welfare Societies has not been free of debate and discussion. The main argument is that a radical and fast transformation to the Welfare Society paradigm would also give people a sense that citizens are losing their welfare rights and it would, therefore, increase the perception of social inequalities (Lin, 2004). Moreover, not all actors are benefited by the shift of resources from the State to the other sectors of society, as a transition of political and economic power is embedded in this change, and actors that were more intensely related to the State would be more affected than others.

These tensions in the transition of the present dynamics of welfare show that the State is still an essential actor in the construction of Welfare Societies. Furthermore, the concept of the Partner State defended by Bauwens and Kostakis (2014) suggests that the State should be an active actor in the creation of value by different actors of society. This is mainly due to two reasons. First, actors that were an intrinsic part of a

Welfare State system are usually not prepared for this evolution, and therefore, are the ones that suffer the most with this transition. This may imply that the State should be part of the support for creating new capabilities and spaces for these actors. Second, it could be argued that non-state actors that are the core of the change promoted by the Welfare Society paradigm will not be capable to fulfil their welfare potential in the short and long run without the support of the State. This is because the logics accounted by non-State actors in their operations and objectives are increasingly different from those of the State, as they incrementally use the logics of the market to provide goods and services of public interest. And not all goods and services of public interest can be provided through market logics.

In fact, the co-existence of a Welfare State and a Welfare Society can be possible within the same welfare system, and it has been referred to as the “mixed economy of welfare” and, as such, has been central to social policy, particularly in the UK (Rose and Shiratori, 1986; Esping-Andersen, 1999). Moreover, the complicated ways by which the State and the actors of society work together to harmonise the need for social protection and the need for active citizenship, illustrate that both are coherent parts of the same welfare system (Wong, Chau, and Wong, 2002).

The hybridisation process of the three traditional sectors of the economic structure, in which Social Enterprises are central actors, can be considered as a mirror of the complementarity between a Welfare Society and a Welfare State, as mentioned above. This is because it seems that a plurality and diversity of hybrid organisational models that find their origin in the three traditional sectors of the economy are an intrinsic part of the new dynamics of welfare. In this sense, the fact that Social Enterprises are organisations that integrate social purposes with business methods, through hybrid logics and principles, reflect that Social Enterprises could be strategic and essential actors for the construction of welfare in present and future societies, as they break the dichotomisation between Welfare State and Welfare Societies.

1.6.2. An Inclusive Perspective of Public Policies

The hybridisation process of the three traditional sectors of the economic structure, in which Social Enterprises are central actors, implies that many private organisations could have a public character when they are part of the new dynamics of welfare. But, what does it mean that a private organisation could serve the public interest through

the provision of products and services and intermingle with other actors that have similar and different interests?

In the last two centuries, public interest dynamics have mainly developed through public policies that emanate from the State. Indeed, in general, use of public policy is viewed exclusively as a choice of governments (Anderson, 2003). From that perspective, and paradoxically, public policy immediately escapes from the sole institution of the State, as other actors of the public sphere should be part of the process of public policy that affects them. Indeed, as we have seen, in a Welfare Society different actors including the State are part of the new dynamics of welfare and subjects of public interest (Lin, 2004). Therefore, public policies have been part of an extensive reformulation and re-definition that expands the general opinion that the State is the sole actor that formulates, implements, and evaluates public policy.

The best way to define public policies in the context of the construction of a mixed economy of welfare, in which, in this thesis, Social Enterprises are part of the new welfare dynamics, is by using an instrumental definition of the two parts of the term. On the one hand, a policy is defined as a “relatively stable, purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern” (Anderson, 2003, p.2). On the other hand, based on Arendt (1958) and Habermas (1962) the perspective of the “public” is made up by private people that act like citizens beyond their privately owned place, subsumed by the coercion of the State in a determined society. Therefore, a public policy can be broadly defined as a course of action followed by an actor or a set of actors dealing with issues of public interest. This instrumental definition of public policy opens the possibility of analysis to a democratic participation in the public policy process that goes beyond the authority and coercion of the State.

Besides, the fact that Social Enterprises are actors that defy the traditional three-sector economy structure, as it was pointed out earlier in this chapter, implies that the governments, in this possibility of a more democratic participation in the process, should create a new public policy frame that does not separate organisations with social aims from the traditional social economy and the private sector organisations that are including social and environmental goals in their operations.

As the first reflection of this thesis was to inquire and understand the ways to construct a more inclusive society, the same approach could be applied to public policies: What are the ways actors can construct and implement more inclusive public policies? And

specific to the subject of this thesis: In which ways can public policies promote and frame the development of Social Enterprises in an inclusive way?

The central importance in the modern era of the role of the State in issues of public policy cannot be denied. By definition, public policy always involves participation by the public sector (Vaillancourt, 2009). Indeed, without State intervention there is not a centralised actor to coordinate the different efforts towards a public policy that defends and manages issues of public interest. In this sense, the State or the public sector takes part in public policy at a variety of levels (local, regional, national, continental or global) and in different branches (executive, legislative, and judicial).

However, the tendency of constructing mixed economies of welfare, and one of their main actors, Social Enterprises, defies the degree of centralisation of the State in the genesis and application of public policy. In this sense, the question in this thesis relies on the extent of participation that governments allow within the public policy process.

The participative nature of the creation of this public policy frame could therefore be different depending on the government. According to Nelson (1998), a central importance to the reflection of the role of governments in public policy should be complemented with its intellectual imperatives regarding the democratic construction of public policy and the actors and context in which it is deployed. Nelson's view is a democratic view of policy that suggests that outside governments there are actors that engage in actions that are offered to society in forms of products and services and also private actors that can analyse and criticise the directions of public actions adopted by governments.

However, this thesis does not propose a naive perspective of participation of private actors in which international private corporations counterbalance the power and legitimacy of the State, which could be considered in Habermas terms as a "feudalisation" of the public sphere. In this sense, using Habermas (1962) as a theoretical base, private actors can assume the role as "the public" when they criticise the actions adopted by governments. The proposal of Touraine (2001) complements this view by reconciling the economic society with the political society as an appropriate decision to grasp the perspective of an inclusive definition of public policy. The answer, according to Touraine, lies in searching for ways in which each individual or organisation is not just a resource of a system that includes mainly the State and big for-profit corporations, but also an actor that promotes individual economic and social liberty. This proposal complements assertions on institutional entrepreneurs based on the works of Perkmann and Spicer (2014), Tracey et al. (2011), DiMaggio (1988), and

Fligstein (1997). In this sense, social entrepreneurs are also actors who have interests in institutional arrangements and, therefore, create emerging institutions or transform existing ones. Thus, for Touraine (2001) the political society, mainly through the State, has the obligation of creating a space of equality and multidimensional liberty for individual and organisations. This perspective opens a debate on public policy in terms of the participation of private actors from different sectors that legitimately demand to actively participate in issues that affect them.

Different contexts show a diverse set of openness towards a more inclusive perspective and definition of public policies. Since the end of the Second World War in Europe, the problem solving of public interests issues was focused on State action whilst in the United States powerful private actors were able to strongly influence the path and definition of subjects of public interest (Stein, 1995). However, in the United States this theoretical openness to inclusion of private actors was intermeshed with a systematic lack of attention to building democratic institutions that could sustain a participative approach in the whole process of public policy (Nelson, 1998). Communist states also limited the development of a participatory way of engaging and defining public problems and challenges (Ágh, 1995; Wiatr, 1995). Finally, in Latin America, the left tradition by authoritative regimes has prevented the participation of private actors with public interests in the creation of public policy (Sigal, 1995; Garretón, 2007).

Also, different theoretical traditions have supported the diversity of practical approaches to public policy in terms of the openness and inclusion of private actors in different contexts. According to Nelson (1998), institutionalists (who defend the idea that established institutions prevent the undermining of governance, which relates more with the European context), and radical democrats (who believe that popular participation in an active political community is the best way to govern issues of public interest and promote good governance, relating more with the United States' context) are usually opposed. Nevertheless, as it was already analysed through the work of Ostrom (1990), neither of these solutions are the most appropriate in terms of dealing with subjects of public interest. Therefore, a more complex and realistic approach to public policy seems necessary in order to understand public policy in relation to the construction of a suitable mixed economy of Welfare.

Three important concepts in public policy help to comprehend the participation of various actors in the process of public policy: mono production, co-production and co-construction of public policy. Firstly, mono production in public policy refers to the notion that policies are funded, administered and delivered by the public sector;

secondly, co-production refers to the participation of both Civil Society stakeholders and the traditional private sector in the implementation of services for the public; thirdly, co-construction refers to the way those stakeholders and forces participate and define public policies (Vaillancourt, 2009).

Linking these public policy concepts to the discussion of welfare, it could be said that the construction of the Welfare State is associated to the mono production of public policies, and at time with the co-production. In this sense, in Latin America, the form of authoritarian State that centralises the construction of public policy in the public sector has historically prevailed (Garretón, 2007). Furthermore, in some countries, the trend of the mono-construction of public policy remains a legacy of the military dictatorships, which were installed, in the case of Chile from 1973 to 1989 (Garretón, 2007), Brazil from 1965 to 1980 (Dagnino, 2002), and Argentina from 1976 to 1983 (Oszlak, 2007). Particularly in Chile, after 1990, with the return of democracy there has been a strong and marked strategy in public policy towards co-production with exclusive or principal participation by organisations from the private sector giving rise to public-private partnerships (PPP) with licenses given by the State in issues as transport, infrastructure, health, and education. This could be considered, according to Vaillancourt's framework, as a neoliberal form of co-construction.

Contrary to these authoritarian forms of public policy, the quest for a mixed economy of welfare in different countries encourages and validates the co-construction concept as the basis for the democratisation of public policy. Thus, for there to be co-construction of public policy, it is necessary for "the state to favour open forms of governance which make room for participation by social stakeholders from non-state sectors, that is, the private sector and Civil Society" (Vaillancourt, 2009, p. 288).

Social Enterprises are therefore private actors that could actively participate in the process of public policy and the construction of a mixed economy of welfare. Furthermore, the emergence of Social Enterprises implies that there are more eclectic forms of co-construction of public policy in which there is a close co-operation with stakeholders from the private sector and the social economy, with instances of dialogue, interaction and deliberation so as to fulfil a public interest commitment.

1.6.3. Paradigms of Public Policy Applied to Social Enterprises

The content of a policy and the openness regarding the participation of private actors, such as Social Enterprises, does not appear spontaneously, but emerge from specific

purposes coming from governments. According to most scholars, these ideas and proposals that are ultimately reflected on public policies can be called paradigm (Hall, 1993; Daigneault, 2013; Teasdale and Nicholls, 2015).

A contribution that was the seed for subsequent works regarding public policy paradigms was the work of Hall (1993). According to him:

[. . .] policy makers customarily work within a framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them but also the very nature of the problems they are meant to be addressing. Like a Gestalt, this framework is embedded through the very terminology through which policymakers communicate about their work and it's influential because so much is taken for granted and unnameable to scrutiny as a whole. I am going to call this interpretive framework a policy paradigm (Hall 1993, p. 279).

This definition of public policy paradigms lies within a neo-institutionalist approach, but is differentiated by its focus on the importance of values and ideas in the study of policy (Teasdale and Nicholls, 2015). However, Hall drew upon Kuhn's (1962) concept of a scientific paradigm applying it to a practical concept such as public policy (Teasdale and Nicholls, 2015). The main critique of Hall's work has come specifically due to this arbitrary application (Béland, 2005).

Public policy paradigms, as a concept, have been discussed lately in the work of Daigneault (2013), in which he proposes a better definition of a policy paradigm differentiating it from a scientific paradigm. Daigneault proposes that policy paradigms are normative ideas held by policy actors. In other words, paradigms are made of values and principles that allow actors to give meaning and reason to their actions and that have a tangible measure (Parsons, 2007; Skogstad and Schmidt, 2011; Surel, 2000). Furthermore, Daigneault proposes four dimensions for a public policy paradigm:

- i) Values, assumptions and principles about the nature of reality, social justice and the appropriate role of the State; ii) a conception of the problem that requires public intervention; iii) ideas about which policy ends and objectives should be pursued; and iv) ideas about appropriate policy 'means' to achieve those ends (i.e. implementation principles, type of instruments and their settings) (Daigneault, 2013, p. 461).

For Daigneault, therefore, significant changes in all dimensions in the concept of policy paradigm are a necessary and sufficient condition to consider that a government has implemented a shift in paradigm.

Furthermore, a work that has been particularly interesting in the development of this thesis is the paper by Teadsdale and Nicholls (2015), which exposes a clarifying application of the work by Kuhn (1962) in regard to the fact that scientific paradigms are nested between global and local communities. Teadsdale and Nicholls propose that public policy paradigms are also nested at different levels, using this idea to understand the paradigm shift of public policy in the UK in the last years and how this affected the development of Social Enterprises (2015).

According to Teadsdale and Nicholls (2015) and based on Kuhn's notion (1962) of a global paradigm and Hall's (1993) overarching paradigm, the macro-paradigm refers to the neoliberal political-economic set of ideas that the market, as a principle and logics, has been institutionalised in almost every sphere of society. This macro-paradigm shapes all other public policy paradigms.

The transformation of society under a neoliberal macro-paradigm in Latin America was particularly intense. In the last decades, many authoritarian regimes pushed this transformation through the "shock doctrine", eliminating previous social bonds and institutions (Klein, 2007; Garretón, 2000). In this way, neoliberal discourses and practices dominated to extend market discipline and competition to all sectors of society (Brenner and Theodore, 2002).

The next level of paradigms is called meso-paradigms; which refer to economic policy and welfare paradigms framed by the overarching macro-paradigm. At this level, the macro-paradigm based on neoliberal ideas mutates in local contexts (Peck and Theodore, 2010), especially due to the fact that different political parties translate similar ideas into reality according to their own interpretation.

Finally, lower level paradigms are called micro-paradigms, such as the Social Enterprise paradigm, which is framed by meso-paradigms. Although a less level paradigm, for instance a micro-paradigm in public policy, which could be in the form of a Social Enterprises micro-paradigm, is framed by a more general paradigm, the relationship between them goes beyond hierarchy. As it is accounted by Teadsdale and Nicholls: "Paradigms at the same level may be interdependent while micro-paradigms may be partially nested within two or more meso-paradigms"(2015, p. 5).

It could be said that public policy paradigms are particularly useful for the purposes of comparing the approach to public policy by different governments in regard to Social Enterprises. Relying on the concept of co-construction of public policy on Social Enterprises of Vaillancourt (2009), the question lies in what has been the influence of the neoliberal macro-paradigm and how it has reflected in meso-paradigms and micro-paradigms defended and promoted by different governments that favour the emergence and development of Social Enterprises. Moreover, it is the openness of the State as the central actor in the process of public policy that permits actors, such as Social Enterprises and other related actors and groups, to be part of the public policy debate and legislation and further public agenda regarding Social Enterprises.

In fact, it aligns with the idea that public policy is a process that should encounter increasingly all actors of different socioeconomic sectors, without giving importance to their origin and logics. In this sense, it aligns with the concept of co-construction as it builds on a democratic view of public policy, seeing Social Enterprises as partners in this arena.

1.6.4. Social Enterprises Incidence in Public Policies

The political dimension and hybrid character of Social Enterprises studied above, in terms of breaking the dichotomy of the market and political spheres (Nicholls, 2011; Beck, 1995; Giddens, 1999; Pestoff, 2012), and its intermediary position between traditional socioeconomic sectors, suggests that these organisations are not only passive actors that follow the rules and institutions imposed by governments through public policy, but also are dynamic actors that could have incidence on policymaking regarding Social Enterprises. Hence, accepting them as political actors implies that they operate at different socio-structural levels within and across societies. Therefore, the relationships between the diverse Social Enterprises and their institutional context, particularly the State, will be a significant factor in achieving the institutional change promised by the emergence of Social Enterprises at a national and at a global scale.

The argument underlying this statement is that Social Enterprises are new participants that should enter the structure and inner circle of policy making in a process called social policy entrepreneurship (Nicholls, 2011). In this sense, it can be considered a more bottom-up perspective of analysis of the political dimension of Social Enterprises than the paradigms perspective.

To understand Social Enterprises' political dimension, the work of Arendt (1958) is illustrative again in terms of the central importance given to *action* led by different actors in order for them to really be part of the public realm (*polis*). She defines *action* as the activity of individuals with other people. According to Arendt, politics occurs between individuals. "Politics arise between men, and so quite outside of man. There is therefore no real political substance. Politics arises in what lies between men and is established as relationships" (1958, p.95). Therefore, Arendt thinks of the political as a space of interaction of action between people, rather than as a physical space that excludes all aspects of privacy (Kattago, 2012). This analysis can be complemented by the work of Habermas (1962), in which he sees the *public sphere* as a space of interaction of discourses between private people to tackle subjects and challenges of public interest. In this sense, Social Enterprises, as private actors with a commitment on public interest challenges, which take part of the public sphere and the political space with the purpose of ultimately transforming public policies that affect them.

The theory of social fields (Fligstein, 2001) supports the perspective of power relations and networks encountered in the political dimension of actors as Social Enterprises. Based mainly on Bourdieu's theory of *champs sociaux* and at the core of Fligstein's theoretical framework is the idea that across societies exists a diversity of social fields, each of them defined by their specific interests and challenges (Bourdieu, 1977; Bourdieu and Wacquant, 1995; Bourdieu, 2005). Each field would be equipped with characteristics as heterogeneity and differences among the actors that compose it, a particular social capital, and the production of a set of formal and informal institutional arrangements. In this sense, "social fields refer to situations where organised groups of actors gather and frame their actions *vis-à-vis* one another" (Fligstein, 2001, p.106). It is this interaction between different actors what will yield the construction of an order in particular social fields. Based on Fligstein's theory, Social Enterprises can be considered part of social fields in the areas and sectors where they operate, ultimately transforming public policy that frames these social fields. This allows going a step further to analyse the incidence of Social Enterprises on public policy through the action they develop on their social field. Besides, Fligstein suggested a more sociological view of this action, called "social skill". This idea essentially refers to the ability of one actor to induce cooperation on another social actor as part of a collective action, transforming the social fields in which they participate.

In this sense, on the one hand, a wide range of social actors responding to public policy are found; on the other, there are actors like Social Enterprises that defy the order prevailing in a determined social field, aiming to re-shape its traditional logics by

addressing institutional voids, rethinking businesses purposes and operations and tackling traditional market logics (Nicholls, 2011). In other words, Social Enterprises have incidence in public policy through their political dimension when they act in the social fields in which they participate.

Thus, the different perspectives among actors, like Social Enterprises, involved in the transformation of public policy in a given social field depends, among other things, on their social skills (Fligstein, 2001). These skills are crucial to organising and motivating cooperative processes, setting the agenda for discussions in the field, suggesting legitimated and recognised manners of doing business, proposing terms for the debate on their significance in the media and their meaning to everyday action and their strategic direction (Fligstein, 2001). As suggested by Montiel y Hustel (2009), Social Enterprises can be “institutional organisers who take a leadership role in legitimising things that deal with their organisational fields” (p. 350). In this sense, Fligstein’s theory can be linked to the institutional entrepreneurs’ theories based on the works of Perkmann and Spicer (2014), Tracey et al. (2011), and DiMaggio (1988).

This perspective opens a debate on public policy in terms of the participation of private actors from different sectors (like Social Enterprises) that legitimately demand to actively participate in issues that affect them. In this sense, *legitimacy* may explain an important part of why and how organisations as Social Enterprises collaborate in public policy. As was accounted by Huybrechts and Nicholls “from an institutional perspective, interorganisational collaboration is interesting precisely because it connects the macro (field) and micro (organisational) levels” (2013, p.2). One of the most commonly used definition of legitimacy is provided by Suchman (1995), in which he refers to a “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (p.574). Finally, in the context of social entrepreneurship, Nicholls (2010b) provides the following definition: legitimacy is the congruence, in multiple stakeholder judgements, of an organisation’s perceived actions with their expectations of its performance. Therefore, the interest of Social Enterprises in collaborating in different public policies challenges can be related to their legitimisation in different public policy issues and dimensions, which is an incentive to participate in the public realm by providing products and services for the public interest. In this affirmation, the fact that in order to collaborate in public policy the organisation has to be legitimated by the public sector is implicit that this interaction ultimately transforms the action of the State in public policy, even changing the paradigms that guide the action of governments.

1.7. Transitional Conclusions

As the subject of Social Enterprises is complex and can be approached from different perspectives, as it has been demonstrated in this chapter, there are some decisions that have to be taken in order to clarify the theoretical framework that will help answer the overall research question that was drafted in Chapter 0. In order to achieve this purpose; this section of the chapter clarifies the final perspectives of the main theoretical bodies that will be used throughout this thesis.

A first important theoretical body is the social economy. For a complete theoretical understanding of the social economy and its relation with Social Enterprises, the different theoretical bodies studied during this chapter show the complexity of understanding this subject, mainly due to the lack of consensus between different authors and the numerous perspectives from which its deep comprehension can be achieved. For this thesis, centred on Social Enterprises (and not on every organisation belonging to the social economy), different elements of the approaches of social economy are going to be considered. Firstly, the centrality and depth of the characteristics of a social economy centered on the search for economic democracy, which is the basis of a traditional approach to the social economy, will be considered. Also, the solidarity economy perspective will be taken in to account, particularly due to their priority of people over capital and the use of the market principle to shelter the excluded labour workforce. Moreover, the theoretical contribution of Laville et al. (1999) on the “third system” will be explored because of its inclusive character, encompassing the analysis of the dynamics of all organisations with legal status and with the aspiration of welfare pluralism, which suggests that these organisations could develop as an emergent socioeconomic sector promoting a mixed economy of welfare due to their intermediary position between the traditional capitalist and public socioeconomic sectors. However, the approach to the social economy labelled as non-profit organisations (NPOs) or Third Sector is not considered as one main theoretical body as it centres on the non-profit character of organisations of the social economy and therefore excludes types of Social Enterprises that have for-profit goals.

The next main theoretical bodies focus on the challenge of defining Social Enterprises, the comprehension of their emergence, and their relevant dimensions. On the one hand, the schools of thought (Earned Income Strategies, Social Entrepreneurs, and EMES) enable the understanding of the hybrid character of Social Enterprises, in terms of their intermediary position between the three traditional socioeconomic sectors and

the use of the market principle to address issues of public interest. On the other hand, the three theoretical approaches to understand their emergence (theories related to the notion of the third sector, theories related to political science and the role of the State, and institutional theories) also imply the necessity of a historical institutional analysis to comprehend the context in which Social Enterprises are embedded. Furthermore, these theories open the possibility for a complementary framework of a macro and micro institutional perspective so as to understand the context in which Social Enterprises emerge. Finally, the economic, social, and participatory governance dimensions based on EMES school of thought (Defourny and Nyssens, 2006, 2010, 2012) are a good starting point to approach Social Enterprises in a multidimensional analysis.

The following theoretical bodies consider the public interest commitment of Social Enterprises. As Social Enterprises are considered hybrid organisations, which can be described as *private* organisations that also have a commitment to public interest; the work of Arendt (1958) and the work of Habermas (1962) centred on the public sphere are critical to tackling this subject. Both authors permit to identify and understand Social Enterprises as organisations with legitimacy to claim a public interest commitment. Also, Ostrom's (1990) theoretical proposal that suggests that neither the State nor the market could solve modern challenges, opens the possibility for hybrid organisations, such as Social Enterprises, to emerge as organisations that tackle the way to govern issues of public interest.

The definition of public policy used in this thesis opens the possibility of analysis to a democratic participation in the public policy process that goes beyond the State through the action of different governments. Therefore, Social Enterprises could actively participate in public policy. Furthermore, based on the work of Vaillancourt (2009), the potential participation of Social Enterprises could imply their collaboration through co-production or co-construction of public policies.

The theoretical body to understand this collaboration in the public policy arena between Social Enterprises and governments is two-fold: on the one hand, the proposal by Teadsdale and Nicholls (2015), which defends the notion that public policy paradigms are nested at different levels, is illustrative for the purpose of understanding the paradigm shift of public policy and how this affected the development of Social Enterprises. On the other hand, Nicholls's (2011) suggests that accepting that Social Enterprises are political actors implies that the relationships between them and actors,

such as the State, will be a significant factor in achieving the systemic institutional change, intended to be achieved through public policy.

To understand Social Enterprises' political dimension (in the bottom-up perspective), the work of Arendt (1958) and Habermas (1962) are pertinent in terms of the importance given to *action* led by different actors in order to be part of the public realm. In this sense, Social Enterprises are private actors with a commitment to public interest.

Finally, the theory of social fields (Fligstein, 2001) supports the perspective of power relations and networks encountered in the political dimension of actors as Social Enterprises. Based on Fligstein's theory, Social Enterprises can be considered as part of social fields in the areas and sectors where they deploy their goals, operations and activities, ultimately transforming public policy that frame these social fields. This enables a deeper analysis in regard to any possible incidence of Social Enterprises on public policy through the action they develop in their social fields.

CHAPTER 2: Methodology

The following chapter explains the methodological decisions made and adopted in this research and the methodologies applied. The exploratory nature of this thesis allowed for the construction of a methodological approach in light of the growing complexity of Social Enterprises as the main subject of this study.

This chapter has been divided into six sections. The first section provides background on the researcher and the path that led to the main subject of this thesis. The second establishes the research question, describes the stages necessary to reach it, and introduces guiding questions with their respective hypotheses. The third section delves into the methodological research design, including a review of the type of research that this thesis developed into and the tools applied in the process. The fourth addresses the path that the investigation followed to reach the research universe, including the samples that were chosen, the dimension to explore them and the qualitative variables used in their assessment. The fifth section explains the definitive research universe with its characteristics. Finally, the sixth section explains the methodological approach adopted to analyse public policy and the role of the State in regards to Social Enterprises in Chile.

2.1. Previous Research Path and Definition of the Main Subject

As noted in Chapter 0 and as observed by Philip (1998), both the position taken by the researcher and previous practical and professional experience, perspectives and prejudices, have been significant in the development and results achieved in this research. Figure N° 2. summarises the path taken by the author previous to the development of this thesis work.

Figure N° 2.1 Previous Research Path and Background



Source: Author's own elaboration

The information of the figure above was largely discussed in Chapter 0. It divides the author's previous research path and background into three parts. The first one observes the first approach to Social Enterprises, mainly centred on the academic and professional work carried out in Chile and Latin America. The second part shows the graduate studies that were undertaken in London (an MSc in Development Administration and Planning) and its thesis, which focused on the solidarity economy in Brazil. The third part is the beginning of the Ph.D., including the definition of the actor and thesis subject.

2.2. Shaping the Research Question and Hypothesis

This thesis' research question has been shaped throughout the entire path of research, resulting in constant and iterative changes, which will be explained below. These changes have helped sharpen the research, allowing greater depth to the subject of study: Social Enterprises.

2.2.1. Stages in the Shaping the Research Question

Several stages were taken to achieve the final research question. This section explains the road taken and the influence each had in shaping the final question.

a. Determining the Actor: EMES Conference, Trento, 2009

As explained in Chapter 0, attending the EMES Conference in Trento, Italy, in 2009, allowed identifying Social Enterprises as the final and starting point of research, contrary to the initial approach that intended to study social economy and its organisations. Furthermore, the conference revealed that there was an ongoing discussion about Social Enterprises.

The conversations with academics who attended the EMES conference that have studied Social Enterprises, provided the author with the impression that there could be a knowledge gap on Social Enterprises due to different reasons: first, researchers who have studied the issue come mainly from developed countries, especially from Western Europe, the United Kingdom and the United States, therefore, until that time, the emergent process of Social Enterprises had been understood largely without the collaboration of scholars from developing countries, where this process shows its particular characteristics. In other words, drawing from the author's academic and professional experience, it is possible to arrive at two conclusions: first, there is a need to place a careful focus on each particular context behind the development of Social Enterprises in each region in the world. Second, that there is a need to understand the significant impact Social Enterprises are having on economic and, particularly, on socio-environmental development in emerging regions like Latin America.

b. The State as a Key Enabler of Social Enterprises

The embedding of different actors in the territory related to Social Enterprises was an initial part of the study. Particularly, a focus on the support given by the State to organisations that have objectives of public interest, like Social Enterprises, could enlighten the important influence these players have in each context. In this sense, the research question at this stage was: What is the reach of the State's support in Social Enterprises? To answer this question, semi-structured interviews with leaders and employees of Social Enterprises, the State, and experts in the field were conducted. The interviews focused (depending on the stage of the research) in the development of these organisations, their goals, their mission and their relationship with the State.

However, the State proved to be an institution too large and complex to be able to make a complete analysis of its reach on Social Enterprises. Particularly this is true in the case of Chile, where the national, regional, and communal levels use different legal

frameworks and instruments to support organisations of public interest; therefore, the effort to endeavour this approach surpassed the scope of a thesis.

c. Literature Review: First Immersion in the Theoretical Frames Associated with Social Enterprises

Besides literature on Social Enterprises, diverse theoretical bodies were studied to frame the subject of analysis. Three of them could be highlighted as pillars that were relevant to the immersion process of this thesis, despite not being incorporated directly into the core of the current theoretical framework, explained in Chapter 1. Nonetheless, these theoretical bodies were necessary milestones, adding substance and depth to the final research.

The first theoretical body considered was development. This is particularly related to both the author's own background and the academic department where this thesis has been anchored, Development Planning Unit at University College of London. Thus, development turned out to be the gateway that helped built initial questions and to drive the development discussion and its relationship with Social Enterprises through a broad perspective of it as organisations that promote the expanding of the real freedom (Sen, 1999). Nevertheless, as Sen discusses it, in order to expand the real freedom of people it is necessary to understand the emancipation of individuals based on their access to various forms of empowerment (2000).

Besides, a second pillar was related to the concept of solidarity. In an attempt to find certain roots and applications of the concept, among others, two of its manifestations were reviewed. First, through an analysis of the French school of thought that conceptualises solidarity as collective involvement that avoids competitive individualism and authoritarian statism. This comprehends a "debt to society" (Dubois, 1985) expressed in a commitment toward our fellow men, a commitment towards our descendants. And second, from a more applied and territorial perspective, particularly from Latin America, a revision of the Social Solidarity Economy school of thought was carried out. This school tends to frame the concept of solidarity as a principle inherent to the movement, and thus, it can be developed as part of the economy (Arruda, 2008; Singer, 2000; Razeto, 1990, 1993).

Finally, as a third pillar, this first immersion went into the exploration of theories to account for the relationship between the State, market and society. These theories were addressed, firstly, from a macro perspective inspired on the common wellbeing

based on Martinussen (1997) and Brenner (1998) who suggest to combine strategies of different sectors towards a more progressive solidarity and democratic perspective. Also, this pillar attempted to comprehend empirical-based insights from Ostrom and her contributions, highlighting the importance for social agents to acknowledge and understand their interdependent situation (1990).

d. Adding a Territorial Dimension (Salvador de Bahía versus Valparaíso)

In order to reduce the complexity of the investigation and make it more feasible, the possibility of adding a territorial dimension was considered –the cities of Salvador de Bahía in Brazil and Valparaíso in Chile- in order to develop a comparative study focusing on contributions made by Social Enterprises to local development. The main tools used to leverage information were semi-structured interviews with leaders and employees of Social Enterprises (mainly cooperatives) and mapping the players that were part of Social Enterprises in both cities.

However, after a few exploratory trips to both locations, and interviews to key stakeholders in the field and to leaders of Social Enterprises, it was decided that framing the study into one territory and context would better serve the purpose of developing the required framework, allowing a better approach to a complex subject such as Social Enterprises.

What is more, the few exploratory trips made to both territories illustrated the diversity of their Social Enterprises and their relationship with a wide range of social actors. This contributed to the realisation that the context between both countries was too diverse. Moreover, the role of Social Enterprises in the territories was mainly associated to solving local constraints and challenges. Therefore, using both territories was not feasible, and therefore, it was not sustainable to maintain this approximation to the investigation. Hence, to understand Social Enterprises in depth, it was necessary to focus on one territory only: Chile.

e. Comparative Study of the Role of State Support to Social Enterprises in the last two Chilean Governments.

Once the comparison between cities was discarded, it was decided that Social Enterprises in Chile were to be examined through the assessment of the role of the State (in a country with a tradition of centralist governments) in their support to Social

Enterprises (Ferreiro and Symmes, 2012). Furthermore, as it will be analysed in section 2.2.2, it was decided that the relationship between the State and Social Enterprises would be studied, instead, through public policies implemented, and public policy paradigms in the last two recent national governments: Michelle Bachelet (2006-2009) and Sebastian Piñera (2010-2013).

It is particularly interesting to study these governments as both have different ideological backgrounds. As stated in Chapter 0, Bachelet is part of the political coalition *Concertación por la Democracia*, implemented between 1990 and 2010 through what is called “consensus politics”, maintaining important pillars of the neo-liberal model imposed during Augusto Pinochet’s regime in order to avoid an excessive confrontation that could lead to another political crisis after the one experienced in 1973 (Garretón, 2000). Meanwhile, Sebastian Piñera belonged to what is known as the Chicago Boys’ generation, a group of economists who were trained in the ‘70s under the influence of neo-liberal economist Milton Friedman, whose teachings were the base of the new Chilean socio-economical system implemented in the ‘80s and that endures until today (Garretón, 1980).

The fact that these two governments are part of political alliances that are supposed to be ideologically opposed opens the possibility for the analysis of the thesis to focus on the role each government had in favouring the development of Social Enterprises. In other words, the public policies adopted by each administration should reflect their apparently divergent approaches to a subject like Social Enterprises.

In addition to what is stated above, the justification for the selection of these two governments is as follows:

- (1) They represent distinct visions on public policies that show the polarity of the country: one representing the socialist tradition, and the other representing the liberal tradition;
- (2) The data available of governments in Chile is limited, so the fact that they are recent governments facilitates the access to information;
- (3) Apparently the social economy and the emerging B Corps, from the private sector, are a response to the Chilean development model of the last decades, based mainly on the neo-liberal pillars of Pinochet’s regime;
- (4) It could lead to understanding of the support for Social Enterprises from both left and right governments. Furthermore, the selection of only these two periods

responds to the Chilean cultural belief that Social Enterprises are more supported by left-wing parties.

In this sense, it was considered worthy to broaden the historical institutional perspective on the subject of Social Enterprises through this thesis. For this purpose, the aim was to first comprehensibly explore and understand the evolution of Social Enterprises and their interactions with the State during these two administrations through a multidimensional analysis on public policies; and second, once the public policies of these governments became clear, to analyse the paradigms behind them using the work of Teasdale and Nicholls (2015) as basis.

According to the path described above, the research question that guides this thesis was determined as follows:

To what extent and why have the emergence and development of Social Enterprises been favoured by public policies? The Chilean case in the last two national governments

The main research question not only focuses its attention on Social Enterprises and their relationship with public policies, but also aims to explore the specificities of this relationship in a particular institutional context and under the light of a polar and radical political history, such as the Chilean one.

2.2.2. Guiding Questions and Hypotheses

Now that the research question of this thesis has been structured, different guiding questions are proposed. For each, a hypothesis aims to provide possible answers and it's developed throughout the thesis.

Guiding Question N°1: Which are the Distinctive Features of Social Enterprises in Chile and Why?

Hypothesis N°1 (Answered in Chapter 3 and Chapter 4): Social Enterprises in Chile go beyond the social economy or third sector, including for-profit businesses of the private sector. Furthermore, Social Enterprises belonging to the social economy, cooperatives

and particularly associations, are pushed to adopt market logics similar to for-profit businesses due to the institutional context marked by a neo-liberal economic model followed since Pinochet's dictatorship. Also, the fact that Social Enterprises have been a global trend in the last decade, mainly in developed countries, has strongly pushed the Social Enterprises debate in Chile, particularly due to the institutional context of the country, which promotes an openness to globalisation. Finally, it could be said that Social Enterprises in Chile, from the different traditions, claim to have a relevant commitment to public interest.

Guiding Question N°2: Which were the Public Policies Developed and Encouraged by the Two National Governments that Supported Social Enterprises in Chile in their Respective Periods between 2006 and 2013, and Why?

Hypothesis N°2 (Answered in Chapter 5 and Chapter 6): On the one hand, the government of Michelle Bachelet adopted a *laissez faire* approach to public policy regarding Social Enterprises and did not implemented new courses of action in order to address their emergence. Furthermore, the public policies that were adopted and promoted in the Bachelet administration considered organisations of public interest as belonging solely to the traditional social economy; the left-wing coalition of the *Concertación* did not considered organisations of the traditional private sector important actors in issues of public interest. This could be explained due to Bachelet's ideology associated to the creation of a stronger welfare state.

On the other hand, the Sebastián Piñera's administration encouraged and emed Social Enterprises that showed similarities with for-profit businesses of the traditional private sector, as the emerging B Corps. In this sense, Piñera's government followed a proposal of new capitalism, under a paradigm inspired by the welfare society, in practices of neoliberal co-construction. Furthermore, his government reacted to the fact that Social Enterprises transformed into a global trend during his government and, somehow felt pressured to include them through public policies.

Guiding Question N°3: What have been the Implications of these Public Policies on Social Enterprises' Development and Why?

Hypothesis N°3 (Answered mainly in Chapter 6): Social Enterprises have been pushed to influence the public policies that concern them, since both governments were unable to understand both the diversity and complexity of Social Enterprises, and the particular

dynamics of convergence and emergence of the different traditions and families of organisations encompassed in an inclusive Social Economy perspective. Moreover, these public policies have not assimilated the potential contribution of Social Enterprises to address socio-environmental issues of public interest. Therefore, an implication of the absence of policies, focused on Social Enterprises during the last two governments had paradoxically contributed to an empowered political dimension of Social Enterprises in order for them to take part in the construction of public policy regarding their own development.

2.3. Type of Research Method and Methodological Tools

The following section explains and validates the methodological decisions taken to address this thesis. First, defines the type of research method and, second, the selection of appropriate methodological tools for data production in order to answer the research question with its corresponding guiding questions.

2.3.1. A Qualitative Methodology of Research for Social Enterprises

The choice about the method used in a research thesis should be determined by its interests, scenario, and circumstances or the people under study, and by any practical constraints faced by the researcher (Taylor and Bogdan, 1986). As Social Enterprises were deeply studied, all its complexities made it necessary to modify and structure of the research plan repeatedly. For example, the research question was modified and precisions were made on several occasions (refer to Annex N^o. 2.1). Similarly, the research method and techniques changed from mainly quantitative to qualitative, and elements that were not considered initially were then added. Naming the framework of this study as flexible seems adequate in order to characterise the context that took place in this investigation (Taylor and Bogdan, 1986).

A qualitative research should be emphasised given the complexity of Social Enterprises in Chile, in terms of the fact that they could be considered economic, social and political actors of systemic change. This is because a qualitative research is an activity of an observer positioned in the world; it consists of a series of tools and practices that make the world visible; it transforms the world and makes it understandable through a series of performances including field notes, interviews and conversations (Denzin and Lincon, 2005). Indeed, this method emerges as the most

appropriate to address subjectivities and complex systemic relations in the social field in which Social Enterprises operate. Moreover, a qualitative approach allows making progress according to how the information is produced and analysed, progressively deciding on the next steps (Serbia, 2007). Thus, a qualitative approach allows an iterative process approach to methodological decisions.

Within qualitative research, there are several research designs, which adhere to a specified approximation to the field of study. The design that is consistent with this thesis is inspired in the school of Participatory Action Research (PAR), in which the main purpose is to provide information to guide decision making for programmes, processes and structural reforms. This school defends studying a social context through a process of research steps that form a "spiral" model, which is a set of decisions that are based on repeated cycles of analysis to conceptualise and redefine the problem again and again. According to this, the investigation integrates sequential phases of action, planning, identification, analysis, implementation and evaluation (Hernández, Fernández and Baptista, 2010). Thus, the design and redesign of the research methodology provides a framework to the research question giving importance to the context in which it is embedded.

In this sense, the research process of this thesis is placed within these contemporary qualitative social research perspectives, suggesting that the objective of encompassing and understanding the methodological characteristics required an epistemological basis to help make sense of the operating modes in the specific contexts of interest (Flores, 2009). Indeed, a qualitative research methodology offers a new perspective on the subject/object relationship and its contexts, proposing more complex ways of approaching reality through a set of conceptions that are open for further reflection and comprehension (Rojas, 2005).

The choice of a qualitative approach is reinforced by those who defend different perspectives in ontological assumptions of the reality that emerges in the field where Social Enterprises operate (Lincoln and Guba, 2003). Hence, Social Enterprises in Chile are to be studied as actors with distinctive dynamics, potentials and limitations, providing new perspectives beyond current discourses and practices.

2.3.2. Tools Used for Data Production

This section describes the methodological tools used throughout this investigation to build and produce the necessary information in order to answer the research question.

Both methodological tools and processes that were carried out are explained in depth as follows.

a. Semi-structured Interviews

The interviews are an interactive process that generated valuable information and established a series of questions that guided the research process (Flores, 2009). However, interviews with key players can be of different levels: structured and semi-structured. It was decided that interviews of a semi-structured nature would be conducted, with questions that were used as reference points (See Annex N°2.2). The main goal of this interview format is to gather the required information based on a script of relevant topics for the research, giving ample freedom and flexibility in the development of the interviews (Flores, 2009).

Semi-structured interviewing was chosen as one of the tools for data production, as it allows the construction of a broad set of scenes, people and situations, on a relatively large number of subjects within a brief amount of time (Taylor and Bogdan, 1986). Also, the application of semi-structured, flexible, and dynamic interviews enables the acquisition of knowledge through verbal accounts and perspectives provided by the interviewees about their lives, experiences, and situations, expressed in their own words (Taylor and Bogdan, 1986).

These interviews were applied to raise quantitative and, mainly, qualitative data. This data was raised to delineate, differentiate and understand Social Enterprises (specified in Chapter 4), and to describe the role of the latest Chilean national governments in relation to Social Enterprises (detailed in Chapter 5).

During this research, a total of 47 semi-structured interviews were conducted. The interviews can be divided in four groups, depending on the date they were carried out and their aim. All the interviewees consented verbally to the publication of the information produced in the interviews.

The first group of interviewees consists of 29 representatives of the diverse group of Social Enterprises that were chosen as part of the exploratory sample; including founders, co-founders, and directors of these organisations. The interviews focused primarily on exploring four dimensions in relation to their organisation goals –including their social aim, and mission- services and products, governance and commitment to public interest. These interviews are analysed in Chapter 4.

The second group consists of 9 semi-structured interviews that aimed to explore further the information produced from the 29 cases, but using only nine cases (of the initial 29) as research sample. The aim of these interviews was to expand the exploration on relevant qualitative variables attempting to learn from their distinctive features, which is also analysed in Chapter 4.

Finally, the third group of interviews consists of three cases selected from the previous nine, in an aim to explore, understand and interpret the relationship of Social Enterprises with public policies during both governments. This is fully analysed in Chapter 6 (the set of questions for each case and the interviewee can be found in Annexes N° 2.2 and 2.3).

To complement the information produced in this research, nine experts were interviewed (refer to Annex N° 2.3). The criterion used was to ensure the possibility of gathering the perspective of a diverse group of experts on the different Social Enterprises traditions and the research question. Three groups of experts were selected: academics, representatives from different traditions of Social Enterprises and representatives from the two aforementioned governments.

- **Academics:** This group was comprised of two academics, Mladen Koljatic and Mario Radrigán, who have validated knowledge on Social Enterprises. They were able to give information from their different disciplines and perspectives.
- **Representatives from Social Enterprises:** This group consisted of three executive directors of leading organisations from each Social Enterprise tradition.
 - Alejandra Pizarro from *Comunidad de Organizaciones Solidarias*, representing the Associative tradition;
 - Juan Pablo Larenas from *Sistema B* International, representing the impact driven Business tradition; and,
 - Ignacio Parada from *Foro Empresarial Cooperativo*, representing the Cooperative tradition.
- **Policy makers:** this group consisted of professionals that have participated in public policy, which affected organisations with social aims during both periods considered in this research. The list includes, Carlos Gonzalez from *Departamento de Cooperativas* (Cooperatives Department – Decoop); Paola Posligua from *Corporación de Fomento a la Producción* (Productivity Corporation – Corfo), as part of the *Ministerio de Economía, Fomento y Turismo* y during Piñera's government; Cristián Figueroa from Bachelet's

previous government and former executive at Corfo; and Francisca Riveros from *Fondo de Solidaridad e Inversión Social* (Solidarity and Social Investment Fund – Fosis) during Bachelet's previous government.

Interviews were semi-structured and focused on Social Enterprises and the relation and influence of public policy on the different families or traditions of Social Enterprises. This allowed a profound analysis of the data that was gathered. As with the previous interviews, these were recorded, transcribed and analysed carrying out a content analysis (the grid of these interviews can be found in Annex N° 2.2). The goal of these interviews was to explore the significant elements that were emerging for the different traditions of Social Enterprises and the public policy that was enacted to support them from ministries that were considered in the investigation. The intention was to obtain the viewpoint of different actors on the role and initiatives implemented by both governments with the purpose of supporting Social Enterprises in Chile.

Semi-structured interviews were used as a methodological tool to answer the three guiding questions of this investigation, because each grid of questions helped to understand different levels of analyses of Social Enterprises. This is how the interviews conducted to the 29 cases, and then to nine cases selected from them, help to respond the first guiding question which states: Which are the distinctive features of Social Enterprises in Chile and why?

Following this, three case studies (chosen from the research sample of nine cases) were endeavoured. The interviews conducted to actors selected for the nine and three case analysis, contributed to answer the second guiding question: Which were the public policies developed and encouraged by the two national governments that supported Social Enterprises in Chile in their respective periods between 2006 and 2013, and why?

The three case analyses served to respond the third guiding question, which states: What have been the implications of these public policies for Social Enterprises' development and why?

In sum, the interviews conducted with actors from Social Enterprises, the government, and academia, provided answers to the three guiding questions, which are ultimately the backbone of this research.

b. Exploratory Focus Group

The focus group is a technique that consists in gathering a small group of people in an informal group discussion focused on a subject or series of specific issues (Wilkinson 2004; Onwuegbuzie et al., 2009). It can adopt different approaches depending on its application (Calder, 1977; Fernández and De la Fuente, 2005).

The focus group moderator facilitates discussion and encourages dialogue among participants. In most cases the moderator presents a few questions or materials for stimulation. It is important that, when the information is collected, the consensus and dissent subjects are considered, since it could increase the wealth of data (Sim, 1998; Onwuegbuzie et al., 2009).

Exploratory focus groups conducted in the beginning of the research can lead to specific directions (Lefèvre et al., 2000), because they allow the identification and structuring of new research questions, which arise within the group and are considered important, or, it is even possible to obtain guidelines for future research (Angell and Klassen, 1999; Fernández and De la Fuente, 2005).

In the context of this investigation, this tool was mainly used at the beginning of the research process, and mostly with experts, in order to clarify the path followed in the investigation. The conversations that were held inside the focus groups helped to clarify the steps of the research, and set an initial response to the guiding questions of the thesis.

Three exploratory sessions were conducted about Social Enterprises in Chile, as shown in Table N° 2.1. The first one aims to explore and delineate which socioeconomic organisations could be considered Social Enterprises in Chile. The second one focuses on the particular dynamics that aim to explore them, as a possible path towards differentiating the diverse traditions and possible types of Social Enterprises, which were considered part of the research sample following the working definition crafted for this thesis. Finally, a session with the participants of the 101 Solutions initiative is used to explore and try to understand Chilean Social Enterprises and their relationship with Public Policies more in depth.

Table N° 2.1 Exploratory Focus Groups and Observations

Sessions´ Theme and Attendees	Description	Observations
Exploratory Focus Group I: Discussion with the founding group of the Social Enterprise Trade Union (ASOGES)	This session was conducted in order to explore with them the question about who should/could be considered a Social Enterprise in Chile and why?	Most assistants shared their thoughts about the fact that Social Enterprise, as a term, belongs to the for-profit impact driven enterprises.
Exploratory Focus Group II: Discussion with a wide-range of actors related to Social Enterprises	This session was conducted in order to explore the dynamics of Social Enterprises in Chile.	The discussion led towards a very first characterisation of possible patterns of change in Chilean Social Enterprises
Exploratory session III: Discussion with ‘101 Solutions’ leading committee ⁶ .	This session was conducted in order to explore Social Enterprises and their relationship with public policies.	This discussion allowed this research to obtain two main reflections of leading experts in Social Enterprises. There is a lack of public policies, but there is also an opportunity for a win-win relationship between Social Enterprise and public policies.

Source: Authors own elaboration

The exploratory focus groups carried out in this academic research helped answer all three guiding questions.

c. Feedback Workshops

The feedback workshops were part of the participatory research approach, which involve technological and methodological actions (Alberich, 2007). The workshops were developed as meetings where group discussions could take place, which are based on relevant information obtained from the research, which is shared with the participants from whom the data was originally collected. The goal of the workshops is

⁶Initiative project members (an open innovation initiative created in order to explore and discussed about Social Enterprises and Public Policies in Chile)

to obtain a second reflection regarding the data, provide feedback and discuss issues related to diagnosis and planning, discuss key thoughts and challenge them with emerging ideas, and promote the development of joint proposals towards the subject of analysis (Hernández, Fernández and Baptista, 2010).

While this study is based on the methods of Participatory Action Research, it values and recognises the exercise of "devolution", both methodologically and epistemologically, and therefore considers the workshop as a technique suitable for the purpose. The act of "devolution" creates a climate of appreciation and collaboration among participants, in which the information is returned and made theirs, (Hernández, Fernández and Baptista, 2010). Breaking down the monopoly of knowledge accumulated by technical and/or minority elites (Martínez, 2000). The devolution can also be used to check the validity and even reliability of the data, refine the interpretation of the data with the actors and empower the subjects stressing the ways of development that emerge from the study (Durstun and Miranda, 2001).

This act of devolution can take various forms; in the context of this thesis the more suitable one is a Devolution Workshop that has the great virtuosity of being an extension of the previous focal discussion (Krueger, 1994) in which the group was provided the data, which they analysed, contradicted, and discussed. The act of validating the information also implies an epistemological advancement in the construction of knowledge, since such verification can only be done through participatory practices with all of those who are interested in this information.

Throughout this research three workshops were carried out that led to the production and discussion of data, as shown in Table N° 2.2. The first one aimed to discuss and validate, with a diverse group of Social Enterprises' actors, the approach taken by this thesis in terms of outlining the potential universe of Social Enterprises in Chile. The second workshop sought to present the dynamics of convergence, emergence and divergence that different traditions of Social Enterprises were encountering. This workshop preceded a commission on Social Enterprises led by Pablo Longueira, former Minister of Economy, Development and Tourism in the Piñera Administration. This workshop first started with a presentation of the conceptualisation of Social Enterprises, opening a debate on their distinctive features, legal forms and organisational models, and highlighting the complexities of being diverse organisations that are not only non-profit. And finally, the third feedback workshop was conducted at the ex-parliament house in Santiago, with Social Enterprises' leaders and two current deputies. The aim of this session was related to the possibility of setting up a particular

legal framework for Social Enterprises in Chile, based on the ABC approach proposed in this thesis.

Table N° 2.2 Feedback Workshops and Observations

Sessions' Theme and Attendees	Description	Observations
Feedback Workshop I: Presentation to a wide range of Social Enterprises' leaders and experts in this emerging field.	This workshop was conducted in order to shared, with these actors, insights from the analysis of the 29 cases and the first steps of the fieldwork.	The discussion was around the possibilities of every legal form of a socio economic organisation in Chile in order to be considered a Social Enterprise.
Feedback Workshop II: Presentation to the Government: Dynamics of Convergence and Divergence.	This workshop was conducted at the Ministry, in front of a special committee invited to discuss the reality and perspective of Social Enterprises in Chile.	This workshop was the first event in which the dynamics of convergence and emergence were presented to policy makers and key Social Enterprises' leaders.
Feedback Workshop II: Presentation to deputies leading the agenda of Social Enterprises.	This workshop was conducted at the ex - parliament house in order to validate the need of a particular legal framework for the ABC approach.	In this session, technical feedback on the possibility of advancing the ABC approach towards a legal framework was obtained.

Source: Authors own elaboration

These feedback workshops served to answer all three guiding questions.

d. Transparency

Regarding public information used throughout this investigation, it is important to note that Chilean Act N° 20,285 "On access to public information" of 2008 opened two

mechanisms to access public information: Passive and Active Transparency. Both mechanisms were used in this investigation.

According to Title IV of Chilean Act N° 20,895, passive transparency consists of the right of every Chilean to request and receive information from any State organism or entity in the form and manner described by law. Access to information includes information contained in acts, resolutions, minutes, records, contracts and agreements, as well as all information financed with the public budget, whatever the format or medium in which it is contained, with only legal exemptions. Requests for information should be made directly to the public body of the required information. The requests can be made via the institution's official website or government transparency website *Portal de Transparencia*; requests can also be made in person, by letter, or filling out a form, in the *Oficina de Informaciones Reclamos y Sugerencias* (OIRS). It is mandatory for these agencies to answer these requests in compliance with the law.

Furthermore, the active transparency law, title III of the Chilean Act N° 20,895 dictates that State bodies have to remain permanently available to the general public through their institutional websites on diverse matters, for instance: organisational structure; the powers, functions and responsibilities of each of their units or internal organs; their regulatory framework; the types of contracts of their workers and their remuneration; transfers of public funds; the acts and decisions that have an effect on third parties; the procedures and requirements to be met by the applicant to access the services provided by the respective body. The agencies are required to have public information that is relevant to citizens and the public in general, and delivery must be permanent, updated, accessible and understandable.

Both mechanisms were mainly used to gather quantitative information in regard to the description and characterisation of Social Enterprises, which have origins in different traditions (as detailed in Chapter 4). A letter with a request for information was sent to various government agencies such as the Ministry of Economy, Development and Tourism and the Civil Registry and Identification Service, among others.

In sum, transparency as a methodological tool mainly served the purpose of answering the second guiding question, which states: Which were the public policies developed and encouraged by the two national governments that supported Social Enterprises in Chile in their respective periods between 2006 and 2013, and why?

e. Literature Review

The goal of a literature review is to deepen the knowledge related to a particular topic of interest. In general, a literature review has two key elements: First, it intentionally summarises the findings that have emerged from previous research about the topic of study. Second, it must reach a conclusion about how accurate and complete is the knowledge about the central issue (Knopf, 2006). It should include a judgment about what is good, bad and missing from the literature under review. One of the advantages of this methodology is that it provides a panoramic view of an unfamiliar body of research work, supplies new ideas that can be used in other research, and helps pinpoint the research in a larger context. Although most of this thesis is based on scientific literature, the information reviewed from websites of various government agencies, laws, and Social Enterprises information was also relevant. This information helped to construct a theoretical framework that would be used as a base for some of the questions of this investigation.

As it mentioned above, the literature review is used across the entire investigation, so it helps to answer all three guiding questions. This is because the theory and the information about Social Enterprises and public policy progresses in time, so the diversity and complexity of them helps to draw a framework that interacts with this thesis.

2.4. Universe of Social Enterprises in Chile

As noted in section 2.1 of this chapter, Social Enterprises are the main actors in this thesis. Current literature dealing with this topic is still not totally comprehensive; therefore, the definition of a potential universe and samples is a necessary task that consists of several stages.

2.4.1. Delineating the Universe

This thesis aims to understand Social Enterprises broadly. However, this subject is too complex to be tackled completely, in terms of analysing every single organisation that could potentially be defined as a Social Enterprise according to the definition of this thesis. Therefore, an exploratory universe was built following Kerlin's approach (2010) to Social Enterprises.

2.4.1.1 Twenty-Nine Case Studies

Hence, the first task was to develop criteria that would allow selecting the organisations that could fall into the category of Social Enterprise and thus be part of the exploratory sample. In order to accomplish this, Kerlin's broad definition (2010) was used, in which she states that organisations that use "nongovernmental, market-based approaches to address social issues" (2010, P.164), may be considered Social Enterprises.

Drawing on the theoretical framework of this thesis (see Chapter 1), making use of this broad definition of Kerlin, and based on an analysis of the historical foundations of socio-economic organisations in Chile, the first step is to recognise that the potential universe of Social Enterprises is a vast territory. This is not only due to the complexity that is associated with the historical dynamics of these organisations, and particularly given the abrupt institutional changes of the last decades, but also by the fact that this subject includes organisations that are not considered under the traditional socio-economic structure.

A large portion of the different legal figures of Social Enterprises arising in Chile (using Kerlin's definition), can be found in the work by Radrigán and Barría (2005). Indeed, most of these figures (for legal definitions see Table N° 4.1 for Associations, N° 4.2 for Cooperatives, and N° 4.3 for Business all located in Chapter 4) are contained in the traditional definitions of the social economy in Chile.

Therefore, the following legal forms qualify as Social Enterprises under Kerlin's framework (2010): Non-profit Corporations and Foundations; Professional Associations; Indigenous Associations; Functional and Territorial Community Organisations, Cooperatives, Mutuels, Trade Unions, Labour Unions, Unions and Federations. Although these are the most traditional, B Corps and businesses organisations with CSR goals might also meet the requirements, even though they do not belong to the social economy; however, the dynamism and strong emergence of these organisations makes them attractive to be studied in this context.

This could permit to explore organisations with diverse characteristics, for instance, new organisations or ones that were founded a long time ago, some that were founded by men and others for women, some that experienced success and other who had difficulties, some from Santiago and others from regions.

According to this, five criteria were built to select an exploratory sample from the potential universe:

- i. Organisations need to meet Kerlin's (2010) inclusive definition.

- ii. At least one organisation from every Social Enterprises legal form in each tradition.
- iii. Accessibility to data.
- iv. Visibility of the organisation.
- v. A certain geographical representation that allows exploring diversity at a national level.

Along with the construction of an exploratory sample like this, a triangulation with different sources can be done, depending on the emphasis of each research. One type of triangulation is made of theories and perspectives used to analyse the data, not to corroborate the literature, but to analyse them under different theoretical views or fields of study. A second type of triangulation, through a research design, aims to complement different views of the subject. A third type refers to the triangulation of data from diverse sources and instruments (Hernández, Fernández and Baptista, 2010).

In order to build the exploratory sample of this thesis, the data was triangulated in the following terms: (1) Exploratory Group N°1 carried out with ASOGES (Social Enterprise Trade Union) - in which the aim was to discuss their impressions of who should be considered a Social Enterprise. This discussion considered the possibility that Social Enterprises go beyond the social economy, integrating for-profit organisations and cooperatives; (2) recurrent conversations with academics and actors from the Social Enterprises' field, which helped define which organisations to consider as part of the first exploratory sample of this research; organisations that could potentially be Social Enterprises, and (3) secondary sources and information from the literature review, which included websites from the organisations suggested in the process.

All the process described above ends in the selection by convenience sampling of the exploratory sample: 29 organisations. The qualitative convenience sampling is considered as the best methodological tool to account for leveraging the cases of Social Enterprises, especially for its open and direct intentionality to choose them based on the particular criteria elected, the goal is the richness, depth and quality of information, not quantity or standardising (Hernández, Fernández and Baptista, 2010). In this sense, the researcher decides on selecting the various elements of social reality under research, based on the purpose and essential features of the reality that is being observed and built. In other words, the convenience sampling technique refers to taking all available cases that meet some criteria of interest to the investigation (Tójar, 2006).

It is important to note that case analyses are one of many convenience sampling techniques. They are characterised by being a detailed process of enquiring and examination, comprehensive, systematic and in depth of a diverse set of cases of interest (Merina, 1988). It is used to account for the observations carried out by specific sampling techniques (Sandoval, 1996), being able to produce a complex and rich definition of the object of study (Stenhouse, 1990) and discovering new relationships and concepts. In this sense, a multiple cases analysis is considered to be of more consistency (Yin, 1984) by drawing on replication and understanding, as the capacity given by this type of design is contrasting the partial information given by each case (Rodríguez et al., 1996).

These decisions derive in the selection of the 29 organisations that are presented below in Table N° 2.3.

Table N° 2.3 Exploratory Sample

Legal Forms	Selected Organisation
Non-profit Corporations or Foundations	Fundación Nuestros Hijos - Fundación Casa de la Paz - Fundación Solidaridad - Gente Expresa – Comparte – Colegio Alexander Flemming
Professional Associations	Apiunesexta
Indigenous Associations	Relmu Witral – Trekaleyin
Functional and Territorial Community Organisations	Kaleidoscopio - Upasol – Bicicultura
Labour Unions	Sindicato Folkorista
B Corporations	Late! - Lumni – Triciclos – Cerco –Pegas con Sentido
Private Enterprises well known in the CSR field	Masisa – BCI

Cooperatives	Cooperativa La Porteña - Cooperativa Viña Crea - Cooperativa Socomade - Prymave – Oriencoop
Trade Unions	Asociación de Procesadores y Exportadores de Ciruelas Secas de Chile
Mutuals	Sociedad Mutual Union de Artesanos
Unions and Federations	FIPASUR (Pesca en línea) – FEPANAV

Source: Author's own elaboration

Among the 29 cases it is possible to appreciate an over-representation of certain legal forms. This is justified, in terms of this research, because the intention was to choose at least one of each legal form in order to contrast the discussions produced in the exploratory focus group, experts' interviews and the information available about organisations (for information about these organisations, referred to Annex N°2.4)

2.4.1.2 Social Enterprises' Public Character: Assessment of the Exploratory Sample

In order to better adapt the characterisation of Social Enterprises to the Chilean context and thus reach a specific definition (as discussed in Chapter 1), the decision was to incorporate a particular instrumental definition for this thesis, which states:

“Social Enterprises are private organisations that adopt hybrid logics to provide goods and/or services on a regular basis in order to address socio-environmental issues of public interest”

Then, these 29 organisations were interviewed and studied using the instrumental definition crafted for this research, which combined the public interest commitment of Social Enterprises and three dimensions inspired by EMES previous work. These archetypal dimensions help to explore the 29 cases, with the aim of delineating the field of Social Enterprises; hence, they were used as a guide to structure the grid of interviews. The dimensions under analysis are summarised in the following Table N° 2.4:

Table N° 2.4 Dimensions to Explore the 29 Selected Case Studies

Dimensions	Description
Economic: A continuous provisión	Social Enterprises are directly involved in the provision of goods or services on a continuous basis.
Social: An explicit social aim	One of the explicit aims of Social Enterprises is create social value, rather than the distribution of profit. Promote a sense of social responsibility.
A participatory governance	Representation and participation of various stakeholders in decision-making processes and a participative management.
A commitment to public interest	The provision of products and services of public interest and their participation in intermediary spaces of public interest.

Source: Author's own elaboration based on EMES through Defourny and Nyssens (2010, 2012)

It is important to highlight that the definition of Social Enterprises used by this thesis does not apply to all EMES dimensions, particularly due to the public character of these organisations, stressed in the final definition, which is grasped in the “A commitment to public interest” dimension. The study of these 29 organisations helped to enter the potential universe of Social Enterprises by identifying some common features between the organisations in line with the instrumental definition and the dimensions used in the exploration.

2.5. Research Universe: ABC

Based on the potential universe that was built in the previous section, it is possible to delineate the research universe of this thesis. This process was complemented with the analysis of the Chilean context, the assessment of the exploratory sample (29 cases), a triangulation with interviews with experts and the revision of sources of secondary information.

The universe, which although it corresponds to a work base to be able to understand them and represents a first approximation to the reality of the Social Enterprises in Chile, does not imply that all the organisations under the legal figures considered necessarily fulfill the instrumental definition for Social Enterprises proposed by this thesis.

In order to build the research universe it was necessary to have this stage of exploration. Based on the potential universe that came to be built in the previous section, plus an analysis of the Chilean context, the assessment of the exploratory sample (29 cases), a triangulation with interviews with experts and the revision of sources of secondary information, is that it was possible to delineate the research universe of this thesis.

Universe, which although it corresponds to a work base to be able to understand them and represents a first approximation that allows dimensioning the reality of the Social Enterprises in Chile, does not imply that all the organisations under the legal figures finally considered necessarily fulfill with the instrumental definition for Social Enterprises proposed by this thesis.

This research universe is constituted by Social Enterprises of three traditions: Associative, Business and Cooperative (ABC). Social Enterprises of the associative and cooperative traditions account for the traditional social economy. The novelty is provided by the addition of Social Enterprises of the business tradition, which are organisations that have become new actors in this context.

Associative Social Enterprises (A) are non-profit; although they recognise themselves as private non-profit organisations with a public interest, they are beginning to use market logics to finance their activities or to professionalise their operations. In other words, they are converging towards a hybrid type of Social Enterprise, which actively use the market principle and logics. Among these are the following legal forms: Functional Community Organisations, Foundations and non-profit Corporations, and Indigenous associations.

Business Social Enterprises (B) are converging towards the public interest as a fundamental part of their operations and have a strong use of both market principle and logics. However, this is associated with the goal of addressing social-environmental issues of public interest. As there are no legal frameworks for B Social Enterprises, the normative framework of B Corps is used to qualify under this group.

Cooperative Social Enterprises (C) are part of the cooperative tradition. They work in accordance with the principle of reciprocity and mutual aid aimed at improving living conditions of its members. These organisations use the market principle and logics in order to improve such conditions. These organisations include legal forms such as Cooperatives, Trade Unions, Unions, Federations and Mutuals⁷.

Table N° 2.5 Legal forms Included in the Universe Organised under the ABC

Associative	Business	Cooperatives
Functional Community Organisations	B Corps	Cooperatives
		Unions and Federations
Foundations and Non-profit Corporations		Trade Unions
Indigenous Associations		Mutuals

Source: Author's own elaboration

The full analysis of the ABC approach, including its features and legal forms are found in Chapter 4.

2.5.1. Research Sample: Differentiating Social Enterprises' Traditions and Types

Different legal forms are included in each type of Social Enterprise encompassed by the ABC approach. Nine cases were selected as a research sample in order to grasp the distinctive features of each type of Social Enterprise. According to the research question and guiding question N°1, it is required to advance in the understanding of what would be the distinctive features of these organisations in Chile. Therefore, given

⁷Through the triangulation of data, mutuals, mainly due to their mutual purpose, based on cooperation and mutuality as suggested by Gordon (2015), are considered to be part of the Social Enterprises of the cooperative type. This will be analysed in depth in Chapter 5.

the scenario of dynamics, particularly of convergence among these organisations, which allow us to speak of an ABC approach, it seems relevant also to advance in what would be a comparison and differentiation of Social Enterprises and traditions.

The choice of the sample was made following four-fold criteria:

(1) The first criterion is to select cases that correspond to different types of Social Enterprises (A, B or C). This criterion responds to the need to include diverse types and legal forms of Social Enterprises that encompass different traditions of Social Enterprises existing in the country.

(2) The second criterion corresponds to the date of creation for each organisation. This criterion responds to the need to gather information of the relationship of these organisations with the State in the different governments included in this thesis analysis, for these three alternatives were built: organisations created before 2006; organisations created between 2006 and 2010; and organisations created between 2010 and 2013.

(3) The third criterion responds to the public interest commitment. For using a practical criterion, it is proposed that the organisation has a public interest commitment when it engages in collaboration with the State in terms of: a) the product or service the organisation provides; b) the organisation participates in round tables with government or intermediary spaces; c) the organisation participates in other instances of public interest. According to this, if the organisation fulfilled the three terms their public interest commitment was considered strong, if the organisation fulfilled the number one, and any of the other two, is medium, and if the organisation only fulfilled one of them their public interest commitment was considered weak.

(4) The fourth and final criterion was the accessibility of information and availability of the organisations to remain part of the research process. This criterion responds to the need to continue the relation with these organisations, made more interviews and collect the information needed to deepen the case studies.

These four criteria were applied taking into account the Literature Review, experts' recommendations, Feedback Workshops opinions. Table N° 2.6 lists each of the selected cases.

Table N° 2.6 Organisations of the Research Sample, according to the ABC approach

Type of Social Enterprises	Legal Character of the Organisation	Name of the Organisation
Associations	Foundation	Casa de la Paz
	Corporation	Alexander Flemming School
	Functional community organisation	Bicultura
Businesses	B Corp	Triciclos
	B Corp	Cerco
	B Corp	Pegas con sentido
Cooperatives	Workers cooperative	Prymave
	Savings and Credit Cooperative	Oriencoop
	Federation	FIPASUR (pesca en línea)

Source: Author's own elaboration

In order to analyse these nine cases, a representative member of the organisation – mainly founders, presidents, vice-presidents or directors- participated in semi-structured interviews, which served to identify and analyse the characteristics of each of the traditions with an aim to differentiate them. In addition to identify and analyse the distinctive features, this research sample kept exploring the selected dimensions, which it resulted in structuring the grid of questions for the interviews orientated to explore and classify these organisations according to the variables chosen for this sample. Table N° 2.7 shows who the interviewees were at this stage.

Table N° 2.7 People Interviewed in the Nine Cases

N°	Social Enterprise	Interviewee	Role
1	Casa de la Paz	Ximena Abogabir	Co-founder and Board's secretary
2	Bicicultura	Andrea Cortínez	President
3	Colegio Alexander Flemming	Alejandra Retamales	Director
4	Triciclos	Gonzalo Muñoz	Co-founder & CEO
5	Pegas con Sentido	Nicolás Morales	Co-founder & Managing Director
6	Cerco	César Riffo	Founder & CEO
7	Prymave	Edgardo Casajuana	CEO
8	Pesca en Línea	Patricio Olavarría	CEO
9	Oriencoop	Carla Aravena	Head of the Santiago office

Source: Author's own elaboration

The analysis of these 9 cases is deepened at this stage with four qualitative nominal variables –which are divided into certain categories among which the studied Social Enterprises are classified- based on the latest papers about distinctive features and typologies discussed in Chapter 1.

The first nominal variable that was added to the analysis is named Origins and Development Paths and it is based on Spear et al. (2009). This research suggests four main types of Social Enterprise, each with different origins and development paths these types are: Mutualism; Trading Charities; Public sector spin-offs; and New-start Social Enterprises. The origins and development path of Social Enterprises can have an important impact on both the way governance structures are constructed and developed, and on the issues and challenges they face.

The second variable is called Purpose, and it is inspired by Gordon (2015), and on the insights collected from the process of field immersion, which permits to illustrate the many purposes that could be associated to each one of the types of Social Enterprises encompassed by the ABC approach, the purposes can be classified as: Mutual

Purpose; Community Purpose; Altruistic Purpose; Ethical Purpose; Private Market Purpose; and Public Statist Purpose.

The third variable is called Principles of Welfare, and it is based on Polanyi (1944). According to this, all Social Enterprises use the market principle; however, certain types of Social Enterprises encompassed by the ABC approach could use it more intensely. Moreover, different types of Social Enterprises may also use the other two welfare principles with different intensity: redistribution and reciprocity. For classification, the principles are divided in: Market Principle; Redistribution Principle; and Reciprocity Principle.

The fourth variable is Mission Orientation, which is based on Kim Alter (2010), who emphasises the integration of social activities in an organisation, based on the level of integration of social programmes and business activities. The Mission centrality can be understood as: Mission Centric; Mission Related; and Unrelated to Mission. See Annex N 2.3 for the summary of the variables included in this analysis.

Also, in order to continue the exploration of the public interest commitment of Social Enterprises, a dimension of analysis called Public Interest Institutional Logics was added. This can be considered as an upgrade of the dimension of public interest used for the exploratory sample, as it intends to include the institutional logics discussed in theoretical framework of Chapter 1. However, this cannot be considered a nominal variable, because no categorisation for the public interest of Social Enterprises was found in the literature. Therefore, the aim of this dimension is to better explore the notion of institutional logics of public interest as defined by this thesis as material practices and implicit rules that influence the issues that are important and how they are addressed by the organisation in pursuit of the public interest.

For these variables and dimension a special grid functioning as a semi-structured interview guide on CEO's of Social Enterprises was constructed. Discussion sessions and workshops with the leaders of Social Enterprises and experts in the subject were endeavoured as well.

2.5.2. In-depth Research Sample: Understanding Social Enterprises and their Distinctive Features

An in-depth research sample was specially selected to deepen the understanding of key features of Social Enterprises. The selection was made with the process of

convenience sampling according to which the theoretical or conceptual samples are used when the researcher needs to understand a concept or a theory. Moreover, the cases are chosen because they have one or more attributes that contribute to developing the investigation (Hernández, Fernández and Baptista, 2010).

Specifically, three cases were selected from the total of nine organisations described above (studied in depth in Chapter 6), using the following criteria:

- i. Each one responds to a different tradition encompassed in the ABC approach.
- ii. Cases are of interest in terms of exploring their public interest dimensions, their institutional logics and their relationship with public policies.
- iii. Accessibility to information and availability of the organisations throughout the research process.

The criteria were applied considering the literature review, experts' recommendations, and feedback workshop opinions and data availability. The Social Enterprises selected using these criteria are Casa de la Paz representing Associative Social Enterprises, Triciclos from Business Social Enterprises and Prymave from Cooperative Social Enterprises. To review the interviewees from each organisation, refer to Annex N° 2.3.

The in-depth sample was explored mainly using the public interest commitment of Social Enterprises with two new and more detailed dimensions based on the work of Habermas (1962) and Arendt (1958), as it is shown in Table N° 2.8. The first dimension added is denominated "acting for the public" and it is related with the provision of goods and/or services by Social Enterprises in order to address socio-environmental issues of public interest. Thus, integrating the findings of the analysis of the nine cases, it is possible to propose that enterprises "act for the public" through two mechanisms: (1) The 'what', is related to the specific product or service provided. This product or service is designed to directly address socio-environmental issues; (2) The 'how', is more closely related to the purpose of social enterprises. This describes how the operation of the organisation, as a whole, organises and carried out its processes to provide its products or services described above, in a way that is aligned with purpose of the organization, and therefore, with the public interest.

The second dimension added is denominated "acting for the public" and it is related with the various mechanisms of interaction and collaboration with different social actors, which these organisations develop on diverse social fields in order to address socio-environmental issues of public interest. Thus, despite the fact that this pattern has

been little explored, based on the case analysis and the theoretical framework, it is possible to propose that enterprises "act as the public" through two mechanisms: (1) the interaction and collaboration with governments in public policies issues through their participation in social fields, explained in Chapter 4. This implies a direct relationship with diverse governmental agencies on institutionalised or emergent public policy issues; (2) the participation and/or creation on new public spaces of interaction in different social fields in order to address socio-environmental issues of public interest, which have not been address by public policies yet.

Table N° 2.8 Dimensions and short description Applied in the Sample

Commitment to public interest dimension	Description
Acting for the public	The provision of goods or services by Social Enterprises in order to address socio-environmental issues of public interest.
Acting as the public	The various mechanisms of interaction and collaboration with different social actors, which these organisations develop on diverse social social fields in order to address socio-environmental issues of public interest.

Source: Author's elaboration

2.6. Methodology Approach of the Analysis of Public Policies

The way public policies interact with Social Enterprises in Chile is another matter of interest for this thesis, particularly how they foster or block their development. This analysis is found in Chapter 5, with its own methodological framework, explained below.

The next challenge in the research path was to analyse the national governments of Michelle Bachelet and Sebastián Piñera in terms of the public policies generated to contribute to the development of the different types of Social Enterprises in Chile. This, in terms of the ABC approach developed in Chapter 4. Hence, the goal is to delve into the work of these governments with a focus on the three types of Social Enterprises

that can be categorised as Associatives (A), Businesses (B) or Cooperatives (C), as suggested in Chapter 4. In this sense, it is of particular interest to describe and analyse the evolution that Chile has had in regard to the relationship between each of the last two national governments and Social Enterprises.

In this thesis, public policy is understood as a process that begins when a government detects an issue of public interest that deserves attention because of its importance, to then proceed to determine a consequent evaluation of results of actions that serve to modify, delete or mitigate the initial problem detected (Tamayo, 1997). In this sense, considering that a policy that covers the emergence of Social Enterprises in Chile does not currently exist, the aim is to identify and analyse the actions undertaken by the governments in terms of public policy, which in the periods in question, could be linked to the emergence of a future policy on Social Enterprises.

2.6.1. Defining the Dimensions of Analysis

The literature review on public policy has shown that in order to understand the evolution of a subject similar to Social Enterprises, it is useful to split the analysis using different perspectives (Hernández, 2003). In this regard, based on Gatica et al. (2013) this thesis considers three dimensions for the assessment of the evolution of Social Enterprises and the public policies that affect them: Institutional (includes governmental institutions and the legal and regulatory framework); promotion and incentive (includes public instruments); and visibility (includes instances of visibility).

Institutional Dimension

In this dimension two complementary and deeply related variables will be analysed: governmental institutions and legal and regulatory frameworks. First, the concept of institutions shall apply to governmental entities defined by law. This variable is defined as governmental institutions involved in public policies that permit the development of Social Enterprises following the ABC approach. This dimension contains one indicator:

- (1) Role: defined as the role of an institution in relation to Social Enterprises following the ABC approach. It can have the role of control, registration, promotion or strengthening.

The variable of legal and regulatory framework is closely related to the statements above as it reflects the constitutions, statutes, laws, and contracts enacted by these

institutions. Public organisms, public agencies or public services are then the bodies responsible for enacting and implementing legal and regulatory frameworks and behaving according to them.

The importance of studying this variable is that there is a dependency on the regulatory framework in order for Social Enterprises to arise. In this sense, certain types of Social Enterprises could be enforced producing the impairment of others. In other words, if there is not a regulatory framework that incorporates the complexity and diversity of types of Social Enterprises, the national government is going to condition the potential development of Social Enterprises in the country. According to this, the two indicators of this dimension are:

(1) Existence: Defined as the existence, or not, of a specific legal and regulatory framework to favour the emergence and development of Social Enterprises encompassed by the ABC approach.

(2) Objectives: Defined as the extent that the objective of the legal and regulatory framework seeks to promote the emergence and development of Social Enterprises following the ABC approach.

Promotion and Incentive Dimension

The promotion and incentive to organisations with social aims refers to tools of State that foster their establishment and funding possibilities, granting long-standing sustainability (Gatica et. al, 2013). In other words, promotion and incentives encourage entrepreneurs with social interests to begin personal or collective projects. In this dimension, it is possible to find the variable corresponding to Funds Instruments, which is understood as the government's economic funds that promote Social Enterprises following the ABC approach.

The indicators of this variable are three:

(1) Number: Defined as the number of funds or instruments that promote Social Enterprises following the ABC approach

(2) Budget: Defined as the total annual budget of the fund.

(3) Objectives: Defined as the extent that the objective of the funds seeks to promote Social Enterprises following the ABC approach.

The second variable is Incentive Instruments defined as government subsidies that promote Social Enterprises following the ABC approach. The indicators of this variable are two:

- (1) Incentive's size: Defined as the amount in Chilean pesos or percentage of total instruments or tenders.
- (2) Objectives: Defined as the extent that the objective of the incentive instruments seeks to promote Social Enterprises following the ABC approach.

The importance of studying this dimension relies on the fact that Social Enterprises represent a new category of organisations in the country. Therefore, vast sections of these organisations qualify as start-ups, which are particularly sensible to incentives or promotion instruments.

Visibility Dimension

Understanding the State as a legitimate institution with the duty to govern various sectors of society, grants an important position, within public policy, to the instances of visibility provided by this institution to different organisations through the visibility of these same ones.

Moreover, according to Thompson (2003), a process becomes legitimated when an institution grants it a role in the system. Thus, it becomes important to study the ways in which Social Enterprises are granted visibility by governments in order to be legitimated actors in society. In this context, visibility is a tool available to the State to support or favor, to some extent, the process of legitimising organisations. The main purpose of this dimension is to study the instances of visibility with which the State has favored the process with respect to Social Enterprises.

The variable of this dimension is reports, studies, roundtables and seminars, which is defined as the reports, studies, roundtables and seminars carried out by the government, which gives visibility to Social Enterprises following the ABC approach. Two indicators are used:

- (1) Number of reports, studies, roundtables and seminars: Defined as the number of reports, studies and seminars made by each government in order to give visibility to Social Enterprises encompassed in the ABC approach

(2) Objectives: Defined as the extent that the objective of reports, studies, roundtables and seminars seek to promote the emergence and development of Social Enterprises encompassed in the ABC approach.

2.6.2. Selecting the State Institutions to be analysed

As stated in Chapter 1, the definition of a modern and democratic State includes three independent institutions: Executive, Legislative and Judicial powers. For the purpose of this study, only the Executive branch was analysed, with the incumbent government as focus of analysis. This selection answers to the need of comparing the role of both, the governments of Michelle Bachelet and Sebastián Piñera. Also, it responds to the fact that Chile is run by a presidential political system in which the Executive government is largely more important than the other two institutional powers, in terms of processes of social change in public policy. In this sense, the Executive power not only has the resources and instruments to fuel certain social dynamics, but also the ability to foster or block their development. The criteria match Kerlin's (2010) theoretical framework of global emergence of Social Enterprises, which focuses on the incumbent government for the analysis the role of the State in emergent social processes.

Finally, it is important to state that the Chilean political system is highly centralised. Therefore, the central branch of the national government, located in the capital city of Santiago, is a hegemonic power that establishes the legislative agenda over the regional and municipal governments. Given the above, it is important to explicitly address the fact that this work will be concentrated in these two national governments, notwithstanding that the State may be mentioned on occasion, particularly when there is an institutional analysis or when working within the framework of underlying theories to this analysis.

Organisations with social aims have relationships with various ministries of the national government. The Ministry of Economy, Development and Tourism has relevance regarding the delivery of competitive funds and grants to organisations with social aims. This Ministry seeks to promote the modernisation and competitiveness of the productive structure of the country, the private sector and the efficient operation of markets, the development of innovation and the strengthening of the international position of the country's economy (Ministerio de Economía, Fomento y Turismo, 2014b). This Ministry is important particularly in regard to the economic resources

given to organisations with social aims to develop of the productive structure of the country.

This thesis also recognises the Ministry of Social Development, which corresponds to the ministerial organisation that seeks to contribute to the design and implementation of policies, plans and programmes on social development, especially those aimed at eradicating poverty and providing social protection to vulnerable groups (Ministerio de Desarrollo Social, 2014b). This Ministry is important because of the funds and incentives given to traditional social economy organisations aim to economic and social impact.

Another important Ministry is the Secretary General of Government, responsible for facilitating and coordinating the development and enforcement of the programmatic and legislative agenda of the government (Ministry Secretary General Protection Presidency, 2014). Its importance lies in the contingencies and eventualities that arise during each government, which are tackled through different public policies. Many of their programmes are therefore constructed to include new emergent subjects similar to Social Enterprises. Table N° 2.9 lists the national governmental ministries included in the analysis, which are mostly related to Social Enterprises in Chile.

Table N° 2.9 List of the Governmental Ministries Included in the Analysis

Ministry	Role
Ministry of Economy, Development and Tourism	Promote the modernisation and competitiveness of the productive structure of the country, the private sector and the efficient operation of markets, the development of innovation and the strengthening of the international position of the country's economy.
Ministry of Social Development	Contribute to the design and implementation of policies, plans and programmes on social development, especially those aimed at eradicating poverty and providing social protection to vulnerable groups.
Ministry Secretary General of Government	Facilitate and coordinate the development and enforcement of the programmatic and legislative agenda of the government.

Source: Author's elaboration

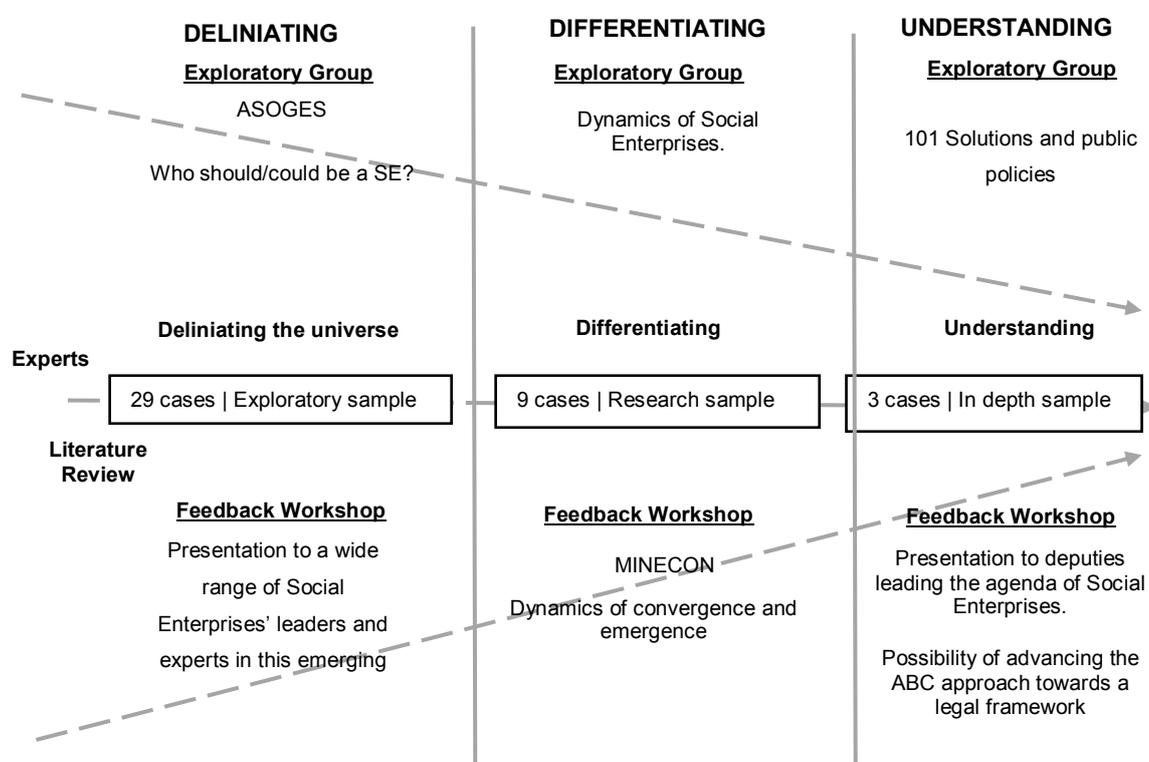
The analysis of these Ministries allows a better and deeper understanding of the relationship between Social Enterprises in Chile with public policy.

2.7. Transitional Conclusions

One of the main lessons left by the methodological chapter is related to the understanding of everything that implies an investigative process like this. On the one hand, this process allows to face an emerging phenomenon, such as Social Enterprises in Chile. And, on the other hand, the relevance of proposing a qualitative methodological design, of a flexible and iterative nature like the one proposed, allowed to overlook central aspects in this research. For example, to deepen the understanding of the distinctive features of social enterprises, and what would be its, little studied, relation with public policies.

However, for a research question such as the one raised, this work organised the methodological process around social enterprises in three major stages. As can be seen in Figure N° 2.2., a first stage of immersion had to do with delineation, a second stage to differentiate, and a third to understand in depth certain central aspects of these organisations.

Figure 2.2. Methodological Process: Delineating, Differentiating and Understanding



Source: Author's elaboration

In each one of the three stages, as it can be observed in Figure N° 2.2., the different data production tools that were used in order to support each one of these objectives and the search for the answers to the three guiding questions, are described.

Along with this, it is possible to see how progress was made in the construction of the universe and the sample. Thus, with respect to the construction of the universe, it progressed in an iterative way from a delineate based on a potential universe, and then advanced towards a research universe. On the other hand, from the analysis of an exploratory sample of 29 cases, it proceeded to an analysis of 9 cases of these, corresponding to the research sample, to finally finish investigating in three of them, which would correspond to the in-depth sample.

CHAPTER 3: An Analytical Model of Social Enterprises in Chile

Before analysing the extent to which Social Enterprises have been favoured by public policies in the last two national governments in Chile, it is necessary to have a macro perspective of the institutional context in which they have developed in the last decades. As it can be inferred in Chapter 1, the historical-institutional perspective is a useful framework to understand Social Enterprises in particular contexts. Indeed, this analysis could lead towards the recognition of the underlying processes experimented by Social Enterprises in their formation and evolution.

The theoretical framework of historical institutionalism is well depicted by Dietrich Rueschemeyer (2009). Explicitly, he states “effective institutions influence—at the individual as well as the collective level— beliefs, normative commitments, and preferences. Their major effect at the macro level is to create and maintain power disparities and to structure broadly shared and antagonistic interests” (Rueschemeyer, 2009, p. 207). Therefore, this approach helps to grasp the origins and causes that explain the emergence of new social and economic actors in different contexts. Furthermore, Social Enterprises can be understood as actors that are affected by institutions and processes that are the result of complex power relations between various social actors (Rueschemeyer et al., 1992).

Salamon and Solokowski (2010) and Kerlin (2013) have proposed frameworks that have been used globally to analyse the macro-institutional contexts for Social Enterprises. Both frameworks underline the fact that the theory of social origins provides an entry point to understand the creation of new institutions in different local and national contexts and explain variations among countries. In this sense, Kerlin, based on the theory by Salamon and Solokowski, mainly explains how institutions and existing patterns restrict and/or facilitate the options available for the development of new actors (Salamon et al., 2000).

However, in the context of this thesis, the approaches of both frameworks have different purposes. The work by Salamon and Solokowski (2010) focuses on the historical-institutional process experienced due to the emergence of the civil society or third sector and its organisations, whereas Kerlin (2013) enters directly into the historical-institutional analysis of the emergence and development of Social Enterprises in different countries, based on her previous definition, which states that these are “non-governmental, market based approaches to address social issues” (2010, p. 164).

These two analytical frameworks follow the same line of thought regarding Social Enterprises as Chapter 1, in which they were first studied as organisations belonging solely to the social economy (understood as third sector or civil society in some theories), and then, to deepen our understanding of these actors, Social Enterprises were defined as organisations that go beyond this description because they are hybrid organisations that converge in the three traditional socioeconomic sectors. Therefore, although the analysis of Salamon and Solokowski (2010) focuses on the traditional civil society sector and its organisations and does not fully encompass the Social Enterprises definition stated in Chapter 1, and which will be used in this thesis, their work may provide useful lessons about socio-economic factors that facilitate or inhibit the growth of Social Enterprises. Moreover, Kerlin's framework (2013) is coherent with the Social Enterprises' definition provided in Chapter 1, in regard to the notion that they are organisations of a hybrid nature which are identified by a set of dynamics or transits, framed initially within any of the three traditional sectors of the economy to then evolve towards a cross-road between sectors (Nyssens, 2006). In other words, diverse types or families of organisations are part of the understanding of Social Enterprises (Zurbano et al., 2012).

Thus, the following Chapter focuses on Salamon and Solokowski and Kerlin's frameworks mentioned above, first at a general level, and then subsequently both theories are applied to the Chilean case.

3.1. Salamon and Solokowski's (2010) Framework on the Civil Society Sector Formation

The influence of historical institutionalism on the work of Salamon and Solokowski (2010) is found in their theoretical and empirical analyses. Based on reflections by Barrington Moore (1966), Dietrich Rueschemeyer et al. (1992) and Gøsta Esping-Andersen (1990) in regard to the construction of the "Welfare State" and "Democracy", the authors have developed a two-step framework to identify possible explanations of the patterns of civil society development, which are explained in sections 3.1.1 and 3.1.2. The framework is then applied to the Chilean scenario (3.1.3).

3.1.1. Civil Society or Third Sector Models

As a first step toward identifying possible explanations about the patterns of civil society or Third Sector development, Salamon and Solokowski (2001) study the factors that have influenced its growth into an independent socioeconomic sector in different parts of the world. They classify distinctive patterns, focusing on six key variables that could account for the different characteristics of civil society, depending on the context:

- (1) “The overall size of civil society in relation to the national economy, as reflected in the size of its workforce
- (2) The share of that workforce accounted for by volunteers in contrast to paid staff
- (3) The role of the government in funding activities of civil society organisations
- (4) The role of philanthropy in funding activities of civil society organisations
- (5) The share of fee income in funding activities of civil society organisations
- (6) The service and expressive share of non-profit activity” (Salamon and Solokowski, 2001, p.7)

The first variable is built to understand the importance of civil society in terms of the Gross National Product (GDP) of each country. In order to account for this, an indicator for the size of the civil society workforce is used. The second variable helps deepen the understanding of the civil society workforce as some countries rely more on voluntary than in professional workforce (Salamon and Solokowski, 2001). The third, fourth and fifth variables are constructed to account for the financing of organisations in the civil society sector by the State, private donations through philanthropy, or fees paid by members that could have different weights in the funding structure of these organisations. Finally, the sixth variable refers to the character and focus of the operations of these organisations. On the one hand, in some contexts civil society organisations focus on advocacy issues (for example, in Human Rights or sexual diversity) and therefore their operations have the expression of the population as an objective (expressive activities); on the other, civil society or Third Sector organisations have a big importance in delivering service activities, particularly when the State does not have a big role in a determined welfare system.

According to this classification, a first model is called ‘liberal’. It is characterised by the lack of government involvement in promoting and financing civil society organisations and by the importance of private “for-profit” and “not-for-profit” organisations. Consequently, this model is characterised by a relatively large non-profit sector supported by volunteers in the labour force and funded by philanthropy that comes from private “for-profit” organisations. Also, the service share (organisations focused on

social services) of civil society activity is larger than the expressive share (organisations more related with the advocacy of certain rights). This is a consequence of the emergence of the welfare society paradigm, as the State is not responsible for all the services of public interest provided to the population.

The second model, named 'corporatism', reflects a system of political organisation in which various interests groups – such as business associations, labour unions, and civil society organisations – cooperate with the authorities to achieve common goals (Wiarda, 1996). The involvement of the State in social welfare policy is extensive, but it also relies on civil society organisations to deliver social welfare services. The result is a large civil society sector. A big difference with the 'liberal' model is that a sizable share of revenue of civil society organisations comes from the government rather than from private charity or fees paid by individuals. Also, this model uses paid staff as an important part of its labour force and focuses more on service activities.

The third model is called 'socio democratic'. A distinctive feature is the important role of the State in civil society, which manifests in two ways: as financier and provider of social services. These two characteristics result in a civil society sector with high shares of volunteer involvement and a strong focus on essentially expressive functions, as the State is provider of most social services. The share of government support for the sector is relatively modest, as it does not feel obligated to fund their activities; therefore, in this setting, membership fees, support by private "for-profit" organisations, and philanthropy made by individuals are imperative to the development of the civil society sector.

The common denominator of the three models described above is the large size of the civil society or Third Sector (Salamon and Solokowski, 2010). This feature distinguishes them from the two other models identified by Salamon and Solokowski, "statist" and "traditional". The first one, the "statist" model in which the State takes a position of active opposition to certain forms of civil society organisations, perceiving them as a threat to State authority or economic development (Salamon and Solokowski, 2010). In this context, the sector is quite small; as a result, civil society organisations depend on income coming from either fees or philanthropy, especially from international aid programmes. The second one is the "traditional" model, which encompasses traditional dominant forms of social interaction; for example, indigenous communities and the strength of parental and blood relations. Characteristic features of this traditional pattern are relatively small civil society sectors with limited government support; income comes from fees and philanthropy. However, in contrast to the State

model, the share of volunteer participation in civil society activities is quite sizeable due to the general absence of political restrictions imposed on such activities, and because the main function of civil society sector organisations are poverty relief and development assistance, as a result of lack of economic development (Salamon and Solokowski, 2010). Consequently, service functions dominate, rather than expressive ones.

Salamon and Solokowski argued that the small size of civil society in these patterns (Statist and Traditional) is mainly because democratic governance was sacrificed to privilege and accelerate economic development in these societies. As a result of this belated development, civil society was either underdeveloped or thwarted under undemocratic practices by the authorities.

The authors examined, in particular, the distribution of 40 countries, developing a set of defining criteria based on the values on these six variables. They identified five relatively distinct patterns, or models of civil society sector structure, shown in Table N° 3.1.

Table N° 3.1 Models of the Civil Society Sector

Model	Dimension				
	Workforce Size	Volunteer Share	Government Support	Philanthropic Support	Expressive Share
I. Liberal	Large	Medium – high	Medium – small	Medium – high	Smaller than service
II. Corporatist	Large	Low – medium	High	Low	Smaller than service
III. Social Democratic	Large	High	Medium	Medium	Larger than service
IV. Statist	Small	Low	Low		
V. Traditional	Small	Medium – high	Low		Smaller than service

Source: Salamon and Solokowski (2010)

Seven countries (Argentina, Chile, Denmark, New Zealand, Switzerland, the U.K and the U.S) met the criteria of the ‘liberal’ model of civil society; Australia and Canada were considered ‘borderline’; furthermore, seven countries (Belgium, France, Germany, Ireland, Israel, and the Netherlands) followed the ‘corporatist’ model; four countries (Canada, Italy, Portugal, and Spain) were considered ‘borderline corporatist’; and four

other countries (Austria, Finland, Norway, and Sweden) embodied the 'socio democratic' model. The rest of the countries were classified as either 'statist' and/or 'traditional' (Salamon and Solokowski, 2010).

3.1.2. Theory of Social Origins in Support of Accounting for the Differences of the Civil Society Sector in Societies

The second step that Salamon and Solokowski (2010) took was to assess some of the major theories of civil society development to see how well they account for variations between countries.

These authors dismissed sentiment theories (that state that the growth and development of civil societies comes from altruism, which makes people support or gather together in projects that defend their interests) and rational choices theories (which state that civil society organisations arise to supply the collective goods that are not provided neither by the market nor the State) because they do not fully explain the development of the civil society sector. While sentiment theories do not explain the reason why the non-profit sector emerged in the first place, the rational choices theories are not supported by data as quantitative studies drives until present can only explain differences between countries that have not experienced democratic processes in the development of institutions for the State and the market to work correctly (Salamon and Solokowski, 2010).

Hence, Salamon and Solokowski (2010) propose the Social Origins theory as a theoretical alternative that draws from the mechanism of conflict and power between a group of actors in each context, producing and building the characteristics of a determined civil society or Third Sector. For this proposal, the authors based this perspective on the dynamics of institutional choice found in the work by Barrington Moore (1966) and Dietrich Rueschemeyer et al. (1992) on the "social origins" of fascism and democracy, and in the work of Gøsta Esping-Andersen (1990) on the origins of the modern Welfare State, arguing that what matters is the dynamics of power that reflect the outcomes of complex relationships among a variety of social actors (Rueschemeyer and Skocpol, 1995).

As highlighted by Salamon and Solokowski (2010), the theoretical framework used by this diverse group of authors could also be used to examine the development of the civil society sector, in which non-profit organisations perform the role of suppliers of both goods and services and are factors of social and political institutional construction

and coordination of societies. Hence, the formation and growth of a determined civil society or Third Sector could reflect the same complex relationships between actors of a particular context (Salamon and Solokowski, 2010; Seibel, 1990).

This argumentation led to the Social Origins theory to explain the differences of the civil society sector in societies (Salamon and Solokowski, 2010). It views civil society as the product of complex power relationships among actors of a determined context in a specific country; thus, as historical and institutional contexts in each country differ, so should their civil societies sectors.

3.1.3. The Case of the Chilean Civil Society Sector

Chile was considered part of the Liberal cluster of civil society sectors around the world. Table N° 3.2 shows data of all the countries that were considered to have a liberal model of civil society. Therefore, the liberal aspects of the Chilean model can be compared with those of other societies. The data shows the high share of revenue of both the Chilean government at 45.2% (the average of other countries is 33.8%) and philanthropy at 19.4% (an average of 14% in the case of the other countries). Also, the Chilean civil society has a low workforce of 5% of Employment Assistance Programmes, while the average of other comparable countries is 8.2%. Finally, the data shows that Chile has the lowest share of revenue from membership fees with 35.4%.

Table N° 3.2 Society with Liberal Patterns

Countries	Share of EAP Workforce ⁸	Share of Voluntary Workforce	Share of Workforce Service	Share of Expressive Workforce	Share of Revenue from Government	Share of Revenue from Philanthropy	Share of Revenue from Membership fees
Argentina	5.9%	45.7%	54.4%	42.4%	17.2%	18.6%	64.2%
Chile	5.0%	48.8%	55.8%	41.6%	45.2%	19.4%	35.4%
Denmark	8.8%	43.9%	50.5%	42.9%	40.1%	7.0%	53.0%
New Zealand	9.6%	66.7%	46.2%	45.1%	24.6%	20.0%	55.4%
Switzerland	7.9%	42.3%	50.6%	36.8%	34.5%	7.9%	57.5%
United Kingdom	11.0%	53.0%	50.1%	46.0%	45.2%	11.3%	43.5%
United States	9.2%	32.4%	66.2%	29.0%	30.0%	14.1%	55.9%
Average	8.2%	47.5%	53.4%	40.6%	33.8%	14.0%	52.1%

Source: Salamon and Solokowski (2010)

In the case of countries with liberal civil society patterns, the three sectors of the economy evolved largely around the private sector, in comparison with their public counterparts; in countries with liberal civil societies, rates of public spending in terms of share of country GDP are intermediate (between 30% and 40% for most countries under this category by 2012⁹). Certainly, the State did not intervene much in the development of these private actors, which allowed them to become involved in diverse activities and enjoy great influence in society. All the while, private funding through philanthropy or earned income strategies of these organisations have supported many of these activities (Gatica, 2015).

Following the Social Origins theory and the work of Salamon and Solokowski (2010), in some countries the liberal model of civil society is linked to particular class relationships and conflicts during industrialisation stages. It is characterised by an

³Labour force as portion of the active labour force by country.

⁹ Source: www.stats.oecd.org

industrial middle class that has held both land and the power of the State and has resisted mobilisation of the working class to compete with this elite. This explanation applies to five of eight of the countries that qualify under the liberal pattern: Australia, Canada, New Zealand, Switzerland, the UK and the US (Salamon and Solokowski, 2010).

However, as it is pointed out in "Understanding the Phenomenon of Chilean Social Enterprises under the Lens of Kerlin's Approach: Contributions and limitations", (Gatica, 2015), which emerged as part of this thesis and is based on the works of Salamon and Solokowski (2010), the definition of the Chilean civil society as 'liberal' should be studied more in depth. This is important particularly due to the diversity of the historical institutional contexts in each of these countries, which are considered to have a liberal pattern of civil society. Therefore, it seems that Salamon and Solokowski's perspective is too macro as it compares completely different societies in terms of the history of their institutions.

In Chile, the source of strength of the Middle Class has been the working class of a mineral-exporting economy. It has limited the power of major landowners and permitted a sizable urban working class. Hence, adopting Salamon and Solokowski's framework, it could be said that between 1920 and 1973 the country's public and civil society sectors experienced a 'Corporatist' relationship. The Third Sector had a considerable degree of government support; while civil service activities were predominant, there was limited reliance on philanthropy and voluntarism. All of this translated into a relatively large, civil, and paid workforce at the time (Gatica, 2015). Definitely, through the promotion of rules and regulations the State supported and empowered different types of organisations (particularly organised labour and civil society groups) mainly promoted non-profit associations as types of Social Enterprises, like the Neighbourhood Board Act in the 1960s (Radrigán and Barría, 2005).

Therefore, civil society organisations in this period were not autonomous from the State, in contrast to what the Liberal model states. Indeed, the role of the State in promoting civil society organisations shows that most non-profit associations were fully, or at least partially, financed with public funds. Cooperatives also became a strong movement that stood alongside the profound economic crises of that period and received particular support from the government of Eduardo Frei Montalva in 1964-1970 (Gatica, 2015).

The *coup d'etat* in 1973 completely changed the pattern followed by Chilean civil society at the time. The military regime that followed repressed all forms of organised

labour and civil society organisations. Its rationale was that all opposition had to be suffocated before any attempt was made to forge a new society (Garretón, 1990). This consolidated into a 'Statist' standard of civil society, where the State was represented by the military *Junta* (Salamon and Solokowski, 2010). All signs of independent civil society organisations were discouraged.

The promulgation of the Constitution in 1980 forged the project for a new Chilean society and institutionalised repression through the adoption of neoliberal economic programmes (Garretón, 1990). At this point, the traditional relationship between the public and Third sectors changed institutionally, planting the seed for today's liberal civil society. The State privatised many of its roles and responsibilities and abandoned its support for civil society organisations. Therefore, the formation and evolution of organisations of social character were limited, undermining their economic and political base. In this sense, non-profit associations were no longer supported by the State and cooperatives were understood to be new forms of communism. Diverse forms of repression were enforced by the Military *Junta*, as part of the neo-liberal programme, with the aim of liberalising the markets and diminishing the role of the State, thus pushing the development of civil society towards the liberal pattern. This period saw the "private solutions for public problems" claim emerge (Atria et al., 2013; Gatica, 2015), with for-profit organisations from the private sector becoming an alternative in providing solutions to issues concerning poverty, inequality, unemployment and growth.

When democracy returned in the late '80s, the political coalition of centre-left political parties *Concertación por la Democracia* stood in power for 20 years (1989-2010), until the government of the centre-right coalition of President Sebastián Piñera took office (2010-2014). Scholars define it as a coalition that adapted to the institutions from the dictatorship period set by the Constitution on 1980 (Atria et al., 2013). Therefore, the socioeconomic system and neo-liberal policies were maintained and some even expanded until the present day. Furthermore, the political consensus adopted by both political extremes (right wing, which supported the dictatorship, and the left, which came to power through democracy), helped avoid conflict and also prevented from falling into the same radical processes as in the past, producing new political elites associated with the new leadership that gained power.

As a result of this process of liberalisation, the Chilean model of civil society moved away from corporatist to liberal, albeit going through a statist stage in the process (Salamon and Solokowski, 2010). This transformation can be considered contradictory as liberal paradigms were imposed through authoritarian institutions. It was a

completely different process from the liberal civil societies developed in other countries. As a result of these deep institutional changes, the three sectors of the Chilean economy feature as follows:

- A private sector consisting of a diverse range of for-profit businesses as main actors. They operate under the paradigm of "private solutions to public problems," such as the privatisation of social security, education, and pensions systems and also public-private partnerships in areas as infrastructure, health, education and transport. The country's Gini index of 52.1¹⁰ reflects large concentrations of capital in a few groups of interest (Gatica, 2015).
- A public sector "subsidiary" to the private sector that manifests through non-State intervention in economic development (Atria et al., 2013).
- A civil society sector "residual" of the other two that satisfies needs that the latter does not address.

The particular process of institutional construction of the Chilean civil society reflects the influences of three contradictory models: 'corporatist' (1930-1973); 'statist', resulting from the authoritarian repression between 1973 and the late 1980s; and 'liberal', since the early 1990s. Furthermore, the high level of marginalisation and inequality rates reflect some traditional civil society models like the accumulation of capital and economic resources centred in a small percentage of the population.

3.2. Kerlin's Institutional Conceptual Framework on the Emergence of Social Enterprises

Salamon and Solokowski (2010) propose a relevant framework to understand the different characteristics of civil society or Third Sector in different contexts. However, they do not focus on Social Enterprises; thus, their analysis does not apply completely to this thesis as Social Enterprises are hybrid organisations that do not belong solely to any of the three traditional socioeconomic sectors. Furthermore, their theoretical framework is based on the Third Sector approach, which centres mainly on non-profit organisations. This excludes Social Enterprises that follow the for-profit tradition.

Therefore, in the second part of this chapter the discussion is around Kerlin's framework; firstly, there is a description of the theoretical framework; secondly, the

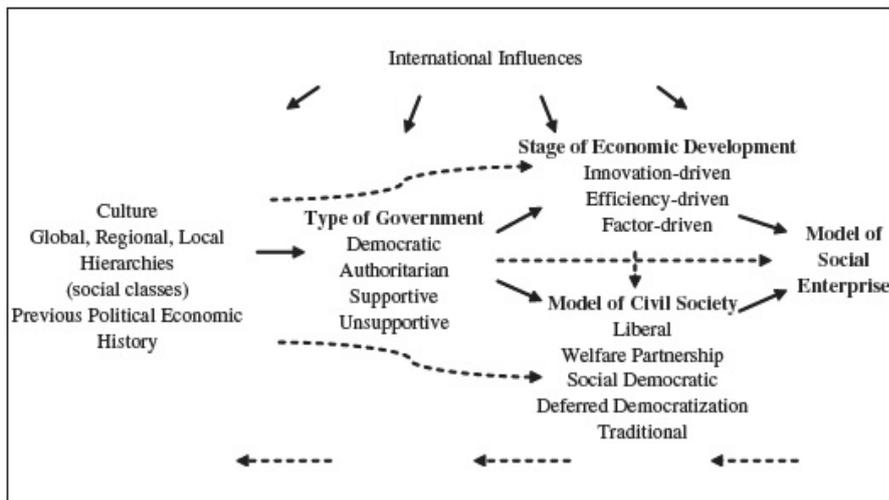
¹⁰ Source: <http://datos.bancomundial.org/indicador/SI.POV.GINI>

framework is applied to Chile, and finally, both its contributions and limitations in relation to the Chilean case are reviewed.

3.2.1. Kerlin's Conceptual Framework

Based on Salamon and Solokowski (2010) and the historical institutionalism perspective of the social origins' theory, Kerlin (2013) attempted to advance the analysis on the global emergence of Social Enterprises. She argues that macro-processes and institutions have a large importance in the construction of traditional socioeconomic sectors of the economy. She even goes a step further -in relation to this thesis (Social Enterprises), as she applies the Social Origins theory on the diversity of Social Enterprises models in different countries (not just to the Third or civil society sector). In particular, Kerlin (2013) argues that macro-processes and institutions account for a significant part in the diversity of Social Enterprise models across different countries (Gatica, 2015). Figure N° 3.1 illustrates the processes and paths of this theoretical framework.

Figure N° 3.1 Kerlin's Conceptual Framework on Social Enterprises in Different Contexts



Source: Kerlin (2013)

This framework argues that a combination of existing institutions at local, regional and global levels, as well as the political and economic histories of each country, are largely responsible in shaping the different models of Social Enterprises that have emerged (Gatica, 2015). In this sense, Kerlin states that factors of culture structure and the

development of the State determine the present stage of economic development and the model of civil society in each country. Consequently, by crossing the economic development stage variable and the civil society sector variable, the existing model of Social Enterprise is determined. Nevertheless, these four variables (Culture, Government, Stage of Economic Development, and Civil Society) are all linked; therefore it could be said that the model of Social Enterprises is defined by these interconnected variables and the context in which they are embedded.

In practice, Kerlin (2013) draws on data of various institutions that can shape the model of Social Enterprise in a country: Culture, Government, Stage of Economic Development and Civil Society. Different ways of leveraging data allowed her to arrive to models of Social Enterprises for each context.

As Gatica explains (2015), given that Culture is broad in scope, Kerlin (2013) explores two aspects that are seen as contributing factors in shaping Social Enterprise: level of "collectivism" and "uncertainty avoidance", in terms of values that society shares among its individuals. The author chooses both variables based on the works of Tiessen (1997) and Shane (1993). The first (1997) argues that individualism fosters a variety of organisations through innovation, while collectivism supports the leverage and coordination of resources through internal and external links. Thus, both individualism and collectivism have important and different roles in promoting the development of Social Enterprises (Spear, 2006). On the other hand, the uncertainty avoidance dimension reflects the extent to which members of a culture feel threatened by ambiguous or unknown situations; and the beliefs, rules and institutions societies implement to avoid them. Low levels of uncertainty avoidance have also been associated with high degrees of innovation (Shane, 1993), a fact that directly affects Social Enterprises.

Following Kerlin (2013), the Government is measured by the reach of the Welfare State and the degree in which institutions function in each context. Hence, it is represented by variables of public spending on education and health (as a percentage of GDP); including public spending on education and subsidies to private primary, secondary and tertiary education, as well as health budgets both at the local and central levels, external borrowings and grants, and health insurance funds (World Bank, 2010). Also, Kerlin relies on governance for measuring the degree in which institutions function in each context; for governance the following data is used: law enforcement (0-100), regulatory quality (0-100), and control of corruption (0-100¹¹). The first variable refers to

¹¹ The minimum score being 0 and the maximum 100.

the extent to which agents have confidence and meet the rules of society. The regulatory quality variable consists of public policies and regulations that enhance private sector development (Gatica, 2015). Finally, the control of corruption variable refers to the degree with which public power for private benefit is exercised (World Bank, 2010).

Concerning the Stage of Economic Development, Kerlin (2013) relies on the Global Competitiveness Report 2011 (World Economic Forum 2012). This study proposed a typology of stages of economic development experienced by different societies as they evolve (referred to Table N° 3.3). First, the factor-driven stage considers a dependence on the export of primary sources and poor infrastructure support; second, the efficiency-driven stage, in which industrialisation improves efficiency and quality of production; and third, the innovation-driven stage, when there is a high standard of living, continuous introduction of unique and innovative products, and economic growth in a sophisticated business environment (Gatica, 2015). Although it can be considered a limited analytic framework, and particularly deterministic from a pure economic (growth model) perspective, the proposed table based on stages of economic development permits to illustrate the economic performance of modern economies and compare the different wealth of countries. All these stages are expressed in terms of GDP in the following table:

Table N° 3.3 Economic Stages

Stages	GDP per capita (\$US)
Stage 1: Factor-Driven	<2,000
Transition from Stage 1 to Stage2	2,000-3,000
Stage 2: Efficiency-Driven	3,000-9,000
Transition from Stage 2 to Stage 3	9,000-17,000
Stage 3: Innovation-Driven	>17,000

Source: Global Competitiveness Report 2011, (World Economic Forum, 2012).

Finally, for the Civil Society variable, Kerlin (2013) relies on the analysis of the different patterns by Salamon and Solokowski (2010), making a few changes in names but basically outlining the same features in each one. In this thesis, the models proposed by Salamon and Solokowski (2010) are maintained: Liberal, Corporatist, Social Democratic, Statist, and Traditional. As explained in section 3.1, five different

dimensions help distinguish between the models: size of the labour force, participation of volunteers, government support, philanthropic support and portion of expressive participation.

The variables of the Stage of Economic Development and the model of Civil Society are the most important for Kerlin because their crossing permits classifying the different models of Social Enterprises. The typologies for Economic Development and Civil Society are combined to create models of Social Enterprises that incorporate the way both contexts shape Social Enterprises models in a given country. This can be seen in Table N° 3.4.

Table N° 3.4 Models of Social Enterprises

Stage of Economic Development				
Civil Society		Factor driven	Efficiency driven	Innovation driven
	Liberal			Autonomous diverse
	Corporatist			Dependent focused
	Social democratic			Enmeshed focused
	Statist		Autonomous mutualism	
	Traditional	Sustainable subsistence		

Source: Kerlin (2013)

In the “sustainable subsistence” model, a Social Enterprise is characterised by individualised small group efforts made by entrepreneurs in order to provide poverty relief through subsistence employment for themselves and their families. Moreover, international aid is provided, mainly through microfinance-supported projects to support these activities.

The “autonomous mutualism” Social Enterprise model illustrates a post-authoritarian emerging civil society that fills gaps left in the economy and social welfare services (Kerlin, 2013). Cooperatives, and other mutual assistance organisations are predominant forms of Social Enterprises in the efficiency-driven stage because entrepreneurial activities often take the form of small and medium-sized businesses (SMEs). The model also aligns with the statist civil society pattern because Social

Enterprises work autonomously from, and sometimes in opposition to, the State to address perceived deficiencies in State policies.

In the “dependent focused” and “enmeshed focused” models, Social Enterprises are characterised by a large presence of the Welfare State. This means that although Social Enterprises may develop, they can be co-opted by the State. The two models fit well with the innovation-driven stage because of the availability of high level of resources necessary to support a large Welfare State.

The “autonomous diverse model” is characterised by a broader array of types of Social Enterprises’ activities because of their autonomy from the government due to a smaller Welfare State. This autonomy from the State, in terms of the limited subsidies provided, also encourages Social Enterprises to develop earned income strategies as for-profit types of organisation. There is also a decidedly supportive environment for innovative entrepreneurialism. Thus, this model fits with the innovation-driven stage and with the liberal model of civil society.

3.2.2. Applying Kerlin’s Theoretical Framework to the Institutional Context of Social Enterprises in Chile

This section aims to determine the model prevailing in the country at present. Institutions and historic processes in Chile are analysed under the author’s framework.

Liberal Chilean Culture

According to Hofstede (2010), Chile has a relatively low level of “individualism” (23¹²), which could be explained by the large importance of family as a social institution in Latin America. Indeed low scores on individualism can be seen throughout the region: Colombia (13), Peru (16), Ecuador (8), Guatemala (6), and Mexico (30). Only Argentina (46) stands out in the world ranking for Latin America (Hofstede, 2010).

However, these scores should be managed with caution because of Chile’s history (Gatica, 2015). The neoliberal economic model imposed by the military regime of 1973-1990 definitely introduced the individualistic ethos of a neoliberal society, atomising actors in the socioeconomic system, ultimately disbanding or restricting the formation and association of community groups beyond family (Garreton et al., 1983; Atria et al.,

¹² The scale is 0 (the least individualistic society) to 100 (the most individualistic society). See <http://geert-hofstede.com/chile.html>

2013). Therefore, individualism in Chile is expressed in the difficulty that groups, larger than families, have in engaging in collectivism rather than in terms of a strictly individual interest.

Both individualism and collectivism have left a mark in the creation of Social Enterprises in Chile, as it is home to a society characterised by giving significant importance to family as a social institution; however, low levels of individualism do not foster innovation. Indeed, the (1973-1990) neoliberal economic model prevalent in the country after Pinochet came to power seems to have prevented the legitimacy of community, association, or cooperative types of Social Enterprises. This is particularly important, as there is no data available that can defend the fact that cooperatives lost their economic and social importance in Chilean society. Rather it was their lack of legitimacy by governments that started in this period.

Chile does not promote an innovative and entrepreneurial friendly environment, claim which is supported by its high scores in the uncertainty avoidance index (86¹³), in contrast to its Latin American counterparts. Indeed, the strong need for rules and legal systems in Chilean society hinder the freedom of entrepreneurs to set up organisations (Hofstede, 2010).

Government

The size of the Chilean Welfare State is medium-high, according to government data, and has an important role in the general economic performance of the country, at a somewhat similar level to developed countries. This is based on data that shows a relatively high rate of public spending on education and health as a percentage of GDP. Also, the governance variables in which Kerlin relies for measuring the degree in which institutions function in each context, in the case of Chile, reveal high score. As Table N° 3.5 shows, regulatory quality scores 92,3 out of 100; law enforcement 87,7 and control of corruption 90,9.

To Social Enterprises, the Welfare State has a role of particular importance. High levels of governance suggest that institutions are important to the Chilean model because of their corrective role at the economic, political, and social levels. Therefore, the data supports the fact that Social Enterprises in Chile emerge and develop in a society where institutions work and are valued (See Table N° 3.5).

¹³ Measurement scale was 0 (Low Uncertainty avoidance) to 100 (High Uncertainty avoidance). See <http://geert-hofstede.com/chile.html>

Table N° 3.5 Welfare State and Governance Data

Welfare State	Governance		
Public expenditure on health/education (%GDP).	Regulatory Quality	Rule of law	Control of corruption
3,5/4,2=7,7	92,3	87,7	90,9

Source: World Bank (2010)

Transitioning into an Innovation-Driven Economy

The Chilean economy, with a GDP/per capita of USD\$ 15,452¹⁴ (2012), is transitioning from an efficiency-driven into an innovation-driven stage. Data supporting this classification includes the country's ranking in diverse economic development variables: 34th in the World Competitiveness Ranking¹⁵; 46th in the Global Innovation Index¹⁶; 88th in New Product Early-Stage Entrepreneurial Activity; and 42th in the Start-Up Entrepreneurship rate¹⁷.

These rankings illustrate different influences, which are affecting Social Enterprises at the institutional level. In spite of a Chilean culture that does not seemingly foster innovation due to culture variables (low level of individualism and high rates of uncertainty avoidance) the existence of a Welfare State with medium-high levels shows an increasing trend within the public sector to foster innovation and entrepreneurship (Gatica, 2015), allowing Chile to surpass its neighbours in these fields. Recent initiatives, such the declaration of 2013 as the "Year of Innovation" and the founding of the Start-Up Chile programme, aim to fulfil this purpose as they attract global entrepreneurs to Chile. They also encourage information sharing and network building with customers, investors, and suppliers across the globe, which can also be exploited by domestic firms and agents (The Economist, 2012).

¹⁴ Source: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

¹⁵ Source: Global Competitiveness Report 2013-2014

¹⁶ Source: http://www.wipo.int/export/sites/www/freepublications/en/economics/gii/gii_2013.pdf

¹⁷ Source: <http://www.gemconsortium.org/key-indicators>

A Liberal Pattern for Chilean Civil Society

The results of this part are shown in section 3.1.3. of this chapter, which depicts Chile classifying as a Liberal society according to Salamon and Solokowski (2010).

An “Autonomous Diverse” Model of Social Enterprise in Chile

Table N° 3.6 shows the institutional context in Chile in relationship to the emergence of Social Enterprise in 2010. Following Kerlin’s conceptual framework, the intersection between the economic development stage and the model of civil society should determine the model of Social Enterprise in a country (Gatica, 2015).

Table N° 3.6 Institutional Context of Chile for the Emergence of Social Enterprises in 2010

Culture		Welfare State	Governance			Economy		Civil Society	
Collectivism	Uncertainty avoidance	Public Spending on Health/ Education	Regulatory Quality	Rule of Law	Control of corruption	Economic stage	Global Competitiveness Ranking	Model	
2010 ¹⁸	23	86	7.7	92.3	87,7	90.9	Transiti on to Innovation-driven	34	Liberal

Source: Author’s own elaboration.

The stage of Chilean economic development is transitioning from efficiency to innovation-driven, whereas the Chilean civil society structure follows a Liberal pattern. Therefore, Chile is tending towards the development of an “autonomous diverse” model of Social Enterprise (Table N° 3.7).

Table N° 3.7 Chilean Social Enterprises’ Model

Models of Civil Society	Economy Stages		
	Factor-Driven	Efficiency-Driven	Innovation-Driven
Liberal	-----		<i>Chile: Autonomous Diverse</i>

Source: Author’s own elaboration

¹⁸ The year 2010 is used as it is the only year in the last decade where it existed reliable and trustworthy data in all the dimensions of analysis.

This model of Social Enterprises features autonomy from the State, specially concerning financial support; this could encourage Social Enterprises earned-income strategies, in part, and Social Enterprises of for-profit traditions. Private philanthropy can also play a greater role compared with other models. Given that the State provides limited support and the fact that there is already a private sector fostering these organisations -mostly through philanthropy- generates space for entrepreneurship and innovation, consequently contributing to the diversity of Social Enterprises (Kerlin, 2013).

3.2.3. Contributions and Limitations of Kerlin's Conceptual Framework to the Chilean case

Classifying Chile within an “autonomous diverse” model is useful as it provides a solid framework that helps understand the institutional context behind the current conceptualisation of Social Enterprises in the country. Furthermore, from a macro-institutional perspective, this model helps to frame the present discussions about Social Enterprises in Chile. Indeed, as it will be shown in Chapters 5 and 6, in the last few years, especially in the government of Sebastián Piñera, a public agenda arose to defend the legitimacy and give visibility to the solutions from private actors to social problems. Hence, the autonomy from the State and the growth of an emergent entrepreneurship and innovation ecosystem, characterised by the “autonomous diverse” model, accurately reflects the present Chilean context regarding Social Enterprises.

In fact, the “autonomous diverse” model also falls within the popular axiom, “private solutions for public problems,” defended strongly since the *coup d'état* of 1973 (Atria et al., 2013), with the dictatorship and governments that followed implementing public policies in accordance. This explains the relevant role played by the Chilean private sector in the last four decades and its key actors: for-profit enterprises. Consequently, the private sector has left a distinctive mark on Social Enterprises in Chile, with both public authorities and key actors in the field providing visibility and legitimacy for types and families of Social Enterprises that follow institutional logics and purposes of the private sector (Chapter 4 and Chapter 6 will further discuss the apparent success of the emerging B Corp movement as a good example). Also, the private sector played a key role through philanthropic behaviour from traditional private for-profit businesses, giving

resources to private associations belonging to the civil society or Third Sector. In other words, with her conceptual framework Kerlin contributes to improving the understanding of Social Enterprises in Chile, at a theoretical and analytical level, as it helps explain the institutional context influencing the development of these organisations and thereby positioning Chilean Social Enterprises in a global comparative perspective.

However, due to its particular institutional history (illustrated in section 3.1.3), Kerlin's conceptual framework does not fully capture how Social Enterprises are currently emerging in Chile. Furthermore, the previous analysis of the particularities of the development of the civil society in Chile illustrated in this chapter, show that labelling Social Enterprises under the "autonomous diverse" model is not quite accurate. Indeed, the analysis can be extended in regard to the country's Social Enterprise models based on Kerlin's framework that dominate each institutional period of Chile.

It might be possible (based on the analysis of the construction of the Chilean civil society or Third Sector), to state that throughout its contemporary history, Chile has had different dominant models of Social Enterprises: a "dependent focused" model¹⁹ (1920-1973) resulting from the intersection of a 'corporatist' model and a factor-driven economy, with a GDP/per capita of US\$1,782²⁰ (in which associations as organisational models of Social Enterprises were promoted and empowered by the State and where the cooperatives models were strong); an "autonomous mutualism" pattern (1973-1990), resulting from the intersection of a 'statist' model of civil society and an economy in transition from a factor-driven to an efficiency-driven stage, with a GDP/per capita of US\$ 2,573 (Gatica, 2015); here, the foundations for the legitimisation of private for-profit organisations focused on social problems were built; and, as Gatica explains (2015), a "liberal" model (1990 -2013) resulting from the crossing of a civil society with a liberal pattern, and an economy transitioning from efficiency to an innovation driven stage, with a GDP/per capita of US\$15,452²¹ (in which the foundations established between 1973 and 1990 were not changed, and therefore the legitimating of Social Enterprises following logics of the private sector masks the existence of Social Enterprises following associative and cooperative types), as shown in Table N° 3.8.

¹⁹ Kerlin's theory does not propose a model of Social Enterprises for this intersection. However, the analysis argues for the tendency of this intersection to construct a dependent focused" model.

²⁰ Source: http://es.kushnirs.org/macroeconomica/gdp/gdp_chile.html

²¹ Source: <http://datos.bancomundial.org/indicador/SI.POV.GINI>.

Table N° 3.8 Different Models of Social Enterprise in Chilean history

	Model followed by Chile
1920-1973	Dependent Focused Model
1973-1990	Autonomous Mutualism Model
1990-2013	Autonomous Diverse Model

Source: Author's elaboration

Hence, strictly following Kerlin's conceptual framework, would lead to an incomplete understanding of the Chilean diversity and complexity of Social Enterprises, as their dominant families or traditions would be restricted to those promoted by the "autonomous diverse" model. Furthermore, this model suggests aligning the case of Chile with other very different countries following the same model. In this sense, Kerlin's conceptual framework does not help deepen the understanding of Social Enterprises, as many elements of the "autonomous diverse" model (especially the importance of the private sector) promote just types of Social Enterprises that are sustained through philanthropy or strategies of self-economic sufficiency, such as earned income and also the development of for-profit types.

Labelling Chilean Social Enterprises under the "autonomous diverse" model therefore oversimplifies the analysis. Moreover, it risks stating that all Social Enterprises would be somehow pressured to converge towards institutional logics of the private sector, leaving aside, for example, the importance of the State as a support mechanism for these organisations. In other words, Kerlin's framework does not take into consideration the institutional history of Chile, as before 1973 Social Enterprises such as non-profit associations (strongly sustained by the State) and cooperatives played a major role in socioeconomic development. Moreover, these families of Social Enterprises are still prominent today, but after the analysis of this chapter, it is possible to conclude that governments do not legitimise them. Fact that will be further discussed in Chapters 4, 5, and 6.

3.3. Transitional Conclusions

Chapter 1 stated that for this thesis Social Enterprises are to be understood as *private organisations that adopt hybrid logics to provide goods and/or services in a regular basis in order to address socio-environmental issues of public interest*. This definition

includes for-profit organisations that have a social mission as part of their objectives and organisations of the social economy (approached by authors cited in this chapter as third or civil society sectors) that adopt market logics.

Using Kerlin's conceptual framework, Chile classifies under an "autonomous diverse" model of Social Enterprise. This model aims to reflect that Social Enterprises that are dominant in the country operate autonomously from State support. However, this framework does not place enough importance on the deep changes in the institutional history of Chile. Hence, Kerlin's framework for Chile does not take into account all dominant types or families of Social Enterprises. Therefore, rather than defining Social Enterprises under the "autonomous diverse" model, this thesis attempts to lay the groundwork for an approach that complements the theoretical framework done by Kerlin.

In other words, at present, labelling a country with a particular model of Social Enterprise could overlook the prominence of certain families or types of Social Enterprises that have become dominant in last decades and which continue to dominate. Therefore, in line with Gatica (2015), it remains paramount to develop an approach to account for this institutional complexity of Social Enterprises in the Chilean context.

CHAPTER 4: Differentiating Chilean Social Enterprises and Identifying their Distinctive Features: The ABC Approach

In the previous chapter, the historical institutional perspective is used to understand Social Enterprises in Chile, providing important aspects of their general traits and initial perspectives. One of the main conclusions of this exercise is that labelling Chile only with a specific framework -like Kerlin's- could leave out some dominant traditions of Social Enterprises.

Hence, the focus of this chapter is to develop an approach that accounts for the particularly distinctive features of Social Enterprises in Chile, especially considering the diversity of organisations that could be considered Social Enterprises in the definition of this thesis. In this sense, the ABC approach (Associative-Business-Cooperative), which emerges in this chapter, in its diversity and complexity, represents the different types of Social Enterprises present in Chile, reflecting the country's different traditions of organisations. These three Social Enterprise types share an orientation in providing goods and services of public interest using the market principle and logics.

This chapter is divided into six sections. The first focuses on identifying the historical foundations of Social Enterprises in Chile. The second part shows a general overview and analysis of different social organisations in Chile. The third introduces the potential universe of Social Enterprises and its manifestation in Chile. The fourth section describes the ABC approach with the help of nine case studies and presents the main findings drawn from these analyses. The fifth section discusses the dynamics of convergence and emergence of the Social Enterprises expressed in the ABC approach. Finally, a brief conclusion helps to transition into the next chapter.

4.1. Identifying the Historical Foundations of Social Enterprises in Chile

At present, there is no legal definition for Social Enterprises in Chile. Hence, a first approach to understanding Social Enterprises in Chile is to analyse the historical foundations of the different legal forms of organisations that are considered part of the social economy. This analysis is mainly done with historical and legal elements, particularly due to Chile's vast legal tradition (Galetovic, 2006). Along with this, a perspective like this allows to delineate the universe to be studied in this thesis, in such

a way that it is possible to limit the complexity, to make feasible the analysis of this doctoral research and to facilitate the analysis of these organisations' dynamics.

The different legal forms that these organisations adopt and that are possible to find within the traditional social economy can be organized under two large traditions: Associative and Cooperative organisations. Nonetheless, and due to inclusive and broad definitions such as Kerlin's (2010), it's been possible to study for-profit organisations but with a strong social component, which could be considered Social Enterprises.²²

By including only these three traditions in this analysis, this thesis have not wanted to omit the existence of other important sectors of the economy, such as the informal economy and the popular economy. The latter is deeply rooted in the history of Chile (Nyssens, 1997), and of immense importance, especially in terms of participation in the labor force (Razeto, 1993). In Chile, after various historical processes since the 19th century, such as the explosion of rural-urban migration, impoverished and marginalised social groups developed and formed numerous forms of commercial productive activities outside the traditional economy (Razeto, 1993). As part of this, the popular economy becomes strong thanks to the different social movements of the 20th century. Above all, in the period of military dictatorship, in which citizens were organised through popular economy organisations (PEOs) to meet their needs of consumption of goods and services, as Razeto (1990) points out. Nevertheless, time past, democracy returned, and its relative importance declined due to different political-economic causes (Bauwens and Lemaitre, 2014). This, until in recent years and thanks to laws such as Law 20,500 of 2011, PEOs seem to be resurfacing slowly occupying different spaces in the economy and civil society.

As pointed out, the informal and popular sectors of the economy are neither analysed in this thesis nor as part of the traditions or the ABC of Social Enterprises, although they have been particularly important in Chile's recent history. This decision was made principally for three reasons: Firstly, due to the legal approach already mentioned. Secondly, because this legal approach does allow part of these PEOs to be considered, such as formal ones with legal personality, and that have legal figures such as corporations, functional organisations, cooperatives, among others. Finally, the popular economy, the informal economy, and all its variants (illegal, undeclared, unrecorded economy, among others) are even more difficult to measure due to the

²² From now on this tradition will be understood as Business.

difficulty of defining it (ECLAC, 2004). Therefore, incorporating them into a first exploratory work like this, further complicates the task of advancing the understanding of these emerging notion of Social Enterprises and their relationship with public policies.

Thus, the following is an analysis of the historical foundations of the two largest traditions in the social economy and the for-profit tradition from the private sector. The analysis will mainly focus on the history of the legal forms of these organisations. For a detailed legal description and analysis, see Section 5.1 of Chapter 5.

4.1.1. Associative Tradition

This is the first tradition of Social Enterprises under study. Their non-profit character and the association between individuals to tackle issues of public interest characterise organisations in this tradition. As explained in Chapter 1, the purposes of these traditions are also important; based on Gordon's typology (2015), they could be labelled as "altruistic" and, particularly, as "community", based on community and voluntary associations. The legal forms of these organisations that are considered as part of this tradition in Chile are: functional community organisations, non-profit corporations, non-profit foundations, indigenous associations, professional associations and labour unions (see section 2.5 on Chapter 2).

Functional community organisations, non-profit corporations and foundations, were legal forms that emerged primarily under the government of President Eduardo Frei Montalva (1964-1970). In this period, "base organisations" were part of the *Programa de Promoción Popular* that aimed to mobilise popular segments, such as peasants, middle class, artisans, young people, among others; they ranged from mother centres, arts and cultural centres, youth organisations, to sports organisations. In this period, a specific law was enacted for these types of organisations, thanks to which they achieved big importance (Olivares, 2015), nevertheless, as explained above, there were a large number of organisations that remained. However, during the dictatorship of 1973-1989, these organisations were dismantled (Garretón, 1997). Although they remerged in the '90s, it was not with the same force as before.

Other legal forms of associative organisations are more recent, like communities and indigenous associations dating from 1993; notwithstanding, many of these communities existed decades before. The law regarding these organisations is Law N° 19,253 from

1993, which defines indigenous associations as: “Voluntary and functional groupings of at least 25 members of an indigenous group, based on a common interest or goal”. Regarding its juridical personality, paragraph 4 of Title I of Act 10 is applicable, but otherwise they operate as a “functional community organisation”. Their goals range from educational and cultural to economic and professional (benefitting members such as farmers, ranchers, artisans and fishermen). This legal recognition was a State action designed to acknowledge and appreciate the many communities and indigenous associations existing in the Chilean territory. It was also the culmination of more than 2,000 community and regional sectoral meetings that led to the National Congress of Indigenous Peoples of Chile, held in Temuco between January 16 and 18, 1991 (Ser Indígena, 2003).

Finally, regarding professional associations and labour unions, their beginnings in Chile share a similar root dating back to the early twentieth century with the emergence of what was known in the country as the “social question”. At that time, personalities such as Luis Emilio Recabarren (in 1917 he became the President of the Workers' Federation of Chile), Clotario Blest (in 1943 he created the National Association of Public Employees, ANEF) and Father Alberto Hurtado in 1949 published the book *Sindicalismo: historia, teoría y práctica* (Syndicalism: history, theory, practice), were important organisers, representatives and advocates of the labour sector in the country.

At first, the existence and activities of these organisations was in constant conflict with the authorities at the time due to the demand of rights, which until then was illegal, as was the case of the strikes they promoted. The conflicts even caused the repression and death of many workers. After this first stage, important achievements were accomplished by these organisations, for instance the right to strike. However, the democratic breakdown experienced in 1973 produced the weakening of the labour sector and syndicalism in Chile (Drake, 2003). After the return to democracy in the '90s, the activity of these organisations re-emerged, albeit without the same strength. However, the numbers are now encouraging because in the period between 2000-2013 the unionisation rate in Chile increased from 15.8% to 16.4% (Cámara de Comercio de Santiago, 2015).

The legal forms of organisations understood to be part of the Associative tradition in Chile are listed in the following table (Table N° 4.1), along with their legal definitions.

Table N° 4.1 Socio-Economic Organisations of Associative Tradition

Legal forms of socio-economic organisations	Legal Definition
Functional Community Organisations	Non-profit organisations that aim to represent and promote the values and specific interests of the community within the territory of the community, or group of respective communities (Law 19,428). Specifically, they seek to represent and promote the values and interests of the community within the territory of the municipality or group of municipalities.
Non-profit Corporations	Organisations formed by a number of individuals that pursue a common objective, giving origin to and determining their purpose and mission. They differ from foundations since the nature of their constitution is the association of people (Law 20,500)
Non-profit Foundations	Organisations in which agents administer a patrimony according to the will of its founder(s), who determine(s) the organisation's goals, which must be directed to public interest objectives (Law 20,500).
Indigenous Organisations	Voluntary and functional groupings of at least 25 members of an indigenous group, based on a common interest or goal (Law 19,253).
Professional Associations	Organisations that aim to promote, develop and protect the activities they have in common, like professions, trade, industry production or services (Decree Law 2,757).
Labour Unions	Legal persons governed by statutes and rules contained in Book III of the Labour Code. Their main objectives are to represent employees in the exercise of rights arising from individual and collective labour contracts, ensuring compliance with labour laws and social security, and report non compliance

Source: Author's elaboration based on Giovaninni and Nachar (2015); Radrigán and Barría (2005); Law 19,253 of indigenous Protection, Promotion and Development; Law 19,418 of Neighbourhood and other Community Organisations; Decree Law 2,757 of Trade and Labour Union Associations; Law 16,744, Law 20,500

4.1.2. Cooperative Tradition

Cooperatives are also part of the traditional social economy. Their main trait is the “mutuality” between its members and the economic democracy they promote. They can be either for-profit or non-profit. Based on Gordon’s typology (2015), this tradition could be labelled with the category of “mutuality”, as they promoted mutual purposes based on cooperation and mutuality. Hence, organisations considered as part of this tradition are: cooperatives; unions and federations; mutual; and trade unions.

The cooperative history in Chile dates to the nineteenth century when a consumer cooperative called Esmeralda was founded in 1887. This movement was influenced by the European experience and by the emergence of the mining trade union movement in northern Chile (Del Campo and Radrigán, 1998). Thus, cooperatives in Chile are closely related to the processes of rural-urban migration and industrialisation, which influenced the emergence of the social and labour movements in this period (OIT, 2012). These organisations have gone through different periods in history, reaching their maximum splendour and scope of influence during the Frei Montalva administration, but fell during the military dictatorship (1973-1989). Upon the arrival of democracy in 1990, this sector had been almost forgotten. Currently, it's a priority for the State (Olivares, 2015).

Regarding mutual organisations in Chile, they are the oldest legal form in the country for organisations with social aims, emerging in the nineteenth century with the first mutual society founded in 1853 as a solution to several social risks like death of workers and the welfare of widows and orphaned children. This solution provided mutual aid and collective action in an area in which the State was not quite in charge (Radrigán et al., 2010). Between 1924 and 1976, these organisations remained active and parallel to State policies, not taking part of the vision of the State. Since 1976, the decline of these organisations has been characterised by invisibility (Radrigán et al., 2010).

Finally, trade unions and federations share the history of the organisations described above. In the case of trade unions, it is consistent with that is already described for labour unions and professional associations in the associative tradition. Besides, for federations formed by cooperatives, it leads to the history of cooperatives already described.

The most important difference with organisations of the associative tradition is that public interest is at the core of every association, explicitly described in their organisational mission, and the income obtained from economic activity can only be used for this goal. On the contrary, cooperatives distribute profits among members, but these amounts are not the key aspect of their constitution, and the distribution is always governed by the rule of equity. This is the reason why these profits are not considered taxable (Alcalde, 2014). In addition, the current legal framework does not refer to cooperatives as a form of economic organisation worthy of promotion by the State (Román, 2012).

Finally, legal forms of organisations adherent to this tradition are listed in the following table (Table N° 4.2) along with their legal definitions.

Table N° 4.2 Socio-economic Organisations of the Cooperative Tradition

Legal forms of socioeconomic organisations	Legal Definition
Cooperatives	Organisations based on the principle of reciprocity and the purpose of mutual aid, aimed at improving the lives of their members, who have equal rights and obligations (Law 20,190, 2007).
Cooperative unions and Federations	According to Chilean law, there can be two kinds of unions and federations. On one hand, it can be an “[...] organisation formed by the association of three or more cooperatives, in which each member has its own legal personality and full capacity to act” (Law 20,190). On the other hand, it can be “[...] the union of three or more unions and union confederations of five or more federations or twenty or more unions. The union of twenty or more unions may give rise to either a federation or confederation” (Law 16,069).
Trade Unions	Organisations that aim at promoting the development and protection of the activities they have in common, like professions, trade or industry production or services (Decree Law 2,757).
Mutuals	Non-profit organisations with the objective of having its members achieve service benefits on a reciprocal basis; based on the voluntary cooperation of people who unite on the basis of mutual help. They are governed by the rules of Title XXXIII of Book I of the Civil Code, by the provisions of Law No. 20,500 on Associations and Citizen Participation in Public Management

Source: Author's elaboration based on Giovaninni and Nachar (2015); Radrigán and Barría (2005); DECOOP (2007); Law 19,832 of cooperatives; Law 2.757 of trade and labour union associations; Law 20,190; Law 16,744.

4.1.3. Beyond Traditional Social Economy: Business Tradition

However, the social economy does not embrace all Social Enterprises, as it does not fully embody the perspective adopted in this thesis. Authors reviewed in Chapter 1, like Nyssens (2006) and Kerlin (2010; 2013), define Social Enterprises as organisations of a hybrid nature that originate in different sectors of the economy and evolve towards a hybrid space between sectors. Therefore, the legal forms of organisations belonging just to the traditional social economy might not be enough to seize Social Enterprises in all its complexity and diversity within the Chilean context. Based on the literature reviewed on Chapter 1, this thesis aims to explore this sector to further assess whether there are other types of Social Enterprises following a different tradition.

Kerlin's (2010) definition of Social Enterprises in Chapter 1 seems a broad 'entrance' to assess the different models, as she called them, of Social Enterprises that are emerging in Chile. The author defines Social Enterprises as "nongovernmental, market-based approaches to address social issues" (Kerlin 2010, p. 164). Based on this statement and on the institutional logics theories, the following definition for Social Enterprises was introduced in Chapter 1: "Social Enterprises are private organisations that adopt hybrid logics to provide goods and/or services on a regular basis in order to address socio-environmental issues of public interest." This definition of Social Enterprises gives a solid normative ground to include organisations with public interest that originate in the private sector, in the analysis regarding the phenomenon in Chile.

However, the broadness of this definition and the hybrid character of Social Enterprises make it difficult to delimit its scope. Indeed, the struggle is not only due to vast territory that these Social Enterprises might represent, but also because of the complexity associated with the dynamics of the different organisations and the abrupt institutional changes of the last decades. Moreover, the fact that they are considered organisations that go beyond the traditional social economy, makes it even more complex to delimit the research universe.

Despite this difficulty, some organisations are evidently included/excluded, according to Kerlin's definition (2010). First, a great portion of the different legal forms of Social Enterprises arising in Chile are contained within the legal forms of social economy organisations (Radrigán and Barría, 2005; UNDP, 2012; Giovaninni and Nachar, 2015). However, these legal forms of Social Enterprises account only for organisations that are traditionally considered as part of the social economy. Second, it immediately excludes organisations that might emerge from the public sector. Indeed, in a similar focus, all organisations that are under the command of the State are not considered Social Enterprises according to Kerlin (2010). Third, the inclusive character of Kerlin's definition allows to go a step further and include those for-profit organisations from the private sector²³ that make an effort to achieve a positive socio-environmental impact as a key element of their mission: socially responsible businesses.

Businesses are legally understood by the present *Código del Trabajo* (Labour Code²⁴) as organisations in which private people hold capital ownership, management, decision-making and control, and where the State has no direct interference (Dirección del Trabajo, 2015). Businesses can find different legal forms as commercial

²³ From this part of the thesis onwards they will be referred to as Businesses.

²⁴ Last re-formulation in 2015.

companies, limited liability societies, limited partnership societies, and open or closed anonymous societies²⁵. The social obligations of these societies are complying with the law and paying appropriate taxes on profits. The law does not make any special definition or mentions a specific legal form for businesses that pursue economic and socio-environmental purposes simultaneously. This shows a lack of understanding about the evolution made in the last decades by many businesses, and the delay of the legal Chilean framework compared with the latest global tendencies and purposes in businesses. On the contrary, based on the analysis depicted by Elkington (1997), in many developed countries the triple bottom line of economic, social and environmental purposes in businesses is being captured by new legal forms including Low-Profit Limited Liability Companies (L3C), Benefit Corporations, and Community Interest Companies (CIC). In Chile, like in many parts of the world, the transformation of purposes and practices of businesses towards a more socially responsible participation is occurring without any legally binding framework.

Therefore, the question is evident: How to delimit businesses that are Social Enterprises? A possible method adopted in this thesis was to analyse the two tendencies that, according to the theoretical framework (Chapter 1), are emerging in order to cope with new social responsibilities: Corporate Social Responsibility (CSR) and B Corps²⁶. Kenneth Arrow (1973) and Daudigeos and Valiorgue (2011) defined CSR as the ability of businesses to respond to negative externalities of their operations. The global community of corporations known as B corps goes a step further because their members have adopted certain voluntary and statutory obligations, redefining business success because they report financial and socio-environmental benefits to shareholders socially legitimising their performance through certification standards. Following Porter and Kramer's core research (1999, 2005, 2011), the change usually starts with efforts made as part of Corporate Social Responsibility (CSR) programmes, some of which evolve to become corporate objectives, as social and environmental concerns align with the business strategy and budget goals, using a Creating Share Value (CSV) approach. Nevertheless, Porter and Kramer's research does not acknowledge that businesses can go even further than this by becoming B corps.

As there is no clear legal definition emanating from the public sector for businesses that commit to CSR purposes and practices, it is necessary to look for references in a

²⁵ Information gathered from the Internal Tax Services Department.

²⁶ Fair-trade enterprises could also be included in this group in a future investigation but, by the incipient of these and the limited information available, will not be considered as part of this research.

well-known umbrella organisation that is based in Chile that promotes, disseminates and defends CSR values and practices, like *Acción RSE*. It defines CSR as “a business vision necessary for sustainability and competition of businesses, which permit them to integrate in a harmonic way their economic development with respect to ethical values, people, communities, and the environment in all their value chain” (*Acción RSE*, 2014).

The case of B Corps is even more difficult in terms of complete lack of inclusion in the Chilean legal framework. Therefore, the only definition of B corps that could set the base for these businesses to qualify as Social Enterprises in the Chilean context is found in the umbrella organisation called *Sistema B*, which encourages organisations to run their assessment in order to get the B Corp certification. B Corp certified businesses are classified in three areas: 1) social or environmental purpose; 2) enforcement of the accomplishment of social and environmental purposes; 3) high standards of transparency (Cohen, 2013). Therefore, B Corps certified businesses are defined as double-mission organisations in terms of their economic responsibility with shareholders and the construction of public value for other stakeholders (López, 2013).

The analysis of CSR and B Corps enables the construction of two definitions. Their most important features are shown below in Table N° 4.3.

Table N° 4.3 Socioeconomic Organisations from the Business Tradition

Normative Forms of Socio-Economic Organisations	Definition ²⁷
Businesses that Follow CSR Logics and Practices	Businesses that make an active and voluntary contribution to their employees and their families further than mandatory obligations stated by law, and which compensate potential negative externalities to their stakeholders.
B Corp Certified Businesses	Businesses with a hybrid nature defined by their commitment to economic gains for shareholders and the economic, social and environmental value produced for their stakeholders.

Source: Author's elaboration based on Law 20,670; Arrow (1973) and Muñoz (2013)

²⁷ In this case it is not a legal definition due to the lack of legal framework for this type of enterprises.

4.2. General Analysis of the Three Social Enterprise Traditions

This section provides an exploration of the three traditions of Social Enterprises (Associative-Business-Cooperative) inspired on the EMES dimensions: economic; social; and participatory governance (2010, 2012). A “commitment to public interest dimension” is added to explore the public character express in the instrumental definition of this thesis (see Table N° 4.4). These four dimensions were explored in 29 case studies of organisations found in the three traditions discussed above: Associative, Business and Cooperative (to review the selection criteria, see Chapter 2); results were triangulated with expert opinions and available secondary information. The aim was to better understand the dynamics of each of the traditions of Social Enterprises in Chile and to provide a focus on what the sample universe of this thesis should be.

Table N° 4.4 Dimensions to Explore the 29 Selected Case Studies

Dimensions	Definition
Economic: A continuous provision	Social Enterprises are directly involved in the provision of goods or services on a continuous basis.
Social: An explicit social aim	One of the explicit aims of Social Enterprises is to create social value, rather than the distribution of profit. Promote a sense of social responsibility.
A participatory governance	Representation and participation of various stakeholders in decision-making processes, and a participative management.
A commitment to public interest	The provision of products and services of public interest, and their participation in intermediary spaces of public interest.

Source: Author's own elaboration based on EMES through Defourny and Nyssens (2010; 2012)

The main results of this triangulation of diverse research methods are the identification of potential distinctive features of the current traditions of organisations. These findings help to delineate the universe of Social Enterprises in Chile. Thus, building on the discussion in the methodological chapter, this first triangulation of different sources of

information allowed this thesis to advance from exploratory universe to the sample universe.

In the case of the associative tradition, through the findings it is possible to observe that via the market principle and logics these organisations fulfil the purpose of contributing to the public interest. In addition, it is noted that current indigenous associations have relevant economic activities, despite what their legal definition might say. It is also possible to observe a similar situation regarding the functional community organisations. Despite their purpose and origin linked to citizen participation and ensuring the interests of a particular community, according to the law, these organisations tend to protect their objectives by developing commercial activities on a regular basis. Finally, trade unions are not considered in the sample universe given that they do not provide services on a regular basis to clients or beneficiaries.

In the case of the cooperative tradition, beyond its recognised economic activity and their contribution to community development, it is possible to observe how some of these organisations, through different mechanisms, seek to contribute to a public interest agenda beyond its economic activity or their members. Also, surprisingly, organisations such as federations showed a commitment to issues as advocacy, as it is the case of *Fipasur*. In their experience, after concluding that the cooperative legal form was too bureaucratic to obtain, and, more importantly, 'neglected' by public policies as was stated by Patricio Olavarría of *Fipasur*, this organisation chose to operate commercially and directly from their federation legal form (this particular point is analysed in section 4.5).

Finally, in the case of the business tradition, the findings were that the responsibility and commitment to issues of public interest is mainly, and often exclusively, observed through the market logics and the market principle. Also, the analysis showed that many companies were recognised by their CSR structure by different national CSR indexes (as the one from Pro Humana) such as *Masisa* and *Banco de Crédito e Inversiones*. The analysis shows that these organisations do not have a central socio-environmental objective in their missions yet. And along with this, the provision of their products and services does not seem to be oriented necessarily to address these socio-environmental problems. However, it is possible to give account of certain dynamics of convergence of a commitment to public interest issues from some businesses, as stated in the theoretical chapter.

4.3. The ABC of Social Enterprises in Chile

Until now, Kerlin's definition of Social Enterprises and the historical-institutional analysis based on her conceptual framework have helped to delineate and organised Social Enterprises in Chile into three traditions. In addition, these traditions encompass three types of organisations that could be considered Social Enterprises: Associative, Business, and Cooperative (ABC). After reviewing the current context in Chile and in light of the insight provided by interviews with experts, literature reviews and secondary sources, together with the analysis of the 29 case studies, some of the legal forms of the three different traditions of organisations in Chile were considered Social Enterprises of the ABC research universe presented in this thesis. Each of these types encompasses different legal or normative forms.

Organisations that belong to the Associative type are non-profits based on the voluntary association of people or organisations in order to tackle a social problem of their particular interest. The legal forms present in this organisational type are: functional community organisations, non-profit corporations, non-profit foundations and indigenous associations. According to the statement by an expert in the sector, their distinctive features are: "associatives organisations have the commitment and motivation of offering services in areas of need not reached by the state and even by B Corps" (Pizarro, 2015).

Organisations that adhere to the Business type are characterised by their capacity to create economic value for their shareholders at the same time adding value to society in economic, social and environmental terms. There are no legal forms that exist at present in Chile for these organisations. However, there is a normative form for the certification of private for-profit enterprises as B Corps. According to the statement by an expert and sector leader, their distinctive features is that they are: "purpose enterprises that do not only seek to maximise the economic interest of its shareholders, as they are committed to high standards of social and environmental management" (Larenas, 2014).

Finally, organisations that fall under the Cooperative type could be considered either not-for-profit or for-profit. Their purpose could be to either create value for their stakeholders or just focus on the benefit of their members. The legal forms present in this type of Social Enterprise are: cooperatives, federations and unions, mutuals²⁸ and

²⁸ Through the triangulation of data, mutuals, mainly due to their mutual purpose, base on cooperation and mutuality as suggested by Gordon (2015), are considered to be part of the Social Enterprises of the cooperative type. This will be analysed in depth in chapter 5.

trade unions. According to the statement by a cooperative expert and leader, the distinctive features of these organisations are: “not-for-profit organisations with an aim to contribute to a specific community or group of people, integrating the cooperative for community development, and they also attempt, from free and voluntary association, the development of a managerial model that integrates democratic participation towards the organisation’s goal.” (Parada, 2015).

It is necessary to highlight, once again, that determining which organisations to study was not an easy task because in Chile there is no legal framework encompassing organisations that qualify as Social Enterprises. In this sense, the ABC approach serves as an inclusive approach that acknowledges the different legal and normative definitions discussed in the previous section and helps to arrive to a definition for Social Enterprises. Moreover, the ABC approach is the categorisation adopted for the exploration and understanding of organisations that could be considered Social Enterprises in Chile through this thesis.

In this sense, the ABC is an inclusive approach that enables the organisation of the empirical puzzle of Social Enterprises in the Chilean context. This approach encompasses three different types of Social Enterprises, which despite having differences, as it was illustrated above, share the same common goal of addressing socio-environmental issues of public interest through the market principle and logics. These differences are deeply important to understand the Chilean scenario because they help to explain its complexity and diversity. In other words, the fact that Social Enterprises could be addressing socio-environmental issues through different types of organisations that originate either in the social economy or in the for-profit private sector could leave an open and heterogeneous space for a diversity of initiatives to develop in the country.

Also, the ABC approach fosters taking a step further when defining public interest organisations. At present, the Chilean legal framework defines them as social economy organisations following the associative Social Enterprise type. On the contrary, the ABC serves as an inclusive approach, as it includes Social Enterprises that find their origin in the traditional for-profit private sector and considers them as organisations of public interest.

The difference between the traditions of Social Enterprise when engaging in issues of public interest is an important issue to be studied in the Chilean context. Indeed Social Enterprises engage in matters of public interest (as already explored in Chapter 1), one the one hand, by providing goods and/or services in order to address socio-

environmental issues of public interest of public interest, and on the other, through various mechanisms of interaction and collaboration with different social actors, which these organisations develop on diverse social fields in order to address socio-environmental issues of public interest.

4.3.1. The ABC Universe in Chile in Quantitative Terms

The aim of this section is to account for the research universe of Social Enterprises delineated through the ABC approach, and each legal form of the three different types that are encompassed by it. Besides, relevant features will be analysed to learn about the current state of Social Enterprises in Chile, their relative importance and evolution. The data was gathered from the years following the research question on the two last national governments: Michelle Bachelet (2006-2009) and Sebastián Piñera (2010-2013).

Social Enterprises of the Associative Type

The associations were about 103,605 in 2006, and increased to 163,086 by 2013; most of them were “functional community organisations”, totalling nearly 85,200 in 2006 and 139,831 in 2013. It is important to emphasise the difficulty of gathering information of these organisations²⁹. Furthermore, data was limited and not rich. This is because, on the one hand, due to a shift on the public sector database (which regards the functional community organisations and non-profit foundations and corporations) implemented through the Law 20,500 in 2011 (at the beginning of Sebastián Piñera’s government) means that there is not enough information for years prior to this change. On the otherhand, regarding economic information, none of the public institutions related to these organisations have a database with economic data.

²⁹ Within this legal form there are also diverse sub-forms. To calculate the number of Functional Community Organisations which could be considered in the final sample universe, when analysing the whole database from the Ministry of Justice, the organisations corresponding to religious organisations, parent centres and infrastructure committees were eliminated. The reason behind this was that these sub-forms do not intend to sustain a provision of goods or services on a regular basis.

Table N° 4.5 Quantitative Data for Social Enterprises of the Associative Type

	2006	2009	2010	2013
Legal Forms	N° of Organisations	N° of Organisations	N° of Organisations	N° of Organisations
Functional Community Associations	85,200	112,354	119,390	139,831
Non-profit Foundations/ Non-profit Corporations	14,427	14,881	15,323	17,573
Indigenous Associations	3,978	4,660	4,846	5,682

Source: Author's own elaboration based on information from the Ministry of Justice

Social Enterprises of the Business Type

B Corps are studied only using 2013 data. The reason is that normative B Corp certification by *Sistema B* was implemented in 2012 in Chile. By 2013, there were 33 private for-profit companies certified as B Corps in the country (for the full list see Annex N° 4.1). These organisations are diverse in terms of sizes and areas of operation. Almost half of them were already established years ago and running as traditional businesses. If one delves into the characteristics of these organisations, it is possible to find that most of them are focused on services.

Given to lack of information prior to 2013, it is possible to get some insights of the emergence of B corps in Chile comparing this with the global evolution of the certification. It is possible to note a significant and rapid increase in the numbers of B corps globally. In 2011 there were 450 of these organisations in three countries, while in 2014 there were more than 1,200 spread over 36 countries. In this context, Chile is ranked as the third country with more B corps, concentrating 4.2% of them in 2014, after the United States and Canada, with a 74.3% and 11% respectively (Kempf, 2014).

This fact undoubtedly stands out, especially considering the relative size of Chile in relation to the two countries leading the ranking. And therefore, as Juan Pablo Larenas explained: “Chile, today, might be one of the most interesting countries where to explore the dynamics of the B corp movement” (2014).

Social Enterprises of the Cooperative Type

Social Enterprises of the cooperative type were about 7,754 organisations in 2006; the number grew to 9,496 in 2013. They had about 3.21 million members in 2006 and 3.28 million in 2013³⁰. The legal form of the cooperative type that has less presence in this tradition is mutuals. As noted above and in Chapter 3, these organisations seem to be neglected by public policy, and so, their numbers which remained almost stagnant over the last decade. These mutuals increased only 1.7% between 2006 and 2013 was only 1.7% (from 513 to 522).

In particular, the number of active cooperatives grew 22.7% from 2006 to 2013, showing a steady growth during the two periods. Nevertheless, the number of cooperative members varied from 1,867,434 in 2006 to 1,890,683 in 2010; reflecting that there was almost no growth. Besides, from the members, the majority (about 52%) were female (Ministerio de Economía, Fomento y Turismo 2014a). Like in the case of B corps, more than half of these cooperatives are dedicated to services and non-productive activities.

Regarding the economic relevance, in 2006 these organisations reached CLP 659,561 MM (USD 1,085 MM) of assets, while in 2013 this number achieved CLP 1,274,321 MM (USD 2,098 MM) of assets. This means that these organisations almost duplicated their numbers in this lapse of years.

Besides, when it comes to federations and unions, it is important to stress that the information is centralised in the *División de Economía Social y Asociatividad* (Associativity and Social Economy Division) at the Ministry of Economy, Development and Tourism. However, this entity currently does not have data for these legal forms of organisations. As it is possible to see, the lack of data is a generalised problem in all types of Social Enterprises. For example, in the case of mutuals, it somehow reflects the little interest to quantify, measure and observe the behaviour and economic relevance of these organisations.

³⁰ It is important to bear in mind that there might be people who are members of more than one cooperative and also member of a cooperative and member of a trade association at the same time.

Table N° 4.6 Quantitative Data for Social Enterprises of the Cooperative Type

Legal Forms	2006		2009		2010		2013	
	N° of Org.	N° of Members	N ° of Org.	N ° of Members	N° of Org.	N° of Members	N° of Org	N° Members
Cooperatives	2,236	1,867,434	2446	1,883,425	2,535	1,885,340	2,745	1,890,683
Trade Associations	5,005	1,347,407	5,602	1,367,960	5,683	1,372,629	6,229	1,395,581
Mutuals	513	Does not apply	517	Does not apply	520	Does not apply	522	Does not apply

Source: Author's own elaboration based on information from the Ministry of Justice and the Ministry of Economy, Promotion and Tourism (2015).

4.4. Distinctive Features of the ABC Approach Through the Analysis of 9 Case Studies.

To analyse the distinctive features of the different Social Enterprise types encompassed in the ABC approach, the research sample considered 9 cases from the 29 organisations previously chosen in the exploratory sample. As explained in Chapter 2, a four-fold criteria were constructed to choose this sample: Cases correspond to different types of Social Enterprise traditions (A, B and C); Date of creation; Commitment to public interest; Access to information. These four criteria were applied considering the literature review, experts' recommendations and feedback workshop opinions.

Since the analysis of the previous section helped to delineate and craft the three Social Enterprises types contained in the ABC approach, this analysis aims to differentiate them. The analysis of these 9 cases was based on three separated parts. The first section was about the discussion of the dimensions inspired by EMES (economic, social, and participatory governance) as part of the analysis of the 29 cases. However, this analysis does not allow much differentiation among the different types of Social

Enterprises encompassed in the ABC approach. Therefore, qualitative variables that have emerged from the theoretical discussion in Chapter 1 constituted the second section of the analysis. As it was described in Table N° 2.8 in Chapter 2, these variables include: Origins and Development Paths, Purpose, Principles of Welfare, and Mission Orientation.

Also, in order to continue the exploration on the public character of these Social Enterprises, a dimension of analysis labelled as Institutional Logics of Public Interest was added. This can be considered an upgrade of the commitment to public interest dimension used for the 29 cases, as it intends to include the institutional logics discussed in the theoretical framework of Chapter 1. However, this cannot be considered a nominal variable, as it was accounted in Chapter 2. No categorisation for the public interest of Social Enterprises was found in the literature. Therefore, the aim of this dimension is to better explore the notion of institutional logics of public interest as defined by this thesis as material practices and implicit rules that influence the issues that are important and how they are addressed by the organisation in pursuit of the public interest.

For these variables and dimension a special grid functioning as a semi-structured interview guide on CEO's of Social Enterprises was constructed (Referred to Annex N° 2.2). Discussion sessions and workshops with the leaders of Social Enterprises and experts in the subject were endeavoured as well.

What follows is a description of the case analysis of each of the samples.

4.4.1. Social Enterprises of the Associative Type

Three organisations were studied: *Casa de la Paz*, *Bicicultura*, and *Colegio Alexander Fleming*. In the traditional economic structure, Social Enterprises following this type originate from the social economy with non-profit objectives and focus on the generation of goods and services of public interest. However, as already observed in the 29 case studies, these organisations are currently adopting the market principle and market logics through the provision of products and services to support their economic self-sustainability.

Casa de la Paz

Casa de la Paz is an organisation with the explicit social aim to promote environmental protection activities and citizen participation among several actors in the country (Chapter 2). It is a non-profit corporation that provides services of public interest through consultancies; its final goal is to construct a more sustainable society in social and environmental dimensions, especially through dialogues and agreements between the communities, private for-profit businesses and the State (a more detailed description can be found in Chapter 6).

In terms of the dimensions used to explore the 29 cases, under the social aim dimension, the mission of *Casa de la Paz* focuses on social and environmental issues, as its main goal is to educate, establish links and articulate agreements between the community, businesses and the government, to promote a healthy coexistence with the environment, socially just and economically viable.

In practical terms, this mission was expressed with the execution of regular consultancies to several large companies in environmental issues, and promoting citizen participation and rights as strategic pillars of public interest. It is precisely through these consultancies, the centre of their income generation strategy, that its strong economic dimension fully manifests.

Besides, *Casa de la Paz* includes the majority of the stakeholders in its decision-making process in terms of strategy and the particular decision processes on the projects the organisations is committed to. In other words, in terms of the projects, this organisation is committed to the participatory decision-making process of facilitating agreements between actors that usually do not work together and have conflictive relationships. Moreover, this participatory nature is expressed in its General Board, which has always included workers and directors. However, the structure remains hierarchical and the CEO and directors have more power in the decision-making process.

In terms of the qualitative variables, especially built for the analysis of the nine cases, the origins and development paths variable shows that this organisation could be classified, mainly, as a “trading charity” organisation. This is because *Casa de la Paz* found that the best way to tackle environmental problems was through trading activities. Moreover, commercial activities were carried out to get the sufficient economic resources to run the organisation. Also, the origin of *Casa de la Paz* is fully democratic; formed by a group of citizens during the seventies who were already aware of the environmental issues at a time when social problems were the main concern of

societies. Its beginnings (founded in 1992) were possible due to the great number of international funds that existed at the time in Chile operating as catalysts for civil society organisations.

Moreover, *Casa de la Paz*'s purpose is three fold: "community" and "ethical". The community purpose is related to the communal and local impact goals of the organisation, which reflect on their territorial approach. The ethical purpose is expressed on its mission, particularly, understanding that its proposal of citizenship and environment was pioneer and radical in Chile. Furthermore, the fact that their enterprising activities are central to the organisation's social mission, allows it to classify as a "mission-centric" organisation.

Regarding the principles of welfare, *Casa de la Paz* has been experiencing an interesting evolution towards the adoption of the market principle in recent years. Despite legally following a non-profit form, it tends to change its practices and logics to participate more actively in the provision of services through direct price setting, based on the laws of supply and demand. One illustrative example is *Programa Buen Vecino* (Good neighbour programme), project financed and sponsored by water utility *Aguas Andinas*³¹. The project consists mainly on round tables to keep up strong communication principles and practices between *Aguas Andinas* and the communities affected by its operations. *Casa de la Paz* oversees putting together these different actors and being a formal channel of communication and of conflict-resolution between them. These projects are defined in a price-setting strategy similar to the ones seen in the traditional private sector. Furthermore, *Casa de la Paz* takes part of a hybrid strategy in terms of its direct market strategy with businesses of the private sector, and quasi-market strategies with municipalities or other public agencies that are also concerned with environmental issues. However, in 2013, businesses were the cause of almost 95% of the income generation of the organisation.

Finally, a first exploration into its commitment to the public interest reveals that it goes beyond the services provides through consultancies. In fact, through the provision of consultancy services *Casa de la Paz* engages in different relationships with private, public and community actors favouring inter-sectorial groupings regarding environmental issues. In this way *Casa de la Paz* helps to install in the national debate its major concerns: citizenship participation and environment changes. This is of particular importance when considering the specific context of the '90s, when the country was still experiencing low social participation due to the effects of the

³¹ A large private regulated company in charge of the water provision in the Santiago Metropolitan Area.

imposition of the neoliberal model which was far from addressing environmental issues through socioeconomic organisations.

Moreover, this commitment to the public interest manifests also through the role of *Casa de la Paz* as a crucial actor in the country in regard to the development of public policies related to environmental issues. As it has been participating in important debates and discussions in roundtables for the construction of an institutional setting to enhance a more sustainable economic model, which has been experienced in the last three decades (the implications of this will be studied in Chapter 6). Also, the international support they have, as their Ashoka membership, has favoured the possibility to generate multi-sector partnerships to address environmental issues and also be considered by public policy regarding the environment (reciprocity).

The direction followed by *Casa de la Paz*, in terms of increasingly adhering to market logics, is an intrinsic part of its institutional logics. *Casa de la Paz* could be somehow pushed to adopt market practices and principle to participated in environmental and social projects related with its mission. The risk encountered is evident as not all environmental problems can be tackled based on the market principle. Thus, when this tension was discussed in the interview, according to Ximena Abogabir, up until that moment *Casa de la Paz* had never accepted a project that deviated from its social and environmental mission centred in transforming social relationships around a sustainable co-existence of different actors in Chilean society. Hence, according to her, the organisation has shown inflexibility in its mission regardless of where the funds come from. Nevertheless, it is a risk its members onfront every day.

Bicicultura

Created in 2006, this organisation develops projects that promote the use of bicycles as a means of transport, as this would generate human energy and a better quality of life for people. *Bicicultura*'s goal is to place the bike rider by self-choice as a more evolved, free and independent human being. Its legal form is of a functional community organisation.

In terms of the dimensions, *Bicicultura* does in fact have an explicit social aim in its mission. This organisation has as main goal the creation of social value through the promotion and awareness of the need to use other more sustainable means of transport, like the bicycle, given the high level of pollution in the city of Santiago.

Its financial resources are mainly obtained via donations, sponsorships and public sector funds. It is also very important the realisation of the annual festival of bikers. For this type of events, *Bicicultura* has been managing bi-national agreements with cultural organisations and businesses. The Cultural Center of Spain, the Netherlands and Denmark embassies, and companies like Rabobank, Oxford, Bioxet, Novonordisk and Maersk, have contributed to the annual version of the Festival. Also, *Bicicultura* provides a wide range of services on a regular basis to finance its organisation. These include consulting services to municipalities on issues regarding the promotion and development of a culture around the use of the bicycle, and also the lease of bike parking spots at events.

Regarding the exploration of its participatory governance, there is no clear pattern when it comes to decision-making. Once a year members of the organisation meet in a General Assembly where an annual balance of activities is carried out and collective decisions on major issues are made. During the year, team members meet regularly, events in which information is shared regarding contingency topics and each area manager gives their opinion and recommendations. Many decisions are made in this context, by unanimity and consensus. In the absence of consensus, the Board makes the final decisions.

In terms of the nominal variables, the origins of *Bicicultura* date back to the time when a citizen-cyclists group was formed and decided to organise. Based on Spear et al. (2009), its origin can therefore be considered mutual and trading charity. On the one hand, mutual, because the organisation was formed to meet the needs of a particular group of members (cyclists or bikers) through trading activities. These cyclists were pioneers in giving prominence to the rights of cyclists in the city and improve conditions for cycling as an urban transport. And on the other, the organisation is considered to have trading charity origins as it seeks to mobilise mixed resources to fulfill its social mission. Furthermore, based on Alter (2010) the fact that its business activities have been gradually developed in order to give sustainability to its mission, classifies *Bicicultura* as mission-centric.

Besides, since the beginning, participants had the idea of creating a sense of community and self-managed projects in the territory where they are embedded. The purpose for them was to have a space where cyclists could reunite, share experiences and promote the use of the bicycle. In terms of Gordon (2015) descriptions, it is possible to say that they have community and ethical purposes. Their community purposes, in terms that *Bicicultura's* development, is in a particular geographical

location, the Municipality of Ñuñoa, with a promotion of communitarianism and citizenship. Their ethical purpose has to do with their social radicalism and alternative ecological movement of cycling, based on ethical values and more radical societal change.

Regarding the principles of welfare variable, *Bicicultura* operates on the basis of a reciprocity principle, meaning that their members are mostly volunteers that associate freely to accomplish the mission, and the circulation of their initial services between them and the community in Ñuñoa, occurred in the context of a voluntary social relationship. Nevertheless, the fact that they engage in providing services on a regular basis, through the exchange of services for money, implies that they started operating under mixed principles of reciprocity and market.

Finally, it is possible to highlight their strong and direct involvement on public interest issues through the provision of services. In the case of *Bicicultura*, these aim at fostering a cultural change that favour quality of life at the municipal and city level through the promotion of cycling. Furthermore, since the organisation is among the pioneers on these issues, it has been involved in several levels of discussion associated with regulation and design of public policies (at the municipal and national levels) and protocols in these emerging issues.

As an actor in Chilean society, this organisation focuses its efforts on two roles. First, to be an educational and informative source of information for people that rides their bikes in Santiago. Second, to be a line of awareness, promotion and dissemination, placing emphasis on the planning of the *Bicicultura Festival* held every year in association with bikers of Chile and other partners. The organisation also aims to create a national network for *Bicicultura* in which the rights and duties of cyclists will be promoted and expected to generate strategies and concrete actions in public policy to achieve the proposed actions (ONU-Habitat, 2013). In this sense, *Bicicultura* is an example of how a civil society organisation transfers knowledge to citizens and has political influence in the creation of public policy by giving visibility to an urban problem.

The Colegio Alexander Fleming

This organisation is a school which functions legally as a non-profit corporation; specifically, it is a private but subsidised school; meaning, it's a private school, which charges families with a relatively small amount about USD 300 per students for the educational services but that receive public funds from the national government and

municipalities. Therefore, this regular provision of educational services illustrates a strong economic dimension.

The commitment to create social value is explicit and central for this school. Its mission aims at educating people to attain attitudes and fundamental values in order to acquire knowledge and develop skills that prepare them to face life with a creative, enterprising, dynamic and positive spirit. Thereby making sustainable decisions in time to respond to a changing society and be able to project themselves into the future with a life project and transforming themselves useful to society according to their interests.

Moreover, there is a strong involvement of professionals working at the school, establishing a decision-making process in which the opinion of managers and professors are critical to achieve their social mission. Hence, participative processes like this one, in this case particularly inspired on the philosophy “one member, one vote”, allows stating the existence of truly participative governance. In practical terms, this inspiration is expressed in the fact that, at present, the 55 members and partners of this corporation have the same importance in the strategy and decision-making process, going beyond their official board members.

Regarding the qualitative variables to be assessed, the fact that its services are a major source of income for them, implies to classify this organisation, in the variable related to origins and development paths, as a trading charity. Also, it can be considered that the purpose of the organisation is mutual, as the school was an educational initiative from neighbours of the school in 1964. Furthermore, as knowledge on the case increased, its strong commitment to their neighborhood, and their objectives to benefit and interact with the community began to become clear. Intent that has been built through the implementation of various projects related to its expertise in education and, therefore, also classifies as a community purpose.

In the meanwhile, the fact that students pay a monthly fee in exchange for their educational services shows that the organisation operates under the market principle. Notwithstanding, the organisation subsidises this payment through several mechanisms. Also, the Colegio Alexander Fleming is an organisation in which business activities have the express purpose of ensuring the fulfilment of its educational mission. Therefore, it should be classified as mission-centric.

Finally, regarding its commitment and the “institutional logic dimension of public interest”, it is impossible to explore this without understanding the Chilean educational context, because the school is part of the network of subsidised private schools in the

country. Some of them were set up legally as for-profit organisations, even though most of them argue in favour of its orientation towards not-for-profit or, put in other words, for the public interest. At present, these schools are part of an intense public debate, because some experts argue that these organisations should not receive public funds because they were founded and operated by private organisations. Meanwhile, others argue that the importance of these schools in the construction of public value is vital because they provide an education of excellent quality, at a low-intermediate cost, for poor and middle-class families, which is possible precisely due to the support of public funds. Therefore, they would be vital to enhancing social cohesion and tackling social and economic inequality.

Indeed, the economic structure of this school partially reflects this situation. The State gives public funds per student and the rest is financed by the parents of the students through the payment of a monthly fee. Specifically, the income structure of the school is composed of, USD 1.5 MM from the Ministry of Education, USD 300,000 from the Municipality of Las Condes, and USD 300 per student, from the income generated by the school through the monthly fees. This hybrid finance structure allows the organisations to attain economic sustainability and maintain the quality of the education in the long term. As stated in the interview: “We need public funding. Otherwise, we cannot afford to provide the educational services we give at the present level of quality” (Retamales, 2014). Nevertheless, the fee payment is also necessary to achieve the development of the institution and to remain competitive in the long run. In this sense, the support of the State could be considered as an important part of the funding that allows reducing the economic risk of the organisation to maintain the quality of the given education. This point reflects the permanent tension of subsidised educational corporations regarding the competition with private for-profit schools. Furthermore, as the educational setting for public and subsidised schools is structured by the national educational system managed by the Ministry of Education, modifications depend on the political changes that come from the public sector. Hence, they are restricted to the institutional setting of the educational system.

Moreover, the case of subsidised private schools enters directly into the discussion of the centralisation of the provision of products and services of public interest in the institution of the State. As expressed by Atria et al. (2013), these schools have gained a reputation as excellent schools that are accessible to the poor and the middle-class, and therefore, they are an example that Social Enterprises could be valid channels for providing goods and services of public interest.

4.4.2. Social Enterprises of the Business Type

Three Social Enterprises were studied: *Triciclos*, *Pegas con Sentido*, and *Cerco*. In the traditional economic structure, Social Enterprises following this type originate from the traditional private sector with profit objectives. However, as already examined in the 29 case studies, these organisations show a hybridisation in logics as they are currently engaging in the provision of products and services of public interest. In this sense, they adopt market principle and adhere to market logics to address social-environmental issues. Therefore, some of these organisations could be considered Social Enterprises according to the definition ruling this thesis.

Triciclos

It's private for-profit organisation certified as a B Corp focused on making cultural change through recycling. It was founded in 2009 by Gonzalo Muñoz and Joaquín Arnolds. Both had strong expertise and long experience in traditional businesses when they decided to do something that agreed with their individual ethical values based on social justice.

The organisation has an explicit social aim focused on environmental issues. However, this environmental goal is not the only one tackled by them. *Triciclos'* business model follows a "quadruple bottom line" that intends to address economic, social, cultural and environmental dimensions. In this sense, the social dimension is approach in alliance with grassroots recyclable material collectors, adding social value because in Chile, recycling is mostly an informal business conducted by very poor and marginalised people. This dimension has its origin in one of the goals of *Triciclos*, which is to operate profitably in this industry without harming existent vulnerable actors, but rather by offering opportunities for improvement for their social conditions. Hence, to achieve that, *Triciclos* has incorporated some of these actors in their operations with the task of overseeing recycling points, thus reporting more income and job security for them and consequently becoming better considered at a social level within their community.

The exploration of the economic dimension shows that this organisation is directly involved in the provision of recycling services on a continuous basis, mainly through innovation in terms of their quality and efficient recycling points. To oversee their commercial operations and managed their complex multidimensional bottom line,

Triciclos' decision-making process is inspired by the "one member one vote" mechanism. As Gonzalo Muñoz states:

The first definition we made was that human capital was more important than the economic and financial capital because in our analysis it was one of the main problems of conventional business models. The fact that the owner of capital has more power than the humans that work was inconceivable in our business model (2013).

In other words, the social mission of the organisation is not just focused on benefiting an exterior public but also the employees of the organisation through the innovation of labour relationships. It is clearly implied when Gonzalo Muñoz explains that, "as an organisation you cannot have a social mission for external beneficiaries if you are not coherent with them within your organisation" (2013). Here, a significant difference can be seen in comparison to Social Enterprises type A. However, in *Triciclos*, not all the stakeholders are taken into consideration in the decision-making process. General Boards that include the founders and their main general managers are the ones that have the main power inside the organisation. Therefore, *Triciclos* seems to be a lot less open if compared to Social Enterprises following the 'A' type. Furthermore, the fact that their team members are the only paid professionals makes the recruitment process very similar to traditional business.

As previously stated, *Triciclos* was founded by two social entrepreneurs that had expertise from the private sector, but that had decided to do something that aligned with their personal values. Therefore, regarding the qualitative variable related to their origin, *Triciclos* could be classified as a new-start Social Enterprise. Moreover, the fact that their personal ethical values drive this new private enterprise and their aspiration for a radical change regarding "zero-waste", in Muñoz' terms, in the industry allow stating that *Triciclos* combines market and ethical purposes.

Furthermore, this implies that *Triciclos* is not only interested in the materials that have economic value but in all recyclable materials that are considered waste. This statement that guides its logics marks a significant difference with policies and procedures typically observed in the recycling industry, setting innovations on traditional market actors that only focused on for-profit recyclable materials. Hence, as most economic resources come through their recycling points, which are at the core of their social mission, this organisation could be described as mission-centric organisation.

The principles of welfare variable shows that this organisation adopts the market principle because its activities are framed within the rules of the market, besides it can be inferred that *Triciclos* also operates under the Reciprocity principle, because the users trust them depositing material on the recycling points without asking anything in return. Furthermore, this organisation was created for the express purpose of using a self-financing model.

Finally, beyond the commitment to public interest exemplified in its recycling operations, *Triciclos* has been an active participant in round tables for public policies. Particularly, CEO Gonzalo Muñoz has been invited by the government to the main round tables to discuss and construct the legal framework that could enhance the promotion of Social Enterprises. Muñoz stated that, as an organisation, they are grateful that public institutions allowed them to be important actors in the construction of public policy regarding Social Enterprises. It has helped *Triciclos's* mission spread throughout Chilean society and scaling up its contribution to the public interest.

Pegas con Sentido

Pegas con Sentido (Jobs with a Purpose) is a private for-profit organisation certified as a B Corp. It is a consulting and headhunting platform supporting institutions of private, public and civil sectors in finding professionals to increase their competitiveness.

The mission of *Pegas con Sentido* is to make the workplace not only a source of livelihood but of happiness and transcendence. In order to do so, the job of *Pegas con Sentido* is to detect the needs of organisations with social and environmental objectives and then find employees that in addition to their social commitment are technically suitable for the jobs. Hence, their explicit statement of supporting a new perspective on the workplace deserves special attention. Moreover, given its value proposition has been a pioneer in the Chilean headhunting industry, managing to consolidate a business model around a sense of social responsibility, which is considered a key element of its social dimension.

Besides, the exploration of the 'participatory governance dimension' shows that not all the stakeholders are taken into consideration in the decision-making process. The General Board (founders and their top managers) are the ones that have the main power inside the organisation, a reality, which does not differentiate from traditional for-profit organisations.

Regarding the assessment of the nominal variables, in relation to the “origin and development path” of this organisation, the previous experience of its two founders is of particular interest. Both are young entrepreneurs who were leaders at *Un Techo para mi País* (A Roof for My Country), one of the most important Latin American foundations belonging to the social economy sector focused on poverty. Thanks to this experience that they were able to encounter closely the reality of the poor on the continent and, consequently, define a socially sensitive new business model.

The same founders acknowledge in the interview that *Pegas con Sentido* has both market and ethical purposes. “We opted for a private business because we believe that this organisational model has a greater impact as it complies with the laws of the market, and we wanted to make changes from within” (Dell'Orto, 2014). This statement demonstrates, as in the case of *Triciclos*, the firm belief that to change the *status quo* in present socio-environmental issues, the market is a valuable principle that should be adopted. *Pegas con Sentido* clients vary from foundations to conventional private businesses interested in leadership, ethical behaviour and the search for purpose and socially sensitive professionals. Therefore, *Pegas con Sentido* seeks clients that meet the minimum CSR standards. Those certified as B corps are accepted immediately, while tobacco, gambling and weapons companies are not considered. As the project matured, the mission also did. Currently, its mission states: “We recruit, articulate, position and inspire the culture of respect at the workplace³²”. This evolution also led *Pegas con Sentido* become a certified B Corp in early 2012, triggering a review process of the organisation even in areas the founders had not noticed in the beginning, such as environmental objectives that should be aligned with the social mission. Related to this, the analysis of their mission orientation demonstrates that the core economic activity of *Pegas con Sentido* is related to and centric to its mission.

Regarding the public interest dimension, after the exploration through successive approximations (first, public interest commitment and then institutional logics), it could be argued that its services are not inherently of public interest, as they add more value to individuals that prefer to have a meaningful job than to society as a whole. Nevertheless, as explained before, through its innovative proposal and multiple interventions in universities and forums, this organisation has fostered a discussion about the purposes of life, which has echoed in the new generations. However, the benefit from the existence of this organisation to all Chilean society, particularly to

³² Further information is available on: www.pegasconsentido.cl

marginalised or socially needed group, is not as clear as with *Triciclos*'. Even more, the public interest of the services offered by *Pegas con Sentido* is not unclear, due to the added value in comparison with a traditional headhunting firm, which also connects organisations with potentially excellent employees.

Also, an important point for the analysis of *Pegas con Sentido* is that it has benefited from public funds from CORFO. Although the organisation started without initial funding, public funds have been critical to disengage start-up self-sustainable economic operations as it benefited from a USD 80,000 grant to start their enterprise. In 2012 new investors and two public funds permitted *Pegas con Sentido* to reach a point of financial self-sufficiency. This same year their sales hit CLP 50 MM (USD 83,333) reaching in 2013, the amount of CLP 110 MM (USD 183,333), through their strategy, which expanded their services by offering three core services to their clients.

Finally, and it is relevant to point out, just like *Triciclos*, the State has invited *Pegas con Sentido* to the main round-table discussions for the construction of the public policy legal framework that could enhance the promotion of Social Enterprises.

Cerco

This is a private for-profit organisation of the construction industry founded in 2007 and a certified B corp since 2012. Two aspects stand out in the actions of *Cerco*, which distinguishes it from the traditional for-profit organisations from the construction industry: First, a positive performance in its policy of zero accidents and, second, active participation for the labour and social reintegration of prisoners and ex-prisoners. Both reflect a predetermined orientation of the organisation of its intention to balance economic and social outcomes, placing people at the centre of its activity by focusing on the security, professional and personal growth of its employees, as well as the contribution of the organisation to the development of society.

Nevertheless, its explicit social aims are not as clear as the other cases analysed so far. Rather, *Cerco* expresses its social aims in internal operations and practices, but not on its statutes or mission. Particularly, its mission is to “finish the execution of our project with zero accidents, work with high-quality standards to achieve the recognition and satisfaction of our customers, and to remain in the construction market safeguarding the commitment and personal growth of our entire work team in time” (Riffo, 2013).

In addition, in the case of governance, its similarities to that of a traditional company are even greater. In line with *Pegas con Sentido*, in *Cerco's* decision-making process, not the stakeholders are taken into consideration, as it is the General Boards (founders and their main general managers) who mainly hold the power inside the organisation.

Regarding the first qualitative variable, related to its origins and development paths, it is not easy to find a category for *Cerco*. While the closest categorisation could be the new-start Social Enterprises, its similarities with the world of traditional business demanded a deeper analysis of the variables. Therefore, the history, purpose and commitment to the public interest of its founder and CEO, Cesar Riffo, 2013, are key.

Until the creation of the organisation, Riffo had made a successful career in a traditional construction business. However, he strongly disagreed with the way it was generating wealth within the industry, especially concerning labour management. Therefore, Riffo decided to found his enterprise with the aim of changing the conceptions in the traditional construction business, specifically in the way they are usually managed and the role that he believed they should play in society.

Moreover, according to its founder, the world moves faster and the State is always lagging behind. So, as business generates the most rapid changes, they should be active agents of change. Through his new venture, *Cerco*, Riffo chose to tackle the main problems found in the construction industry: hazards in the labour environment, low educational level of workers, and the instability of workers' contracts. As Fernando Gómez states:

One of the problems of traditional businesses in the industry is the continuous rotation. Sometimes even the name of the person is unknown. Today there is coldness in leadership. The manager does not know how many people work with him, how to deal with people, not knowing what to do, where they come from (2014).

Gómez explains that closeness among workers at *Cerco* is accomplished through various forms of engagement; they "create bonds with workers, which also help the business to get better results" (2014). Hence and besides its more evident market purposes, it is possible to say that *Cerco* it is mobilised by a strong ethical purpose.

So, after analysing the origin and the founding purposes of *Cerco*, it is possible to account how an organisation operating entirely under the market principle and market logics could have its focus on people and their quality of life, and contribute to shape an industry that did not see such innovations in generations. Therefore, construction

services provided by *Cerco*, like engineering projects in public and private infrastructure, civil, road construction, mechanical assemblies, and urbanisation, become a means to approach their social aim. Therefore, differently from the other cases and although its mission does not explicit all its purposes, it is possible to say that *Cerco's* business activities are central, or, at least, are closely related, to its purpose of creating social value.

Finally, regarding the “public interest dimension”, *Cerco's* first construction projects were developed in the poorest districts in Santiago and, therefore, the products and services regarding construction were strictly produced and delivered to disadvantaged urban sectors of the city. However, with the passing of time, these projects have been reducing their importance and, therefore, the ways in which the products and services of *Cerco* tackle subjects of public interest are not that clear.

Nevertheless, *Cerco* reveals its public interest commitment through initiatives like hiring prisoners and ex-prisoners carried out in 2009 in alliance with *Fundación Paternitas*. Initiative, which scales up as part of a larger project led by the *Cámara Chilena de la Construcción* (Chilean Chamber of Construction), through its Intermediate Agency for Technical Training, in which *Cerco* played a significant role since 22% of the total prisoners and ex-prisoners inserted in the construction industry worked at *Cerco*. This trade association consists of 2,432 businesses that joined the programme through the CSR social projects available to its member companies, joining other stakeholders as the *Instituto de Educación y Capacitación Popular* (Institute for Popular Education and Training). Furthermore, they were able to leverage more public funding through the Ministry of Labour, from the use of tax exemption to training and job placement projects. In other words, *Cerco* has led and joined forces with other actors and tackled problems of public interest that were neglected or not taken into account by the public sector and social economy organisations.

4.4.3. Social Enterprises of the Cooperative Type

Three Social Enterprises were studied: *Prymave*, *FIPASUR*, and *Oriencoop*. In the traditional economic structure, Social Enterprises following this type originate in the social economy or Third Sector, with different theoretical frameworks acknowledging them (analysed in Chapter 1).

Prymave

Prymave is a worker cooperative created in 2008. It is an organisation dedicated to the construction and landscaping of public green areas, with a social aim directed towards its members and the community. On the one hand, it grouped and fostered all the unemployed gardeners of the Maipú Municipality, people with little chance of getting new jobs. On the other, its socio-environmental aim is to improve public green areas, in which its members and their families live, therefore leaving a legacy and benefitting the entire community where their projects are embedded in.

In time, *Prymave* has proven its capacity to consolidate its economic project and to compete hand in hand with traditional for-profit organisations in construction and landscaping of public and private green areas in communes in the western side of Santiago. However, as a feature of its cooperative form, the organisation practices different governance from its competitors, strictly following the cooperative mechanism of “one member, one vote”.

As stated, *Prymave* was created to meet the needs of a particular group of members through trading activities. This cooperative emerged in 2008 from a group of unemployed workers with the challenge of designing and maintaining public fields in the Municipality of Maipú. Currently, they make up one of the largest worker cooperatives in the country. Furthermore, in this progression, the organisation has been able to help many unemployed people to increase their quality of life and reintegrate into society. Hence, based on this community-based development path and beyond its evident mutual purpose, it could be argued that *Prymave* also has a community purpose.

Thus, related to the mission orientation, it is possible to say that their aims are intimately linked, as their purpose is to benefit their members, the community in which they live in, and the economic activities that support their mission. Moreover, the worker cooperative enterprise was, at the time, the only possible alternative they found as unemployed, low skills workers to self-sustain and contribute to their community. Therefore, building on their core mutual and community purpose, the fact that *Prymave* could develop entrepreneurial activities to benefit them and the community in Maipú, help define it as a mission-centric organisation. Moreover, when analysing the welfare principles under which *Prymave* operates, it is possible to highlight its hybridity resulting from the combination of the market principle and reciprocity.

Indeed, *Prymave* operates intensively under the market principle to tackle social problems and accomplish its economic, social and environmental objectives. Its clients

are diverse and include individuals, businesses and public institutions in approximately similar percentages. In this sense, the organisation has a similar approach as *Casa de la Paz*, in terms of diversifying the economic risk between different clients and gives the organisation a great deal of economic autonomy. These customers make *Prymave* an economically self-sufficient organisation because it has not received any public funds since its inception. Rather, *Prymave* adopts the market principle and its logics to manage and sustain its operations, and obtain economic benefits from their entrepreneurial activities.

Finally, regarding their public interest dimension is well expressed in the perspective of one of its founders and manager, Edgardo Casajuana. He argues that problems with low-skill workers taking care of public green areas in the country, are an issue evident in all communes of Santiago, claiming that:

What happened with us (*Prymave*) in Maipú is that they found a group of workers who were able to create their enterprise; but the same working conditions issues take place in Maipú, Las Condes, Vitacura, San Bernardo, Concepción, Temuco, and other. Furthermore, workers of public green spaces are the most unprotected in the country in social terms (Casajuana, 2013).

This element is essential to explain the contribution to the public interest done by the services provided by *Prymave*. Furthermore, the possibility of expanding the positive impact of their solutions to benefit other workers like them throughout the country, little by little takes over the agenda and permeates its practices and implicit rules in pursuit of the public interest.

In other words, *Prymave* not only has become visible as a successful worker cooperative but also, through this new working model, at a country level and in international conferences and forums, allowing to scale the impact of the organisation.

FIPASUR

Consists of a federation of 22 trade unions of fishermen representing more than 1,300 individuals, distributed in the coastal districts of San José de la Mariquina, Valdivia, Corral and La Unión, about 1,000 kilometres south from Santiago. Its ambitious vision is to become the pioneer and leader in artisanal fishing in Chile and Latin America and be recognised for the quality of its products, innovation and social responsibility. Therefore, *FIPASUR* founded its commercial branch called *Pesca en Línea* (Online

Fishing) to directly engage in diverse market activities, with the aim of increasing the income of their members. Therefore, the organisation can be conceived as a federation with a commercial arm.

Its social aim is related to the provision of a better economic and social wellbeing for local fishermen, who for decades have been fighting to preserve the marine resources and combat the poverty that affects many of their families. At the same time, *Pesca en Línea* improves the allocation of income to members through the elimination of intermediate actors between local fishermen and the final customers, and also by gathering the products fished by all local fishermen members of *FIPASUR*. These processes increase their daily sales volumes, producing higher sales margins, and contribute to sustainability in their fishing process. Hence, through this case analysis, and based on the definition used in the “social dimension”, *FIPASUR* seeks, on the one hand, the distribution of profits for its members; and on the other, promotes a certain sense of Social Responsibility on a sensitive issue in the country like fishing. Through its leadership, it has influenced and to certain extent supported other associations and cooperatives developing similar models.

Besides, *Pesca en Línea* emerges from a group of trade unions to organise themselves to sell products more efficiently. Patricio Olavarría, General Manager of *Pesca en Línea*, states: “The problem of fishing is brokering. Fishermen are at the bottom of the production chain and, therefore, receive fewer profits. Hence, they felt motivated to get organised and sell directly to the customers to leverage the prices of the products they sell” (2014).

Therefore, the case of *FIPASUR* reflects how well an organisation of mutual origin, with a participatory governance of a federation, could be developing a path of social entrepreneurship, to the point it created a commercial arm. This is relevant considering that, according to Chilean legislation; in its commercial capacity, this organisation is not regulated by the State.

The analysis of the purpose nominal variable shows that this organisation has a mutual purpose, which means that it is based on cooperation and mutuality. It is a voluntary associational organisation to promote alternative economic institutions, controlled by themselves, for their mutual interest, benefit and support. Furthermore, regarding the above, the process that *FIPASUR* has undergone from its creation to the implementation of *Pesca en Línea* helps to illustrate well the hybridisation dynamics of its welfare principles. It is an organisation that was born and operates based on the principle of reciprocity that, gradually and depending on the needs, implements new

mechanisms, adopting the market principle its own. Meaning, this organisation aligns by the rules of the market; however, it is voluntary and independent from any central authority or complementary organisation.

Finally, regarding the “public interest dimension”, in a first approach to its seafood business, a commitment to the public interest is not evident. Notwithstanding that their leadership and participation in fishing activities nationwide might leave a positive impact on sustainable fishing practices, fairness trade, and the direct commercialisation from fishermen through online platforms. In a second approach to the federation, with focus placed on its commitment to public interest, it is possible to explore *FIPASUR*'s institutional logics. In relation to these logics it is possible to observe how the organisation, for important issues such as the sustainability of the resource and scale fishing, have adopted certain practices that deal with a more collaborative and advocacy work that allows moving up their regional agenda to a level of national public policy. Thus, during fieldwork, it was normal to see leaders of the federation participating in numerous public-private round tables in which the first regional policy in Chile regarding artisanal fisheries was achieved, and is now a central axis for development in the region.

Oriencoop

Oriencoop is a legally formed cooperative organisation that provides financial services to micro, small and medium enterprises. It can be considered an organisation that promotes the entrepreneurship and wellbeing of disadvantaged people since the 1960s. Half a century of experience has made *Oriencoop* one of the leading legally formed cooperatives in the microfinance industry in the country. Indeed, *Oriencoop* is an initiative that started over fifty years ago, in the city of Talca (250 km south of Santiago), by a small group of citizens that had successfully established it self in the cooperative world at the time. Since then, its offer includes a broad range of financial services pertaining consumer loans, commercial product investment, insurance and factoring services, through 24 subsidiaries deployed throughout central and southern Chile, from Valparaiso to Puerto Montt, using a high-standard technological and service quality. They are responsible of over 300,000 between members and clients.

The exploration of its social dimension shows that *Oriencoop* has an explicit social aim focused in two areas. First, through the financial products offered, *Oriencoop* seeks to take care of its members and maintain a fluid, through a wide range of social benefits,

and a transparent relationship with them. Members, make a capital contribution to retain their share in the cooperative, through the monthly payment of a participation fee. The minimum monthly contribution is CLP 1,000 (USD 1.66). Members of *Oriencoop* access various financial products, especially those related to credit, as well as other benefits like participating in the distribution of profits obtained each year. Second, *Oriencoop* strongly looks after the welfare of its employees through a strong social responsibility internal programme.

Besides, the economic and governance dimensions show its active participation in the financial market and governance that follows the principle of economic democracy pertinent to a cooperative,

Interesting items appear when studying how the qualitative variables behave. The first topic of interest is the evolution the organisation from its origin to the time of this thesis. Beyond its mutual origin, with a strong focus on benefit its members, *Oriencoop* represents the path that most credit unions have followed in Chile for the past 40 years. Given the institutional changes experienced at the country level (discussed in Chapter 3 and deepened in the next Chapter), the cooperative sector tended to split into two groups. The first was forced to deepen the principle and logic of the market, as in the case of *Oriencoop*, while the second is closely linked to mutual cooperatives and community movements with a stronger advocacy character and social change. In this regard, when reviewing *Oriencoop*'s service practices, its relation with clients and even with its members, it is possible to question the extent to which these practices differ from a microfinance company in the traditional for-profit world.

Moreover, while it is not easy to question the centrality of the mission, there are context elements that illustrate how these organisations have evolved. The fact that this cooperative operates at a national level, in the institutional context for large financial cooperatives in Chile and, in a regulated industry, like banking, it is possible to question to what extent they could face those tensions and keep their social mission at the core. And yet, when it comes to exploring the "dimension of public interest", although *Oriencoop* has been recognised as a socially responsible company, this thesis argues that it reached these achievements by following the institutional logic of the market, rather than through implicit rules and practices that may reveal decision-making process in pursuit of the public interest at the core of the organisation.

4.5. In-Depth Analysis of the ABC Approach

The analysis of the nine case studies broadened the understanding of the different types of Social Enterprises that exist in the country at present. In particular, it helped to recognise the features that Social Enterprises in Chile have in common as well as their distinctive characteristics, which implies the existence of different types of Social Enterprises coming from different traditions. These are referred to in this thesis as the A, B and C types.

This section is divided into three segments in order to expand on the analysis of the ABC approach made until now: the first aims to illustrate the analysis of the dimensions inspired by EMES; economic, social, and participatory governance. The second illustrates the analysis of nominal qualitative variables designed to find distinctive characteristics between organisations, and especially between A, B and C. And finally, a third segment illustrated the sequential analysis and general exploration of the commitment to the public interest demonstrated by these organisations. Based on the findings of the first exploration, this segment aims to further explore the public character of these organisations as they become evident in the explanation of the case analysis.

However, it is interesting to highlight that the different types of Social Enterprises encompassed in the ABC approach, through the lens of the economic and social dimensions, do not seem to greatly differ from each other. In other words, the analysis of the nine cases, through the above dimensions, together with the exploratory groups, feedback workshops and interviews with experts, helped to identify a hybridity of some sort in organisations belonging to the different traditions in study.

Thus, in terms of illustrating the analysis of the economic, social and governance, dimensions, the nine cases proved to have a relevant economic dimension in terms of their continuous provision of product and/or services to beneficiaries. Furthermore, all nine cases of Social Enterprises choose to focus on the provision of services and not on specific manufactured products.

Besides, most cases show an explicit social or environmental aim in their missions and operations. The exception to this could be *Pegas con Sentido* and *Cerco*, which express their social mission not as explicitly as in the case of type A and B Social Enterprises, as their services promote a strong sense of public commitment and social

responsibility. Nevertheless, their services seem not create a direct social value to the community.

Meanwhile, in the case of cooperatives, the social aim relates to their members and, as in the case of *Orieencop*, at present there is no strong connection with a specific community or society as a whole. Even more, as Table N° 4.7 shows, cooperatives also differ in terms of their “participatory governance dimension”, because open participation in the decision-making process in this type of organisation is more important than in the case of Associative and Business Social Enterprises. Furthermore, businesses have a less open participatory nature; in their decision-making process, not all stakeholders are taken into consideration.

Table N° 4.7 Economic, Social and Governance Dimensions in the Nine Cases

	Economic Dimension	Social Dimension	Governance Dimension
Casa de la Paz	Provides their consultancy services in a regular basis for private and public clients	Creates social value promoting citizen participation and environment awareness.	Despite the existence of a multilevel board (workers and directors), the structure is hierarchical and the CEO and directors have the power in the decision making process.
Bicicultura	Besides their advocacy initiatives, they provide advice and pioneer services around the growing market of bikes.	Creates social value and a sense of social responsibility through their advocacy role for a clean and healthy transport system.	Mostly collective decisions trough General Assembly of members.
Alexander Fleming	Provides their subsidised educational services on a regular basis	Contributes to create social value through their high quality subsidised educational services.	It's important decision-making processes follow the inspiration of “One member one vote”. Opening an space for large participation within their staff.
Triciclos	Provides recycling services through their recycling points, which are complemented by some environmental consultancies	Contributes to create social and environmental value through their innovative and holistic model around recycling.	Not all the stakeholders are taken in consideration. General Boards (founders and their main general managers) are the ones that have the main power inside the organisation.
Pegas con Sentido	Provides their headhunting with purpose services in a regular basis.	Nevertheless, their approach takes a more emergent social need as a ‘Job with Purpose’ culture.	Not all the stakeholders are taken in consideration. General Boards (founders and their main general managers) are the ones that have the main power inside the organisation.

Cerco	Provides their diverse construction services all year round since 2007	Unclear. Despite it is not explicit; it has multiple initiatives that show their orientation towards a sense of social responsibility.	Not all the stakeholders are taken in consideration. General Boards (founders and their main general managers) are the ones that have the main power inside the organisation.
Prymave	Provides their landscaping and gardening services for different municipalities on a regular basis.	Creates social value for their members and the local community.	A wide participation of members and workers on the decision-making processes. All members engaged on important decision-making processes.
FIPASUR	Provides their commercialisation services all year round through their commercial branch Pesca en Linea.	Unclear. Despite it intends to enhance a its members wellbeing, their focus	Through their trade union representatives they follow a one-member one-vote mechanism.
Oriencoop	Provides their financial services throughout Chile on a regular basis.	Financial services seek to help its members.	Participation of members through representatives elected following the one-member one-vote mechanism.

Source: Author's elaboration

Moreover, the dimensions found in the case analysis draw attention to the distinctive features of the research universe of Social Enterprises in Chile, particularly in regards to their convergences. Additionally, it illustrates the development paths and dynamics that they have followed in the past decades; this is an intrinsic part of the current state of affairs of Social Enterprises in Chile. At the same time, this accounts for their complexity. However, the challenge remains to better characterise these differences and, in particular, portray the ABC approximation into their differences. Hence, in achieving the goal of differentiating the types of Social Enterprises, nominal variables, which emerged from the theories discussed in Chapter 1, were analysed. The table below, N° 4.8, shows a summary of the analysis of the variables found in the nine cases.

Table N° 4.8 Portrait of the Different Nominal Variables Found in the Nine Cases of the ABC Approach

	Origins	Purpose	Principles of welfare	of	Mission centrality
Casa de la paz	Trading charities	Community –Ethical - Altruistic	Market Reciprocity Redistribution	-	Centric
Bicultura	Mutualism– trading charities	Community – Ethical	Reciprocity Market	-	Centric
Alexander Fleming	Mutualism- Trading charities	Mutual - Comunity	Market Redistribution	-	Centric
Triciclos	New-start enterprises social	Private Market - Ethical	Market Reciprocity	-	Centric
Pegas con sentido	New-start enterprises social	Private Market - Ethical	Market	-	Related Centric
Cerco	Unclear	Private Market - Ethical	Market Reciprocity	-	Related Centric
Prymave	Mutualism	Mutual - community	Reciprocity Market	-	Centric
FIPASUR	Mutualism	Mutual-Private Market	Market Reciprocity	-	Centric
Oriencoop	Mutualism	Mutual-Private Market	Market Reciprocity	-	Centric

Source: Author's elaboration

Specifically, the first feature analysed was the “origins and development paths” of the different types of Social Enterprises in discussion. Most case analyses mainly showed that the founders of the organisations had experience in the social economy before launching their Social Enterprise initiatives. Even *Pegas con Sentido*, of the Business type, was founded by citizens that had long experience in traditional social economy organisations, particularly in large non-profits.

Meanwhile, only the founders of *Triciclos* and *Cerco* can base the origin of their organisations in their previous experience in the traditional for-profit sector. Moreover, the creation of the Business Social Enterprises would respond, to a large extent, to traditional “non-social” business practices and models. All of which led to the founders

of both organisations to embark in the creation of new enterprises. In fact, in the case of *Triciclos* and of *Pegas con Sentido*, they easily classify as new-start Social Enterprises. Nevertheless, but when it comes to *Cerco* the organisation may be a new category not accounted by the work of Spear et al. (2009), which would host organisations that emerged within the traditional for-profit sector but today are converging into Social Enterprises. This would be the best explanation for *Cerco*, given its origins remain unclear.

Meanwhile, Social Enterprises of the Associative and Cooperative types share “mutualism” origins, since they were created to meet the needs of a particular group of members; such is the case of *Colegio Alexander Flemming*, *Bicicultura*, *Prymave*, *Oriencoop* and *FIPASUR*. The only difference is that associations tend to focus on creating social value for community beneficiaries, outside the organisation, while cooperatives focus mainly on their members. Moreover, associations complement their “mutualism” origin with a trading charity as they complement income in order to better sustain their social mission. The exception to this is *Casa de la Paz*, where although its first activities were closely linked with issues of interest and concern of its founders (citizen participation and environment) it is not possible to identify a direct connection with mutualism.

The second variable analysed is the “purpose” of the organisation. Social Enterprises following the Associative type, as common and commendable purpose, focus on the development of a sense of “communitarianism” and “associationalism”. Nonetheless, this purpose is combined with ethical and even altruistic purposes, in the case of *Alexander Fleming*. On the contrary, Social Enterprises of the Business and Cooperative types show a rather homogenous purpose.

Purposes of the Businesses type relate with the use of the market and more ethic goals advocating against principles and logics of the traditional private sector; *Casa de la Paz*, *Bicicultura*, *Triciclos*, *Pegas con Sentido* and *Cerco*. Furthermore, ethical purposes are followed through the “alterity” they show in comparison with traditional for-profit organisations that have no interest in tackling subjects of public interest. Social Enterprises following the Cooperative type have mainly mutual and private market purposes. The private “market purpose” becomes present to the extent that its participation in the market turns vital to create a surplus by the business activity, while the “mutual purpose” is found in the reciprocity between members in *Oriencoop* and *FIPASUR*. Only *Prymave* shows a clear community purpose to complement its “mutual purpose”.

The third nominal variable is the “principles of welfare”. *Casa de la Paz*, *Bicicultura*, *Triciclos*, *Prymave* and *FIPASUR*, apparently operate under the reciprocity principle as well as the market principle. It could be said, then, that the three principles of the “welfare triangle” (market, reciprocity, and redistribution) are not rigid principles, belonging to a particular type of Social Enterprises. Furthermore, it is possible to account for the particular interest shown by the interviewees for type A and C Social Enterprises, in the way they promote the “principle of reciprocity” to ensure this “hybridity” in their “welfare principles”. Besides, it is important to note that, despite explicitly appearing in the interviews, type A social enterprises such as *Casa de La Paz* and *Alexander Fleming* also combine the principle of redistribution. This, given that its particular mixed source of resources includes subsidies or quasi-market tenders that comes from public funds.

A particular note in this analysis of the “principles of welfare” is *Triciclos*. This Social Enterprise type B, through various processes and practices, focuses on recycling in its adoption of the “principle of reciprocity” through the deposit of materials by users in *Triciclos* recycling stations without any monetary transaction favouring the shared social goal of the conservation of the environment.

All the while, *Pegas con Sentido*, *Cerco* and *Oriencoop* operate mainly base on market principle.

The next variable is “mission orientation”, which emphasises the integration of social activities in any of these Social Enterprises, based on the level of integration of social programmes and business activities. The findings suggested that most of the Social Enterprises analysed could be classified as mission-centric; that is, enterprising activities are central to the social mission of the organisation. Some are more focused than others, however. These Social Enterprises are created for the express purpose of advancing the mission, necessary to reach a self-sustainable model. The only cases that differ from this are *Bicicultura*, *Pegas con Sentido* and *Cerco*, which fit in the mission-related category as their services do not clearly show a connection with the social mission.

Finally, and aiming to illustrate the analysis of the public interest, an extra dimension was added in this assessment of the nine cases in order to continue the exploration of their public character. In the first approach to these cases the dimension was identified as “a commitment to public interest”, while in the second exploration, the dimension was labelled as “institutional logics of public interest”. As explained in Chapter 1 and 2, based on the definitions discussed by Friedland and Alford (1991), and Stubbs (2015),

this thesis defines institutional logics of public interest as material practices and implicit rules that influence the issues that are important for the organisation and how they are addressed in pursuit of the public interest.

The search to deepen the understanding of the institutional logic of these organisations is influenced in two ways. First, as discussed in the theoretical framework, hypothesis number one and in light of the 29 cases, the character and commitment to the public interest of these organisations could manifest not only through the provision of services of public interest, but also in the practice and implicit rules that influence the process of relevant decision-making; and second, in the chance to explore the business vision in regards to how these logics manifest and, possibly, co-exist with market logics.

Therefore, in light of the successive approximations to these nine cases, and what the interviewees express, it is possible to say that the different types of Social Enterprises of the ABC approach have different forms of expressing their public character.

Social Enterprises that fall under the Associative type identify their commitment and logics of public interest in a particular manner they carry out their agendas of advocacy and citizen participation. For example, *Casa de la Paz* focuses its advocacy on environmental issues reflected in practical terms in services provided to private for-profit organisations and public agencies. In other words, *Casa de la Paz* engages in advocacy issues, favouring consensus and collaboration between different social actors. The case of *Bicicultura* is similar, with the bicycle advocated as a transformative element that allows developing contingent public policy regarding the national situation in urban transport. The case of *Colegio Alexander Fleming* shows a more restrictive advocacy character as education processes are controlled by the public sector, based on a co-production model, and therefore the activism of the organisation to change the education sector and its practices is at least partially limited by the government tendency and public sector dynamics.

Social Enterprises categorised as the Business type, contribute and commit to the public interest closely through their ability to provide innovative products and services to address socio-environmental issues, rather than focusing on advocacy activities on issues of public interest. In the case of *Triciclos*, it might be argued that beneficiaries of its services are the entire Chilean society, and the purpose is for everyone to enjoy a healthier environment thanks to recycling, while in *Pegas con Sentido* their matching of jobs with a social mission and workers with social vocation is achieved by generating a more productive and socially-sensitive society. The case of *Cerco* is a little different because most of its commitment to public interest is expressed by focusing on the

welfare of people that work at the organisation. Even though this fact sounds logical, its practice is not common in the industry. And much less common was the possibility of incorporating prisoners into the workforce, as part of their promotion and reintegration into society. Thus, although both issues could be constrained to the sphere of the company, the manner *Cerco* pledges its duty to bring these innovations to the construction industry nationwide highlights how the institutional logic of public interest could be very present in an organisation that provides a service that does not necessarily classify as public interest. As is the case with the traditional practices developed by the construction industry overall.

Social Enterprises that classify under the Cooperative type express another focus in comparison with the Associative and Business types. The public interest commitment of *FIPASUR*, through its commercial branch, *Pesca en Línea*, and of *Oriencoop*, do not particularly state or defend the issues they deal with as public interest problems. Rather, they identify their commitment more as how the members of their organisations are not being included and benefiting sufficiently from their participation in market activities, basically pursuing economic democracy; focusing only on their members. Only in *Prymave*'s mission and operations it is clearly stated that the beneficiaries of the organisations are every citizen, and not just members.

This finding is especially relevant to the Social Enterprises of the Cooperative type, because they are usually conceived as actors that have tautologically been defined as organisations of public interest. However, the analysis of this chapter indicates that this assertion is true only if they are capable of committing to the public interest beyond their members, requirement that in case of this thesis, only *Prymave* fully adheres to.

4.6. Convergence and Emergence of Social Enterprises Expressed in the ABC Approach

The ABC approach offers an inclusive umbrella that encompasses the three main traditions of Social Enterprises in Chile. Besides, it also helps to delineate the boundaries between them, and other socio-economic organisations existent in the country.

Meanwhile, as evidenced, this approach based on the three large traditions of A, B and C, offers the opportunity to comprehend the common features of Social Enterprises in Chile, as well as their differentiating characteristics. In this sense, it favours the

understanding of certain aspects that can differentiate the different types of Social Enterprises existent in the country. Furthermore, the analysis of 29 case studies, and the special study of nine of them, through the various focus groups and feedback workshops held with this purpose, made it possible to note and to better understand that these organisations are in a particular dynamic moment. The main finding in this sense is that the ABC approach, with all its dimensions and variables, also helps to illustrate the dynamics of convergence and emergence these organisations are experimenting. At the same time, illustrates the differences within the ABC itself.

Drawing on Sabeti's Fourth Sector Network report (2009), studied in Chapter 1, the ABC approach can also be illustrated through dynamics present in the diverse types of Social Enterprises that make up the ABC approach. As previously stated, one of the relevant aspects of this approach is that it highlights its inclusive nature, integrating different type of Social Enterprises that have been prevalent in the country's recent history, analysis which is found in Chapter 3. In this sense, through the ABC approach it is therefore possible to examine the different patterns of change experienced by these types of Social Enterprises, which were originally part of the social economy or Third Sector (Associations and Cooperatives) and the private sector (Businesses).

4.6.1. The First Pattern of Change: Dynamics of Convergence

The first pattern involves the convergence of both traditional non-profit associative organisations belonging to the traditional social economy sector and businesses from the for-profit private sector towards a new hybrid landscape conformed by Social Enterprises following the Associative and Business types. While maintaining their purposes and origins, these organisations have started combining different welfare principles and institutional logics in order to balance their social, environmental and economic performance.

a. The Convergence of Traditional Non-Profit Associative Organisations to Social Enterprises Following the A type through the Use of Market Principle and Logics.

The first dynamic deals with the changes that non-profit organisations are experiencing. In particular, those organisations that adhere to the Associative type are reaching a balance between staying within their traditional purpose, like the community

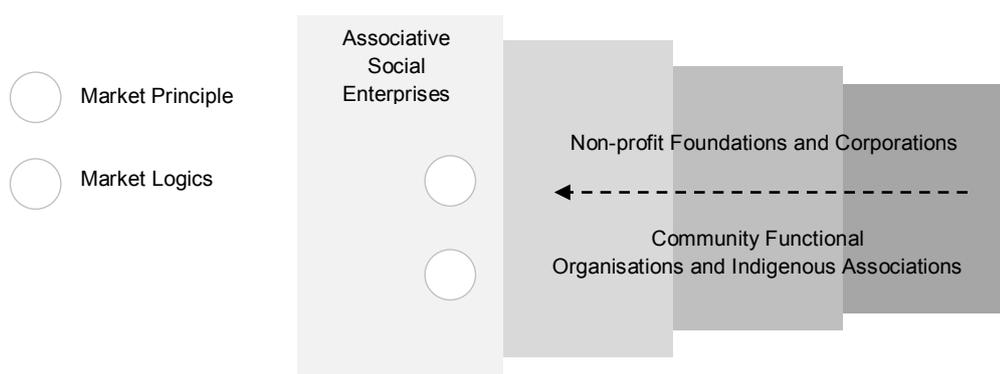
purpose as stated by Gordon (2015), maintaining their operation and activities related to their mission, and their capacity to find a model of economic self-sustainability. Even more, the three Associative cases analysed in this thesis have become non-profit organisations actively involved in the provision of services through practices and models labelled as earned-income strategies. These developments tend to be associated with contextual factors such as funding shortages, greater interconnection between citizens, and even with the need to protect their mission-centrality mainly focused on advocacy.

These three cases may therefore be an example of the evolution towards the use of the market principle to commit to public interest activities by traditional associative organisations, which subsequently may be considered Social Enterprises according to the definition stated in Chapter 1, specifically by following the Social Enterprises type A. Compared with traditional associations in the country, these Social Enterprises are adopting a commercial non-profit approach or earned income strategy using the market principle and logics to fulfil their public interest commitment, mainly centred on advocacy issues in order to diversify their funding base and ensure their own sustainability. Their goal remains the same: provide services with social and environmental objectives of public interest.

Figure N° 4.1 shows the presence of a pattern of change within Associative organisations that search for new mechanisms to enable them to build their own economic self-sustainability strategies within the particular institutional context described in Chapter 3, aiming to protect their purpose, which tends to be shaped by a democratic association of individual citizens; from the beginning the mission has been linked to a commitment to public interest that is central to their existence.

Furthermore, to a greater or lesser extent, this figure (N° 4.1) represents the dynamics of convergence particularly relevant in the world of non-profit foundations and corporations. As stated by Alejandra Pizarro, executive director of the largest NPO community, the *Comunidad de Organizaciones Solidarias* (Solidarity Organisations Community), “We are (associations) the ones, not the regulatory framework, who have responded to the need for better communication with various stakeholders from our members operations and performance” (Pizarro, 2015). Particularly, seeking to achieve greater transparency and accountability, which is one of the most critical aspects of non-profits when thinking about their own economic sustainability. Thus, in terms of this research, there are some market logics, such as the aforementioned transparency and accountability, which in addition to the use of the market principle became attractive and necessary poles for these organisations.

Figure N° 4.1 Convergence of Traditional Associative Organisations and Social Enterprises following the A Type



Source. Author's elaboration based on Gatica (2012; 2015)

b. The Convergence of Traditional For-Profit Organisations and Social Enterprises following the B type

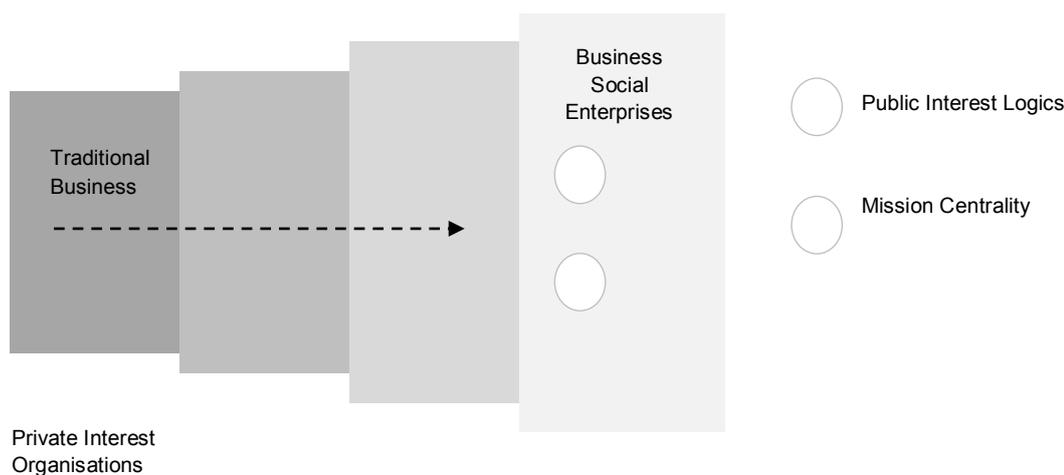
Non-profit Associative organisations are not the only organisations that are shifting. The traditional concept of businesses is also changing; particularly, the maximisation of profits as the exclusive institutional logic for these organisations is being questioned now as never before.

Following Porter and Kramer's core research (1999, 2005, 2011), this change usually begins with efforts taken as part of CSR programmes, some of which evolve to become corporate objectives as social and environmental concerns align with the business strategy and budget goals, using a creating share value approach. Furthermore, B corps are a step in the advancement of this dynamic as they are placing the public interest as the main feature of the services they deliver. As raised by Juan Pablo Larenas, CEO of *Sistema B*, "B corps works everyday aiming to enhance their commitment to public interest (...) B corps seek to be the best companies for the world, not in the world" (2014). Therefore, these organisations pursue a combination of ethical purposes for "alterity" and sustainability, with its core purpose being the adoption of the market principle and logics. Indeed, this approach suggests that businesses can have an active and binding involvement with a wide range of stakeholders to co-create relationships that are beneficial over the medium and long term in addressing social and environmental issues of public interest. This is a very interesting evolution that has not been considered by the current Chilean legal and regulatory framework, as it will be analysed in Chapter 5.

Particularly when the services provided by the company are not directly identifiable with a community, or as being oriented to public interest. A situation that also occurs when analysing the efforts of organisations such as *Cerco*, which although it is certified as a B corp, it has shown an "origin and a development path" that rather represents the spearhead of what could happen when traditional business evolve to become Social Enterprises type B. Organisations that, in some way, must move towards what Larenas has labelled "building a business model to sustain its social purpose" (2014).

Furthermore, exploration in the "commitment to public interest dimension" not only allows to highlight the Business type Social Enterprises as those with greater diversity of mechanisms to contribute to society, both through their innovative services and their active participation in public-private round tables, but also, their remarkable proactivity to lead innovative processes in both instances. All of which seems to be finding good reception among the public institutions (theme that will be addressed in Chapters 5 and 6).

Figure N° 4.2 Convergence of Traditional For-Profit Businesses and Social Enterprises Following the “B” Model



Source. Author's own elaboration

Hence, as shown in the figure above, the evolution of these Business type Social Enterprises tend to internalise and further develop their logics of public interest to allow them to continue innovating with a special sensibility and public sense. And moreover, as described by Larenas, they are committed to develop strategies and business models that allow them to enhance mission and purpose centrality (2014).

4.6.2. The Second Pattern of Change: The Dynamics of the Emergence of Hybrid Organisations

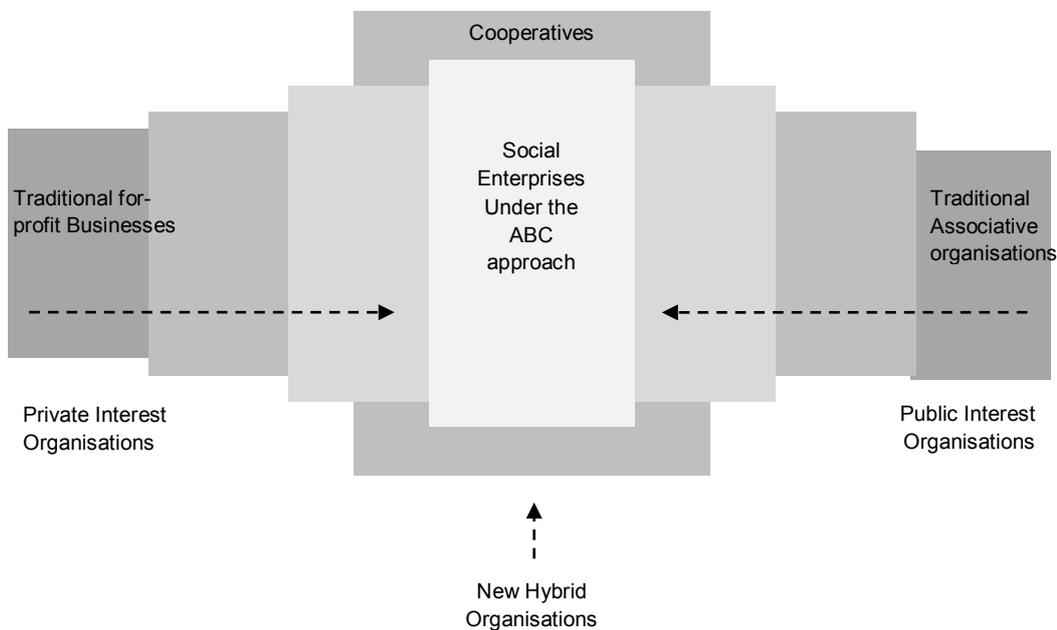
A second pattern of change is taking place in the emergence of new hybrid organisations that incorporate diverse features from all three traditional sectors since their conception (see Figure 4.3 **Error! Reference source not found.**). The case studies analysis reveals that new organisations interested in tackling issues of public interest through market principle and logics are emerging. Such is the case of *Pegas con Sentido* and *Triciclos*. Moreover, cases like *FIPASUR* and its refusal to operate as a cooperative, forcing the possibilities available as a federation, reveals that today the institutional context and the legal set available in Chile fail to represent and accommodate the growing hybridity that these organisations are experiencing. Therefore, the several groups supporting entrepreneurship with social purposes are opting for these legal figures, although not necessarily responding to the essence of

their origin and purpose, allowing them to carry out their business activities in good form.

Thus, by portraying this emergent dynamic through the ABC allows to illustrate two things: On the one hand, the path followed by social entrepreneurs, who do not necessarily share characteristics such as purpose and origin. However, there are now alternatives that recognise them through their elements in common (as Social Enterprises) but allow them to preserve their differences. And on the other hand, to show through this figures the central location that the cooperative sector has in Chile. In fact, as stated by a leader of the cooperative movement, the ABC approach to Social Enterprises could give an opportunity for the neglect of cooperatives in public policy. As he said:

We need to take this opportunity to conform a power movement of social economy or Social Enterprises (...) because although we are not brothers, we are cousins, the strength of a movement like this it is that not everyone has to be a cooperative, rather, there are certain forms of versatility not interpreted by the cooperative but if you can be interpret by the fair-trade movement or B Corps (Parada, 2015).

Figure N° 4.3 Dynamics of Convergence and Emergence of Social Enterprises in Chile



Source: Based on Gatica (2012; 2015)

Thus, the ABC approach further enriches the diversity and plurality of the Social Enterprises.

Important actors as umbrella organisations emerge with a key role of giving visibility to different types of Social Enterprises. For example, from the traditional associative organisations sector, the Community of Solidarity Organisations functions as a backup organisation that promotes cohesion and solidarity as a permanent and transcendent value in society. Other key organisations are *Simón de Sirene* and *NESsT (2013)*, which support Associative Social Enterprises that use the market principle and market logics to achieve their goals by contributing to the consolidation of financial self-sustainability.

Besides, private supportive organisations have been the main actors inspiring and facilitating the adoption of the “mission-driven” business approach. As an example, ProHumana and Acción RSE³³ along with *Sistema B* have been pioneers in tackling the issue and working alongside traditional for-profit organisations. Efforts have also been made by agents such as universities and Civil Society organisations, in terms of promoting and demanding greater transparency and accountability from businesses. Also, the public sector has encouraged entrepreneurship and innovation in the public agenda that has revolved around the triple-bottom-line approach. In line with that, in 2012 the *Ministerio de Economía, Fomento y Turismo* (Ministry of Economy) implemented two relevant multi-stakeholder round tables; the first, a Social Responsibility Board consisting of public and private organisations tasked with advising, promoting, and coordinating social responsibility and sustainability practices in the private sector; the second, a unique technical committee on Social Enterprise issues, labeled the Fourth Sector Enterprises Roundtable. These initiatives are studied acutely in Chapter 5.

And finally, new entrepreneurs interested in tackling issues of public interest through market principle and logics are selecting different legal forms for their social venture. And thus, contributing to the dynamics mentioned above of the various traditional sectors; such is the case of *Pegas con Sentido* and *Triciclos* in their decision to partner up with a diverse group of Social Enterprises (from different organisational models) and create the first membership association for Social Enterprises in Chile (ASOGES), similar to Social Enterprise Coalition in the UK and Social Enterprise Alliance in the US.

³³ Source: <http://www.accionrse.cl/>

All of which would be feeding the mentioned emerging phenomenon in Chile of hybrid organisations called Social Enterprises.

4.7. Transitional Conclusions

It is possible to conclude that Social Enterprises in Chile consist of three types of organisations encompassed in the ABC approach (Associations, Businesses, and Cooperatives). This approach functions as an inclusive normative framework for the diverse traditions of organisations that adopt market principle and logics to tackle issues of public interest. Moreover, the ABC approach, given the fact that its built on dynamics that are particular to Social Enterprises in Chile today, reflect the growing hybridity that these organisations display particularly when concerning social and economic goals, the welfare principles on which they operate and the institutional logics they adopt. All of which reflects the growing complexity of Social Enterprises.

Furthermore, it expands away from the isomorphism risk of promoting just one Social Enterprises type with its particular features. Consequently, the ABC approach accepts the “hybridity” of these types of organisations, by allowing understanding what they have in common and their distinctive features like, for example, their origin and purposes.

Even more, the different types of Social Enterprises implies that the complexity of the analysis of Social Enterprises is even more challenging than initially imagined. In this sense, it seems that Social Enterprises have favoured a complex ecosystem including private actors as umbrella organisations. Furthermore, the Social Enterprises phenomenon would therefore have been characterised by the hybridity of organisations in terms of the use of the market principle and logics to address issues of public interest. In fact, this hybridity it is not accounted by current legal frameworks and it does not fit with the traditional separation of economic sectors (into the social economy, private sector and public sector).

Precisely, these are the dynamics represented by the different mechanisms and strategies implemented by enterprises to go for the public interest, something that has emerged as a central issue in this research. In fact, given what was observed in the case studies, it is possible to distinguish two large patterns. On the one hand, enterprises express their commitment to the public interest through the provision of good and/or services. On the other, it is possible to state that the institutional logics,

committed to the public interest, lead them to be particularly sensible and proactive when looking for solutions and proposals beyond the spaces of their business activities.

Chapter 6 will expand on these two patterns in light of three case studies.

CHAPTER 5: Chilean Public Policies Regarding Social Enterprises

The ABC, as an inclusive approach that encompasses the Social Enterprises phenomenon in Chile, is the main result of the work in the previous chapter. This approach allows the inclusion of diverse types of Social Enterprises, which originate from three different traditions of organisations that are part of the Chilean historical institutional setting. This is explained in Chapter 3 and their distinctive features later analysed in Chapter 4.

As explained in Chapter 1, public policies can affect the development of Social Enterprises mainly composed by its diversity (the different Social Enterprise types) and complexity (the convergence and emergence of these types belonging to different traditions of organisations). In this sense, the work of this chapter is to answer guiding question N° 2: Which were the public policies developed and encouraged by the two national governments that supported Social Enterprises in Chile in their respective periods between 2006 and 2013, and why?

The main difficulty encountered regarding this methodology, which takes into account the support of the public sector for the Social Enterprises phenomenon, is that the ABC approach is not officially considered by the Chilean legal framework. Furthermore, as it is stated in Chapter 4, Social Enterprises are not legally defined and acknowledged as such. Rather, social economy organisations, like associations and cooperatives, have had a different legal framework and relationship with the public sector in comparison to businesses from the private sector with missions and operations of public interest.

To improve on this methodological difficulty, as shown in Chapter 2, the support from the State is analysed from three different dimensions in each type of organisations that makes up the ABC approach: institutional; promotion and incentives; and visibility. First, the institutional dimension starts from the basis that actors involved in public policy processes play a role in a specific institutional context. In this setting, the governmental agencies regarding the ABC approach and the legal and regulatory framework were analysed. The second dimension, which is promotion and incentives, refers to the tools that the State uses to foster the set-up and funding of Social Enterprises, granting long-standing sustainability (Gatica et al., 2013); several funds and instruments were also assessed. Finally, the third dimension is visibility. Therefore,

different instances promoted by the State to enhance the visibility of Social Enterprises were studied. For a more detailed description of the dimensions and variables see section 2.6.1 in Chapter 2.

The study of these dimensions enables the understanding of their evolution and the comparison of the last two Chilean national governments, in terms of the public policies that were implemented in those periods. Furthermore, by studying these dimensions of public policies, it is possible to infer the public policy paradigms affecting Social Enterprises.

Indeed, as described in Chapter 2, the scope of the present chapter is centred on public policies linked to Social Enterprises, which stem from the national governments in question. Moreover, the analysis is mainly based on the work of Teasdale and Nicholls (2015), Daigneault (2013) and Vaillancourt (2009), with the purpose of understanding the paradigms working behind different dimensions of public policy regarding Social Enterprises.

The choice of public policies emanating from the national government is due to the centralisation that marks Chilean history (similarly to other Latin American countries), as it was stated in Chapter 0. Furthermore, this methodology is a more practical manner to tackle the subject of this thesis; rather than the more taxing task of analysing the 15 regional governments and the more than 300 municipalities that act as local governments. Another challenge was choosing the ministries. Three ministries were analysed for both the promotion and incentive, and visibility dimensions: *Ministerio de Desarrollo Social* (Ministry of Social Development), *Ministerio Secretaría General de Gobierno* (Ministry of General Secretariat of Government) and *Ministerio de Economía, Fomento y Turismo* (Ministry of Economy, Development and Tourism), which mostly relate to Social Enterprises. Nevertheless, for the institutional dimension, the *Ministerio de Justicia* (Ministry of Justice) was considered in the analysis due to its relevant relationship with a particular type of Social Enterprises, associatives.

This chapter is composed by the following sections: The first section analyses the main public policies of the twentieth century until 2006, illustrating which have been the main public policy paradigms at different levels in Chilean society. The second section examines and compares the different public policies, enacted in different dimensions, which have affected Social Enterprises during the governments of Michelle Bachelet and Sebastián Piñera. The third section studies these paradigms, which have been highlighted at the time this investigation was trying to explore the differences in public

policies between the two governments. Finally, the fourth section provides transitional conclusions.

5.1. Chilean Public Policies Regarding Social Enterprises Before 2006

As mentioned in Chapter 1, the economic and social development of Latin America has been dominated by the search for new paradigms (Touraine, 1988). This means that governments offer a different set of policies to be adopted, taking into account the functioning of the economy and society in the Latin American context (IDB, 2006). These paradigms range from a post-war autarkic development directed by the State, to some cases of extreme revolutionary socialist governments in the '60s and '70s, to the macroeconomic discipline and liberalisation of foreign trade proposed by the Washington Consensus in the '80s and '90s (IDB, 2006).

During the nineteenth and twentieth centuries, Chile was marked by different efforts to bring modernity to the country through public policies in different governments. As stated in Chapter 1, modernity can be defined as the establishment of the State as the main coercive institution, the institutionalisation of market activities, and the structuring of the three traditional sectors of the economy (Hegel 1968; Weber, 1925; Durkheim, 1893; Touraine, 1988). The development of Social Enterprises, and the way they were fostered or hampered by public policies enacted by the State is particularly important for this thesis' process of investigation.

After Chile won its independence from Spain, there was a process of economic and political consolidation of the Chilean State and the public sector, which took place during the first decades of the nineteenth century. During the modernisation period, social economy organisations mainly consisted of associations like charities, focusing on assistance and solidarity activities, especially promoted through the Catholic Church and based on the principle of solidarity (Irrázaval et al., 2006). Starting in 1850, government authorities started paying more attention to these organisations and it was then when they were legally recognised for the first time (Irrázaval et al., 2006). According to Gordon (2015), also mentioned in Chapter 1 and 4, these associations can be considered Social Enterprises with mutuality, altruistic and community purposes.

Cooperative organisations stood out from other social economy organisations, particularly due to an international cooperative movement that started to increase at

this historical stage. In this sense, most cooperatives in the country came from spontaneous initiatives of the working class (Radrigán and Barría, 2005). Subsequently, the State, unions, and the Catholic Church influenced the development of the cooperative movement. Their purpose was to improve living conditions and foster the first unions claiming social rights. In 1887, several artisan groups organised the first legally known consumer cooperative called *La Esmeralda*. In 1904, the *Cooperativa de Trabajadores de Ferrocarriles del Estado* (a railway worker cooperative) was founded as the first cooperative organisation legally promoted by the State. Between 1904 and 1924, forty cooperatives were registered in the consumer, services, insurance, agriculture, economy, building and electricity sectors.

Furthermore, cooperatives were considered organisations with purposes of mutual aid and voluntary adhering. There was no legal framework to regulate them at the time (OIT, 2012). Only in the first quarter of the twentieth century, the legal framework was enlarged, empowering them with a legal status. The first cooperative law was enacted in 1924, through which cooperatives were considered organisations that could buy capital goods, have formal responsibilities with the labour code, and be economically supported by the State by means of subsidies and other instruments. This law was reformed in 1925 and 1932, staying practically the same until 1973. In 1927, the *Departamento de Cooperativas* (Department for Cooperatives-DECOOP) was founded, under the Ministry of Economy.

With these legal frameworks of associations and cooperatives, governments between the '30s and the '70s supported the empowerment of social economy organisations. Furthermore, the Community Organisations Act of 1968, in which community organisations were divided in two organisational forms (territorial and functional) endorsed an, even more, enlarged legal framework for social economy organisations (Radrigán and Barría, 2005). Specifically, Law 16,880 on community organisations was enacted during the Eduardo Frei Montalva government (1964-1970), framed within his so-called '*revolución en libertad*' (revolution in freedom) programme. Its goals were greater citizen participation, agrarian and education reforms, and a more just society through the rise of wages. The organisations considered in this law were community organisations, neighbourhood organisations, mothers' associations, associations of parents and guardians, cultural and artistic organisations, youth organisations, and sports clubs. Also, the *Consejo Nacional Para Promoción Popular* (National Council for Popular Promotion) was created as an autonomous institution of the State that supported these organisations. Community organisations grew in number at the time, reaching over 19,000 organisations in the country (OIT, 2012).

The government of Eduardo Frei Montalva demonstrated its support for cooperative organisations as well. During his government, the State directly and indirectly favoured the development of cooperative organisations through State agencies such as the *Corporación de Reforma Agraria* (Agrarian Reform Corporation-CORA) promoting cooperatives of expropriated lands, and the *Instituto de Desarrollo Agropecuario* (Institute of Agricultural Development-INDAP), which supported the creation of peasant and fishing cooperatives. In addition, in 1965, the National Commission for the Coordination of Cooperatives was established, composed by government officials and representatives of cooperative organisations. Also, the *Departamento de Desarrollo de Cooperativas* (Cooperative Development Department) at the *Servicio de Cooperación Técnica* (Service of Technical Cooperation-SERCOTEC) was created. Other important organisations that appeared were umbrella cooperative organisations such as the *Instituto de Financiamiento de Cooperativas* (Institute of Cooperative Financing-IFICOOP) in 1964 and the *Confederación General de Cooperativas de Chile* (General Confederation of Cooperatives of Chile-CONFECOOP). Furthermore, the cooperative movement reached universities: the *Pontificia Universidad Católica de Chile* (PUC) created the *Instituto de Estudios Cooperativos* (Institute of Cooperative Studies) in 1965 and the *Universidad de Chile* implemented the career of Technician in Cooperatives in 1968 (Ministerio de Economía, Fomento y Turismo, 2014a).

With these efforts it could be said that President Frei Montalva (1964-1970) was one of the main icons of the support and promotion of social economy organisations and the establishment of this sector (Ministerio de Economía, Fomento y Turismo, 2014a; Olivares, 2015). However, at the end of his mandate, the pressures of the working classes arose, and the emanating radicalisation of society to various social demands, in addition to a weak economy, were the main triggers that made the coming of power of the Unidad Popular (UP) led by Salvador Allende (Fernandois, 2013).

Until this moment of Chilean history, it can be considered that the macro-paradigm of modernity framed a welfare-paradigm. In Teadsdale and Nicholls' (2015) terms this paradigm is conformed by a continuous empowerment of the State and the promotion of social economy organisations, which enhanced the "corporatist" pattern followed by the Chilean Civil Society seen in Chapter 3. In this sense, public policies favoured the structure of a complex economy and the development of an emergent social economy or third sector through institutions and organisations that could address social and economic issues. Businesses from the private sector were not considered part of this process, as at the time, they were not defined as organisations that could engage and support issues of public interest.

The *Unidad Popular* (UP) marked a change in these paradigms. The UP was created in 1970 to defeat the right wing candidate in the elections. It was composed of different socio-political actors of the left. Economically, it implements a policy of nationalisation of copper, with the construction of industrial cords as part of a radical socialist economy and society as the main macro-paradigm for achieving modernity was the figure of the State in the producer and redistribution role (Fontaine, 1993). Political participation was thus determined by the opposition between the bourgeoisie that defended a capitalist model of production and the people's power, which marked a political duality in a fierce struggle for the power of the State. The radicalisation was such that a civil war was approaching (Fermandois, 2013).

Regarding social economy organisations, some modifications were made during the government of Salvador Allende (1971-1974) in the Neighbourhood Act of 1968 and the Law 16,880, but with no major changes in the promotion and support from the public sector to associative organisations. However, the main change was regarding cooperative organisations. This stage is full of ambiguity, mainly because cooperative organisations were not part of the priorities of Allende's mandate, and although it had been agreed to not nationalise existing cooperatives, as it had happened with many businesses from the private sector, the movement collided with the deep structural reforms, which were aiming to reach modernity through socialism. Moreover, certain authorities of the time considered the cooperatives as a covert form of capitalism (Radrián and Barría, 2005). Nevertheless, in these years 597 cooperatives were created in Chile and only 29 were dissolved, thanks to advances brought about by the previous government (Ministerio de Economía, Fomento y Turismo, 2014a).

The macro-paradigm of Chilean society changed radically with Allende. Socialism became the main macro-paradigm to reach modernity and the welfare-paradigm shifted to a central role of the State as the economic producer and redistributor of resources. As it was already stated, in this period, associative organisations were better supported than cooperatives as they were supposed to be partners of the structural reforms. However, the public policies welfare-paradigm was that the State was the institution that had the central role in regard to the economic and social development of the country. This directly affected the development and empowerment of private initiatives, such as associations and cooperatives, as they all had to be part of branches of the State.

The *coup d'état* happened in 1973. As analysed in Chapter 3, the subsequent twenty years of dictatorship radically stopped the encouragement from the public sector to the

development of social economy organisations promoting the “statist” model of Civil Society, as explained by Salamon and Solokowski (2001). At first there was no change in laws; only a strong repression to groups and organisations that were against the ideology and practices of Pinochet’s government, leading to the dismantling of the State institutions that promoted the development of said institutions (Brunner, 1981; Garretón, 1997).

The laws that inhibited the promotion and development of these organisations were enacted in the new Constitution of 1980, which established liberalisation policies, the subsidiary role from the State and certain restrictions to social economy organisations. Specifically, Decree Law 3,477 established obligations of budgetary character, as financial and administration norms for these organisations. In this sense, this change gave power to local government branches of the State, such as municipalities, to take over the areas of education, health and childcare. The municipalities had the option to give these responsibilities to social economy organisations, especially of associative character, but no direct promotion of the State to these organisations was established. Also, in 1981, through Law 18,057, an amendment was made to Law 16,880 establishing the exclusively collaborative character of community organisations within the educational system. Finally, in 1989, in one the last years of the dictatorship, Law 16,880 was derogated through Law 18,893. A new law was established defending the dissolution of community organisations when incurring actions contrary to the public order or morality. It might be inferred that this last change was made in order to constrain social economy organisations’ participation in the incoming democratic governments.

In terms of cooperative organisations during the dictatorship, it is important to note that they were repressed during the ‘70s as most of them were considered part of popular movements and hidden forms of socialism (Radrigán and Barría, 2005). However, as many cooperatives showed a big economic impact, the first years of the dictatorship were marked by an ambiguous approach to them. During the eighties, after the liberalisation policies of 1979 and the Constitution of 1980, the cooperative movement was marked by two trends: those organisations that prioritised their economic dimension and encouraged their entry into the new liberalisation market policies, and those that had their focus on re-establishing relations with international cooperative movements and fight for the return to democracy (Pérez, et al., 2003; OIT, 2012).

The paradigms of public policies shifted dramatically during the dictatorship. The macro-paradigm of neo-liberalism was imposed, and welfare policy was mainly

adopted through temporal and assistance policies. In other words, since the 1980 Constitution, public policy operated, through the development of the economy (in GDP terms), as the engine for reducing social gaps (Olmos and Silva, 2010). This focus favours a welfare-paradigm that gave neither legitimacy nor empowerment to social economy organisations. Furthermore, liberalisation policies gave greater importance to businesses of the private sector in education and health, in what became an emergent process of co-production of services of public interest, which before then were considered responsibilities of the State. This has directly affected the continuous development of the social economy or third sector shown in previous decades.

After the restoration of democracy, the institutional political system has been built on a presidential system with a bicameral congress, a binominal electoral system³⁴, an independent judiciary power and a relatively professional bureaucracy, by Latin American standards (Aninat et al., 2008). The left-wing alliance, known as the *Concertación*, was created to defeat the right-wing candidates in the presidential elections for the return to democracy; it came to power and remained there until the arrival of the government of Sebastián Piñera in 2010. Initially, it was made up by the *Partido Democracia Cristiana* (Christian Democratic Party), *Partido por la Democracia* (Party for Democracy), *Partido Radical Social Demócrata* (Social Democratic Radical Party), and *Partido Socialista* (Socialist Party).

To understand the public policies paradigm in the period of the *Concertación*, it is necessary to understand what some scholars have called 'consensus democracy', which was discussed in Chapter 0 (Godoy, 1999). This was a strategy that was mainly achieved by the first democratic government, led by Patricio Aylwin (1990-1994). It consisted of negotiations between the government and the opposition (the right and the military), or with other actors, such as the empowered consolidated entrepreneurs. The results were accepted for 'the good of the country' in the shape of a policy called 'growth with equity'. These negotiations did not consider all political and social groups and even several times they were extra-parliamentary agreements that were given after the Congress as bills (Garretón, 2000). Thus, the parliament had no choice but to approve these projects, because they were part of the compromise between the groups who held power in both coalitions (Ibid.). Therefore, it can be said that the Congress did not exercise its function of debate and legislative development. This means that

³⁴This system has been particularly questioned for its lack of democracy. It is considered one of the main legacies of the Dictature of Pinochet (1973-1989). During 2015 the system was finally changed. The new system will be implemented in future elections.

confrontational politics of the '60s and early '70s was exchanged for the promotion of a political consensus between the two coalitions (Symmes, 2012).

The return of democracy, therefore, was not marked by a dramatic shift of the public policies paradigms at different levels in comparison to those of the dictatorship years. The 1980 Constitution was maintained and, therefore, the neo-liberalism macro-paradigm remained as the main basis for the development of Chilean society. In this sense, scholars defined the *Concertación* as a coalition that adapted to the structures of power and that the dictatorship institutionalised with the 1980 Constitution. Therefore, businesses from the private sector kept their importance, even in education and health spaces, and the State sustained a regulatory role for market imperfections. Furthermore, the private-public partnerships (PPP) were strongly developed, especially in infrastructure through the *Ministerio de Obras Publicas* (Ministry of Public Works), enforcing the institutional relationship between both sectors through various projects (PWC, 2014). The most emblematic projects are the roads and highways constructed in the early '90s, then the prison and hospital concessions (Toro, 2009). Especially the latter are considered controversial due to the privatisation of health. In this sense, it can be considered that it was promoted, in Vaillancourt terms (2009), as a co-production of public policies with traditional businesses of the private sector.

Complementing this analysis with the information analysed in Chapter 3, the result of these institutional changes, was mainly the establishment of the welfare-paradigm of 'private solutions to public problems', such as the privatisation of social security, education, infrastructure and pensions systems and a public sector that is subsidiary to the private sector, expressed in a radical form of non-State intervention in economic development (Atria et al., 2013). Furthermore, this transformed into an empowerment of the private sector in the economic structure until today, as 62% of the workforce is based on traditional businesses, 20% on independent workers, and 9% only in the public sector (Ministerio de Desarrollo Social, 2012).

The fulfilment of the paradigm "private solutions to public problems", which materialised mainly through concession projects did not mean that a legal framework was constructed. This could have given businesses possibilities of creating legal forms that could account for their hybrid character. Only a few laws and decrees that indirectly consider CSR purposes and practices have been included by different Chilean governments before 2006, as for example the ones referring to entrepreneurial ethics law and norms; the related ones indirectly with CSR tackling the commitment with the communities in which businesses carry out their activities and operations; and the ones

related to other issues that can be linked to CSR practices, like the quality of labour laws and decrees. To see these laws in more detail, see Appendix 4.1.

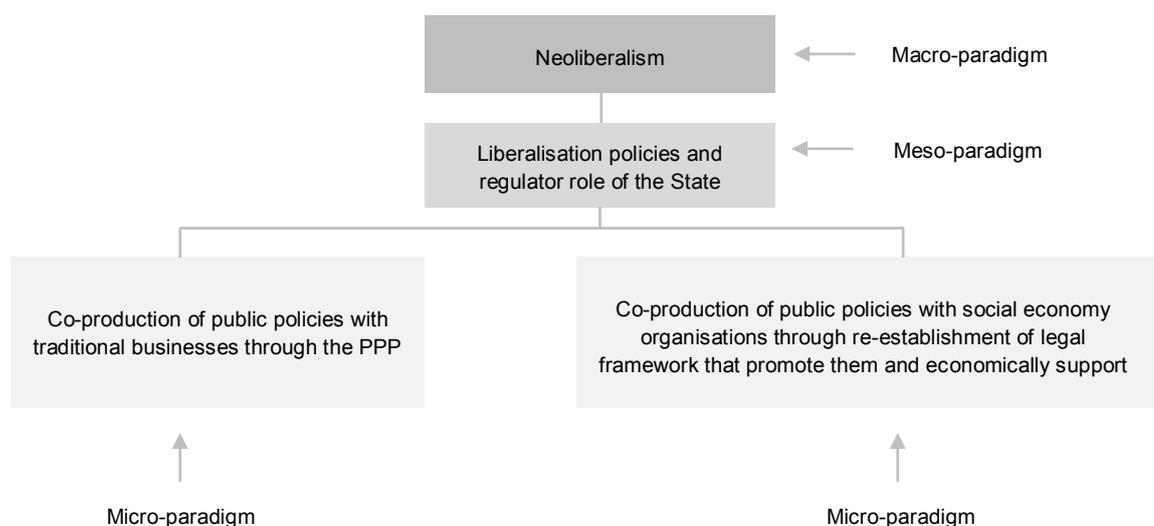
All this bulk of laws only refer to the public interest of businesses of the private sector in an indirect way. In other words, until 2006, in Chile there had been no legal framework for businesses that had both for-profit and public interest. In this sense, based on Atria et al. (2013), it can be considered that traditional businesses participating in the PPP (a legal construction that permitted them to get involved in public interest issues mainly through concession projects) do this more for the possibility of profit than for the public interest of the domain of the projects in which they participate.

The welfare-paradigm of “private solutions to public problems”, and a public sector that is subsidiary to the private sector produced a social economy or third sector that has acted as a residual of the other two, aimed at satisfying needs that none of the other two sectors address. The support for this residual sector in the '90s, is mainly seen as a resurgence in the relationship between the State and social economy organisations, which was interrupted during the dictatorship (Irrázaval et al., 2006). In this sense, government programmes prioritised the social area, specially through the *Ministerio de Planificación y Cooperación* (Ministry of Planning and Cooperation -MIDEPLAN³⁵), increasing spending, strengthening institutions and expanding the number of programmes, giving a priority role to non-profit organisations that provided social services (Irrázaval et al., 2006). This reduced into the reestablishment of most regulation concerning social economy organisations in Chile through Law 19,418 in 1995, Decree 58 in 1997, Law 19,692 in 2000 (focused on establishing norms in community organisations), and Decree 5 (focused on cooperatives). In this period, most of the participation of social economy organisations was in co-production activities with MIDEPLAN, as this agency first conceived policy and social economy organisations as the social actors in charge of implementing the programmes.

In this sense, it can be established that the State acts as a co-producer of public services, either with businesses through the PPP, or with associations and cooperatives through a legal framework and economic resources for the implementation of social programmes. Based on the work of Teasdale and Nicholls (2015) discussed in Chapter 1, the different nested public policies paradigms, in the Chilean democratic period until 2006, are illustrated in the following figure.

³⁵Nowadays Ministry of Social Development

Figure N° 5.1 Nested Paradigms in the Chilean Democratic Period until 2006



Source. Author's own elaboration

These nested paradigms framed the promotion and development of the Social Enterprise phenomenon. First, large corporations, of major importance in the socioeconomic structure gave them a participation in issues of public interest. Furthermore, this importance was structured without any binding legal framework that could give a formal social responsibility to traditional businesses. Rather, incentives were given for them in terms of the possibility of generating profits when gaining certain concessions assigned through the PPP. In this sense, it is very important to clarify that these businesses did not have a clear social or public purpose. Instead, their interest lied in generating profits through public interest activities. Neither B Corps nor CSR practices were considered in any legal or normative form at the time.

Second, associatives and cooperatives grew extensively in number with the return of democracy. In 1990, according to data from Ministry of Economy, Promotion and Tourism, and the Ministry of Justice, the number of associations grew from 19,467³⁶ to 103,605 in 2006 whilst cooperatives grew from 1,640 to 2,236 active cooperatives in the same year. However, as it was already stated, the participation of these organisations was in a co-production micro-paradigm that gave them the responsibility of implementation and not of construction of public policies.

³⁶This number does not included indigenous associations because they are juridically existant since 1993.

5.2. Analysis of Public Policy Dimensions During Last Two National Governments

This section describes the three public policy dimensions introduced at the beginning of the chapter, for each of the Social Enterprise traditions. First, for Michelle Bachelet's Government, and second, for Sebastián Piñera's Government. Finally, there will be a comparative summary of the description and an analysis between both periods.

5.2.1. Analysis of Public Policy Dimensions During Michelle Bachelet Government

After 15 years since the return to democracy in Chile, Michelle Bachelet was elected. As it was already discussed, the previous years led by the *Concertación*, were marked by the validation of the neo-liberal system imposed in the '80s; marginal corrections were made of some flaws in the system related mainly with the re-establishment of social policies in favour of the most vulnerable population and the support to social economy organisations, mainly associations. Table N° 5.1 summarises the main indicators of her mandate, as was shown in Chapter 0.

Table N° 5.1 Socio-economic Indicators During President Bachelet's Term in Office

Indicators	Results
Poverty Rate ³⁷	. 13.7% in 2006 – 11.4% in 2009.
Real Wages	+22.5% increase in the period 2006-2009 (USD 147,3 M in 2006 and USD 180,5 M in 2009)
GDP	+4.4% en 2006, -1.0% in 2009. Average accumulated growth + 2.98%
Gini Index	51.8 in 2006 and 52.0 in 2009

Source: Author's elaboration based on Casen 2006 and Casen 2009 (Ministerio de Desarrollo Social, 2007 and 2010), Nesi and Esi (INE, 2015), World Bank (2015).

³⁷ The most commonly used indicator to measure poverty and extreme poverty is the incidence, which is the percentage of individuals whose income is insufficient to meet their basic needs in the case of poverty, or food in the case of indigence. Data held by ECLAC traditional methodology. Ministerio de Desarrollo Social, Casen.

The government started in a context of global economic crisis. The indicators for this period showed an average accumulated growth of +2.98%. In addition, there was an increase in the net asset position of the National Government from 0.1% to 20.4% of GDP between December 2005 and December 2008. With regard to inflation, in 2006 it reached 2.6% in 2007, 7.8% in 2008 and 7.1% in 2009 negative inflation -1.4%. On average, during 2006-2009, inflation reached 4.025%. Poverty decreased from 13.7% to 11.4% between 2006 and 2009 (Casen, 2007, 2010). Another effect of the economic management of Bachelet was related to the upward trend in real wages of the working population (measured through the General Index Real Hourly Wage INE), presenting an increase of 3% in 2006, 0.5% in 2007, 1.3% in 2008 and 6.4% in 2009.

In this period, ten free trade agreements were promoted, which focused on the continuous insertion of Chile in the global economy. Also, in terms of transparency in the management of the State, the government of President Bachelet sought to foster greater progress in the legislative history of the country with the enactment of the Law on Transparency and Access to Public Information. In addition, new environmental institutions were positioned, creating the Ministry of the Environment, among others.

Public policies in institutional, promotion and incentives, and visibility dimensions are analysed in the context of Social Enterprises following each organisational model of the ABC approach.

5.2.1.1. Associatives: Public Policies During Bachelet's Government

As it was defined in Chapter 4, Social Enterprises of the associative type considered part of the ABC approach are composed by the following legal forms: functional community organisations, non-profits foundations, non-profits corporations, and indigenous associations.

a. Institutional Dimension Related to Social Enterprises of the Associative Type

Regarding governmental institutions, almost all the organisations of the associative type (non-profit corporations, foundations and functional community organisations) are ruled by the Ministry of Justice, that has a role associated to control and registration. Specifically, these roles depend on the Under secretary of Justice who oversees the Legal Division and the Department of Juridical Persons. The latter it is in charge of the Registry of Juridical Persons Section that keeps an updated register of all the organisations of the associative type.

The exception to this point are Indigenous Associations, which have as an institution related, the Ministry of Planning and Cooperation; and specifically, the *Corporación Nacional de Desarrollo Indígena* (National Indigenous Development Corporation - CONADI), which is one of the agencies of this ministry. Its role is to promote, coordinate and implement, where appropriate, state action for the integral development of individuals and communities, especially in their economic, social and cultural development and also to promote their participation in national life. Also, it keeps a record of indigenous communities and associations.

Regarding the legal and regulatory framework, this government made use of the law on functional community organisations, specifically Law 19,418 promulgated in 1995 (which sets rules for neighbourhood councils and other community organisations). The last amendment was done in 2002. No changes were made under Michelle Bachelet's government. Under this legislation, is meant by a functional community organisation mainly the endowment of a legal personality and follows non-profit. In this sense, the purpose of these organisations is to represent and promote values and specific interests of the community within the territory of the respective municipality or group of municipalities (Ministerio del Interior, 2002). Furthermore, these organisations can benefit people outside the community within their territory if decided so by the members. The general objectives of this Law are to regulate the establishment and operation of functional community organisations. They are legally recognised and so are their rights and duties to give orders.

Foundations and non-profit corporations based their definitions and functions on Book I, Title XXXIII of the Civil Code of 1979 enacted by the Ministry of Justice (DECOOP, 2007). In this regard, corporations and foundations are subjected to a system to be granted legal personality from the Ministry of Justice, which gives public authorities a degree of intervention and decision to grant it. In other words, the legal existences of the non-profit organisations in Chile adopt typical forms of a corporation or subject to a ministerial act (Viveros, 2007). No changes were made under Michelle Bachelet's government.

Under this legal framework a foundation is understood as a private institution recognised by law and whose purpose is to provide society with certain services considered to be of public interest, arising by the will of one or more persons, called founders or institutors, who ascribe a certain property to compliance an aim of general interest (Ministerio del Interior, 2002). In this sense, the set of goods is designated to a purpose determined by the partners, regardless if they are owners of the foundation or

not (DECOOP, 2007). Under this same legal framework, a non-profit corporation is a legal person constituted by individuals with the purpose of fulfilling a social objective set by the founding partners (Ministerio del Interior, 2002). According to the law, corporations have an objective of development or social progress with the limitation that they cannot pursue profit (DECOOP, 2007).

As it is possible to see, Title XXXIII of Book One of the Civil Code rules the last three associative legal forms. The legal and regulatory framework for Indigenous Associations is Law 19,253, enacted in 1993. It establishes standards for the protection, promotion and development of indigenous people, and created the National Corporation for Indigenous Development. This law defines Indigenous Associations as a voluntary and functional group comprising of at least 25 indigenous people who associate for a common interest and goal, in accordance with the provisions of the law.

This analysis of the institutional dimension permits to construct definitions and purposes of each legal form of association, according to the legal and Chilean regulatory framework. They are the following:

- Functional community organisations: Represent and promote values and specific interests of the community.
- Foundations: Provide society with certain services considered of public interest, arising by the will of one or more persons, called founders or institutors, who ascribe a certain property to compliance an aim of general interest.
- Non-profit corporations: Fulfil a social objective set by the founding partners with the limitation that they cannot pursue profit.
- Indigenous associations: Establish norms regarding the protection, enhancement and development of indigenous people and communities.

An important point to highlight on this government is the change that brought Law 20,500, in order that the registration role is now in charge of the Service of Civil Registry and Identification; specifically, in hands of the *Departamento de Posesiones Efectivas*, which is the agency responsible for developing the National Register of Non-profit juridical persons. As for indigenous associations, no changes were recorded in the associated institutions of the public sector.

Regarding the legal and regulatory framework, all the legal forms of Social Enterprises of the associative type experienced a major change through the enactment of Law 20,500 on associations and citizen participation. In general terms, this law reiterates the recognition of the right to associate freely for a common purpose. This aspect

highlights that it is the duty of the State to promote partnership initiatives of the social economy or Third Sector, simplifying the procedure to become constituted as associations. Prior to that, this “duty” was seen as a “soft benefit” conferred by the administrative authority to the citizen; however, under this law, from 2012 onwards, it is regarded as a right (Ministerio de Justicia, 2012). Further processing for the creation, modification and dissolution of these associative organisations was also streamlined (Ibid.).

The main objectives of Law 20,500 are to establish a common legal framework for all legal forms of associations, encourage the creation of associations of public interest, establish a basic work of volunteering, and make changes to various laws including the Civil Code (Ministerio de Justicia, 2012). It also states the features and functions of the National Register of Legal Non-profit Entities, which depend on the Registry and Identification Service for which the goal is to register data regarding non-profit organisations (Ministerio de Justicia, 2012). Furthermore, as provided in Article 557 of the Civil Code, the Ministry of Justice has the power to monitor associative organisations.

The basis of Law 20,500 is the shift in the relationship between the public and social economy or Third Sector. In this sense, the relationship established between the State and the associations is based on a culture of responsibility, which means that there is a mutual commitment between the State and citizens to improve public services. Furthermore, the Ministry of Justice proposes that the control of the services will depend on the public and the social economy as stewards in the process (Ministerio de Justicia, 2012). This can deepen the transparency of the government whilst organisations are given more responsibility. In practice, this resulted in a greater role for municipalities around the joint work with associative organisations in the field.

Particularly, regarding community organisations, Law 20,500 establishes that at least 20% of functional community organisations of the same nature, existing in a municipality or group of municipalities, may establish a communal bond, which leads to an effort of promoting measuring impact (Gatica et al., 2013). This progress on partnerships represents a major change for the country. While this initiative is the result of an institutional instruction implemented in the previous government regarding greater citizen participation, this did not change and provide better facilities to obtain legal personality, which failed to take place in the previous government. The enactment of Law 20,500 also establishes that each municipality will have an ordinance for citizen

participation, in which the ways and opportunities for participation are distributed among citizens.

Regarding the legal and regulatory framework of corporations and foundations, in the title XXXIII of Book I of the Civil Code dealing with legal persons, and product modification of Law 20,500, a final part was added to paragraph 2 of Article 545 stating that corporations are also legally associations. In turn, a clause was added to the article which states that an association is formed by a gathering of people around objectives of common interest to its members and, specifically in the case of foundations, by using goods for a particular purpose of general interest (Ministerio de Justicia, 2012). It should be noted that before the enactment of Law No. 20,500, foundations or corporations were not considered legal persons established by law. On the contrary, Law 20,500 establishes corporations and foundation as legal forms of associations. Almost the same change was made in the same body of rules regarding mutuals that follow the cooperative tradition.

In this sense, the enactment of Law 20,500 is one of the major changes faced by associations. This new regulatory framework comes into effect with the grouping of different non-profit legal forms: community organisations, corporations, foundations and mutuals.

Regarding indigenous associations, Law 20,500 only mentioned them as part of the necessary organisational and territorial partnerships for the public interest. Nevertheless, they continue to be regulated under Law N° 19,253.

As it was previously stated, Law 20,500 is one of the major changes faced by associative organisations. Table N° 5.2 summarises the main changes made in this period through this law.

Table N° 5.2 Main Changes made in this Period through Law 20,500 for each of the Legal Forms of Associative Type

Legal Form of Social Enterprises Following the Associative Organisational Model	Main Changes Made in this Period Through Law 20,500
Functional Community organisation	Progress on partnerships between community organisations providing better opportunities to obtain legal personalities and accomplish common goals.
Non-profit foundation	Establishing corporations and foundations formally as legal forms of associative organisations.
Non-profit corporation	Establishing corporations and foundations formally as legal forms of associative organisations.
Indigenous Associations	Defines them as public interest organisations.

Source: Law 20,500

b. Promotion and Incentives Dimension Related to Social Enterprises of the Associative Type

The promotion and incentives dimension refers to the diverse instruments implemented by the public sector that promote the establishment of organisations and the possibilities of financing through public funds that permit their sustainability in time. Therefore, this definition refers to the direct economic support from the public sector for Social Enterprises of the associative type.

In this period, there were eight promotion instruments for the emergence and development of associative organisations (for a summary table of all promotion instruments during Bachelet's Government, see Appendix 4.2). Both MIDEPLAN and the Ministry of General Secretariat of the Government were in charge of them. These institutions have the responsibility of finding solutions to major social issues, such as

poverty (in the case of MIDEPLAN) and participation and inclusion (in the case of Ministry General Secretariat of the Government).

Among the instruments issued by MIDEPLAN during Bachelet's period, it is possible to find the *Fondo Mixto de Apoyo Social* (Mixed Social Support Fund), which aimed to support initiatives that directly benefit impoverished or disabled communities. In the case of the Ministry General Secretariat of the Government, the *Fondo de Fortalecimiento de las Organizaciones de Interés Público* (Fund for the Strengthening of Public Interest Organisations), the *Fondo para los Medios de Comunicación* (Social Media Fund), and the *Fondo de Iniciativas Locales para Organizaciones Sociales* (Local Initiatives for Social Organisations Fund) are the most important. Furthermore, in terms of budget, the two funds with the highest budget are the Development Fund and the National Fund of the Elderly, both from MIDEPLAN and their agencies CONADI and SENAMA, respectively.

It can be observed that the instruments of promotion and incentives analysed for Social Enterprises of the associative type are mainly the same that existed previously in the democratic governments of the *Concertación*. The instruments of promotion and incentives that were maintained from the previous government of Ricardo Lagos (2000-2006) were, for example, Fund for Culture and Innovation, the National Fund for the Elderly, the Fund for the Strengthening of Public Interest Organisations, and the Fund for Social Media. Regarding the Ministry of Economy, there are no instruments of promotion for associations emanating from the entity in the period of the government of Bachelet. Regarding incentives, in 2008 the Donations Law was enacted, which encourages private contributions to organisations with a focus on social aims, through tax benefits to donors (allows donors to deduct as tax credit 50% of the funds donated and discount from the net income the remaining 50% tax). This tax benefit is effective once the donor provides an appropriate contribution to the Joint Social Support Fund.

All the resources that make up the Joint Fund are designed to finance projects and organisations such as associative organisations. These resources are managed by the Joint Council of Social Support Fund (Ministerio de Desarrollo Social, 2014b).

The main objective of the Donations Law is "to increase and improve the fairness of the distribution of donations for social purposes, strengthening civil society for the delivery of services to individuals, families and communities " (Law 19,885).

c. Visibility Dimension Related to Social Enterprises of the Associative Type

Regarding the visibility that the State provides to functional community organisations in the national government, *the División de Organizaciones Sociales* (Division of Social Organisations-DOS) at the Ministry General Secretariat of Government has the leading role. This entity develops various forums, lectures and seminars for educational purposes and as an outreach means for society and social organisations in the country. Among the activities, the report 'Pro-citizen participation Agenda' (Ministerio Secretaría General de Gobierno, 2007) is worth mentioning. This report focuses on the strategy of empowering associative organisations. Bachelet's Government sought to promote partnership initiatives of public interest as a strategy to transfer technical and financial resources to associations and civil society, especially strengthening their management skills. This report shows the importance of opening a discussion about strengthening citizen participation through associative organisations as part of the government agenda. Another aspect to note in this report is that it introduces the issue of public interest in this discussion.

Besides, as an example of intersectorial initiative, the *Estudio Comparativo del Sector Sin fines de Lucro Chile* (Comparative Study of Non-profit Sector Chile) was presented in 2006 (Irrázaval et al., 2006). This study is the result of an effort made among different researchers of the DOS and MIDEPLAN, from the public sector, in collaboration with numerous researchers from the private sector. Its aim was to create knowledge about non-profit organisations in Chile, providing, for the first time in the country, their approximate economic size and comparing them with other countries.

In summary, the visibility of associative organisations promoted by the government had two instances, which had two objectives: First, strengthening associative organisations, and, second, producing knowledge about the non-profit sector. For a summary table with more details of these two reports on associative types during Bachelet's Government, see Appendix 4.3.

5.2.1.2 Businesses: Public Policies During Bachelet's Government

As it was defined in Chapter 4, Social Enterprises of the business type, considered part of the ABC approach, are composed by businesses certified as B Corps. However, they did not exist in Chile until 2012.

To tackle this issue, the analysis of this dimension was made through the study of public policies in three emergent areas at the time, which were part of the initial

convergence of traditional businesses to public interest activities. The first area of analysis is Corporate Social Responsibility (CSR) because it is during this period that traditional businesses began to worry about the externalities of their operations. The second area of analysis is public policies in reference to small and medium-sized enterprises, as they position themselves as a key to overcoming poverty through micro-entrepreneurship. The third area consists of the productivity, innovation and growth that was institutionalised by Michelle Bachelet's government in 2009, placing the need to re-focus social and economic elements in the economy.

a. Institutional Dimension Related to Social Enterprises of the Business Type

As with Social Enterprises following the associative tradition, the legal and regulatory framework refers to the laws that delimit the purposes and subsequent operations of these organisations. This definition is therefore applied to Social Enterprises following the business type.

As it was stated above, Social Enterprises of the business type considered part of the ABC approach are composed by organisations that are certified as B Corps in Chile. However, this is not a legal form that emerged from the public sector. Rather it is a normative form, which operates as a certification provider, which emerged from the private sector engaging in a new way of making profits through *Sistema B* (created in 2012 in Chile), a "cousin" organisation of B Lab in the United States of America. Hence, they are not legal forms, in which the involvement of the governments in question can be directly established.

b. Promotion and Incentives Dimension Related to Social Enterprises of the Business Type

The development of promotion programmes and incentives in CSR do not specifically exist in this period. However, instruments in the SMEs and productivity area are extensive. They are centred on the Ministry of Economy, Promotion and Tourism, specifically in the CORFO, which primarily aims to foster for-profit businesses competitiveness, productivity, and human capital. It is possible to highlight the instruments issued by SERCOTEC; these instruments, on the one hand, support small entrepreneurs in all productive sectors, for instance, in the development of business unions and business management through specialised technical advice, capturing business opportunities, facilitating access to credit assisting in their incorporation to information networks and providing business support. On the other hand, these

instruments seek to boost production and service projects with trade organisations, municipalities and other public agencies that support the development of small enterprises. Among these instruments, specially stand out *Capital Semilla* (Seed Capital), *Fondo de Asistencia Técnica* (Technical Assistance Fund), and *Fondo de Promoción a la Calidad* (Quality Promotion Fund, Local entrepreneurship programme).

The instruments granted for the SMEs by the national government are as well on the *Fondo de Solidaridad e Inversión Social* (Solidarity Fund and Social Investment Fund-FOSIS) from the Ministry of Social Development. This ministry generates programmes in which the objectives are to invest in people, support their initiatives, increase their skills, broaden their education, and, therefore, help those who have potential skills as entrepreneurs. It detaches the Microenterprise Programme (then called *Yo Emprendo Semilla*), which in 2009 benefited 10,206 people. This programme seeks to contribute to the entrepreneurial process through a deployment of skills and knowledge that promote entrepreneurship for people in poverty, homelessness or unemployment to develop autonomous activities with higher incomes. Moreover, this programme, which has benefited 26,170 entrepreneurs, also seeks to support small entrepreneurs or self-employed to people in order to increase their independent income.

Regarding budgets, the seven main funds are similar in terms of the available amount for promotion. However, the Innovation Fund for Competitiveness stands out with the highest budget of all. This is a financing instrument for the implementation of national and regional innovation policies aimed at strengthening the national innovation system.

In the area of innovation and productivity, the Ministry of Economy takes the lead by providing resources for businesses to innovate in their products and processes. In this line, CORFO encourages the creation of new businesses through Seed Capital and funding for business incubators. Finally, there was a proposal for funding that uses the financial systems an intermediate to provide credit to businesses for long-term investments, working capital and venture capital, and supports the development of non-bank intermediaries in the field of microcredits. For a summary table of all the instruments during Bachelet's government, see Appendix 4.2.

c. Visibility Dimension Related to Social Enterprises of the Business Type

Regarding visibility, the Ministry of Economy, Promotion and Tourism and its subordinate agencies are the institutions that have most contributed to the visibility of Social Enterprises of the business type. There were four instances of visibility. An

example is the study *Experiencia Chilena en Políticas Públicas de Promoción de la Micro, Pequeña y Mediana Empresa* (Chilean Experience in Public Policies to Promote Micro, Small and Medium Enterprise) by SERCOTEC in 2006. Its scope was innovation and entrepreneurship as one of the three central axes of challenges to the president's programme between 2006 and 2009: incentives for innovation, adoption of new technologies, development of productive linkages and creation of new export development poles. The businesses and public resources for productive development by ministries and budget years were included in the study. Also, the CORFO operating model and the factors that contribute to the competitiveness of businesses was depicted. As it can be seen in this study, the term innovation is introduced in the discussion, specifically in the context of micro, small and medium enterprises.

The theme of innovation in for-profit businesses, specifically in the micro, small and medium enterprises, is addressed again in the Seminar: *Innovación y Crisis: Desafíos y Oportunidades para la Pymes* (Innovation and Crisis: Challenges and Opportunities for SMEs) held in Concepción in 2009. This seminar aimed to address the economic situation and its impact on small and medium enterprises. The Undersecretary of Economy, Jean-Jacques Duhart, spoke about the lines of support and public funding to encourage entrepreneurship in SMEs, boost economic growth and strengthen their capacity to address current external financial turmoil. The activity was part of the plan of events 2009 *Chile 3.0 All to Innovate* that the Ministry of Economy, Promotion and Tourism developed in various regions in order to disseminate programmes and credit lines specifically designed to boost the competitiveness of small and medium enterprises. As it is possible to see, innovation in these businesses becomes an important subject and focus of this seminar. Moreover, it is important to emphasise that it was not done in the Chilean capital, Santiago. This shows that the topic of innovation, even in a centralised country such as Chile, is promoted across the country.

In sum, different aspects were analysed in terms of reports, studies and events. In these types of instances, the main actors were traditional for-profit businesses that engaged in CSR and SMEs focused productivity and innovation, given the lack of B Corps at the time. The main objectives of these instances were: characterise the businesses and public resources for productive development by ministries and budget years, addressing the economic situation and its impact on SMEs; take actions to encourage homeownership and financing of smaller companies and analyse regulatory instruments to protect against potential SMEs companies trading abuses; and introducing the concept of innovation in government discourse respect to traditional

businesses of the private sector. For a summary table of all the reports, studies and events during Bachelet's Government, see Appendix 4.3.

5.2.1.3 Cooperatives: Public Policies During Bachelet's Government

As it was defined in Chapter 4, Social Enterprises that follow the cooperative type are considered part of the ABC approach, with the following legal forms: cooperatives, trade unions, mutual, and federations and unions.

a. Institutional Dimension Related to the Cooperative Tradition

Each of the legal forms composing this tradition has a different institution of the State that oversees their promotion and development.

Regarding governmental institutions, DECOOP is the main government agency that deals with cooperatives. This entity depends on the Undersecretary of Economy and Smaller Companies within the Ministry of Economy, Promotion and Tourism. Its role is to promote the cooperative sector by promoting programmes for management and entrepreneurship development, enacting regulations that contribute to the improvement in the functioning of cooperatives and dealing with their registration, supervision and control. There are other public agencies linked to cooperatives, such as the *Conservador de Bienes Raices* (Real Estate Registry) and the *Servicio de Impuestos Internos* (Internal Revenue Service). However, their interaction at this level is limited to the first stage once these organisations are created. The main role of DECOOP is controlling, registering and promoting cooperatives.

Regarding mutuals, it is important to note that they are ruled by the Ministry of Justice, that has a control and registration role. Specifically, these roles depend on the Undersecretary of Justice who is in charge of the Legal Division and the Department of Juridical Persons. The latter it is in charge of the Registry of Juridical Persons Section, which also keeps an updated register of all the organisations of the associative type.

The institution that deals with trade unions is the Unit of Trade Unions created in 2008. This unit has a control, registration and strengthening role for these organisations. Federations and unions have no specific associated institution.

Regarding the legal and regulatory framework of Social Enterprises of the cooperative type, as is the case of both the associative and business types, it could be said that there is a formal legal and regulatory framework that supports their promotion and development.

The general cooperative law that was operative during Michelle Bachelet's government was passed in 2002, defining cooperatives in accordance with the principle of mutual assistance and aiming at improving the living conditions of its members (Law 19,832 ART. 1, No. 1). This law encompasses the regulation of all cooperatives and the provisions to facilitate the establishment, operation, and competitiveness of cooperatives in comparison with traditional businesses of the private sector. No modifications were done to this law during Michelle Bachelet's government (Alcalde, 2014). Under this law members of cooperatives have equal rights and obligations, one vote per person, retirement is voluntary, and profits from their operations must be distributed among members.

In addition, cooperatives must have political and religious neutrality, develop cooperative education activities and seek to establish relations with other cooperatives (Law 19,832). Specifically concerning worker cooperatives, it is important to establish that they are defined by law as those organisations intended to provide goods and services to third parties through the joint efforts of its members and whose remuneration must be fixed according to the work done by each person (Law 19,832. ART. 1, N°. 65). Each member contribution must necessarily involve the work force to carry out, without prejudice to the contributions they make in money, real or personal property and must have a minimum of five members. Therefore, the working relationship between members is ruled by the laws of cooperatives and not by the rules of the governing Labour Code.

Another interesting aspect that emerged from this law is the elimination of the old definition of cooperatives, which refers to their non-profit status (Alcalde, 2014). In other words, the 2004 law recognises that these organisations can have for-profit purposes although this is conditioned and even subordinated to central principle as economic democracy as well to the mutuality purpose. In this sense, under this law, cooperatives distribute profits among their members, but this is not the key element in their constitution, and the distribution is always governed by the rule of equity (Gatica et al., 2013). Also, under this new law one of the goals, at the request of the Ministry of Economy, Promotion and Tourism, is to re-create a Public-Private Cooperative Development Committee. In this sense, the new law encourages cooperatives through the promotion of programmes for the development of the management and entrepreneurship of these organisations (Pérez et al., 2003). The main objectives of this new law are to create an appropriate legal framework through: (1) encouraging initiatives and the development of the potential of the population interested in participating or organised under the mutuality and democracy purpose; (2) containing

no inbound provisions in the operation of cooperatives, allowing the practice and application of their essential; (3) properly recognising their economic objective, which is also inherent to these organisations so that they can seize opportunities without major constraints (Law 19,832).

Regarding the legal forms of federations and unions, they are understood under law 19,832 and law 19,069 as a grouping of organisations institutionalised as autonomous social entities that can be cooperatives or labour unions. There are several types of federations protected by law, such as student associations, sports associations or fishing associations (Law 19,832 ART. 1, No. 127).

The other legal form of Social Enterprises type cooperatives is known as mutual associations. According to Title XXXIII of Book One of the Civil Code, they are organisations that have constituted freely as non-profits by people inspired by solidarity to provide each other with mutual aid, in case of possible material welfare risks, through regular contributions. No modifications were made to this law under Michelle Bachelet's government.

Finally, Trade Unions are ruled by Decree Law 2,757 of 1979, its main objectives are to regulate the establishment and operation of trade unions. No changes were made to this law under Michelle Bachelet's government either.

b. Promotion and Incentives Dimension Related to Social Enterprises of the Cooperative Type

There are no specific funds in Michelle Bachelet's period that are solely focused on Social Enterprises of the cooperative type. Thus, it could be said that the promotion of these organisations, in terms of funds, is undeveloped. However, Social Enterprises of the cooperative type participate in all of the funds emerging from the Ministry of Economy, Promotion and Tourism, which are aimed at Social Enterprises of the associative type and also traditional businesses of the private sector in the areas of small and medium-sized enterprises and productivity, innovation and growth, as Francisca Riveros (2014) states, this underdeveloped promotion and incentives instruments for Social Enterprises of the cooperative type has made these organisations compete directly with traditional business for the same public funds. The problem according to this public policy expert is that these instruments are tailored-made for traditional businesses, not for cooperatives (2014).

However, there is a fund in which organisations of cooperative tradition can participate called *Capital Semilla*. This fund is oriented towards for-profit legal persons constituted in Chile with less than two years of existence and for individuals, who must be adults older than 18 years old and must apply individually. They are supported in developing their business projects with high potential for growth. This is one of the funds for which cooperatives can apply; however, they will be competing with many other for-profit enterprises. For a summary of all the instruments during Bachelet's government, see the table in Appendix 4.2.

c. Visibility Dimension Related to Social Enterprises of the Cooperative Type

Regarding visibility, the Ministry of Economy, Promotion and Tourism, through the DECOOP, are the institutions from the public sector that have contributed the most in terms of promoting the visibility and legitimacy of Social Enterprises of the cooperative type. An example of this are the numerous seminars promoted by DECOOP in order to give them visibility. One of them corresponds to the seminar, *Innovación en la Estructura Asociativa y en las Oportunidades de Mercado* (Innovation in associative structures and marketing opportunities), which occurred in 2008 in the framework of the study "Marketing opportunities in Chilean cooperatives and countries of the North" managed by DECOOP in coordination with the SMEs division of the Ministry of Economy. These studies and seminars aimed to raise awareness of the need and relevance of new forms of cooperative partnership structures and opportunities that can be exploited, in addition to establishing the basic guidelines for a policy of cooperative marketing in the national economy.

A second seminar was "Trade Solidarity" organised by the international organisation, World Vision, in the city of Temuco issued by DECOOP in 2008, in which the aim was to present experiences regarding voluntary work in different organisations. That same year, the "Social Economy and Employment" seminar also took place, organised again by DECOOP, which shows the leading role of this agency in this dimension, and the Interdisciplinary Studies Program Associative, Pro-Associates of the University of Chile. Its main objective was to present the impact of the social economy in employment. And finally, an international seminar on "Agri-Food Cooperatives: Innovation management structures" which was designed by the MINECON again through DECOOP in conjunction with the National Peasant Confederation of Cooperatives, held in 2009. Its main objective was to reflect, share and suggest new ways of seeing the "associativeness", understood as establishing connections at

certain stages of the chain, to generate volume and improve the terms of trade. This seminar introduced the term innovation in administrative structures and its benefits. DECOOP also spent relevant time on training sessions for cooperatives. Since 2008, it has organised trainings sessions in cooperative management, under the framework developed with funding from the IDB-MIF and the Government of Chile.

In summary, there were six instances of visibility, mainly seminars. Their main objective was to promote Social Enterprises of the cooperative type and disseminate the opportunities for innovation in organisations. For a summary table of all the reports, studies and events during Bachelet's Government, see Appendix 4.3.

5.2.2. Public Policy Dimensions During Sebastián Piñera's Government (2010-2013)

In the presidential elections in 2009, right-wing politician Sebastian Piñera defeated Eduardo Frei, the candidate of the *Concertación*. In March 2010, the president assumes power, only a few days after the February 27 earthquake that hit the country in unprecedented ways. Therefore, the first years were marked by the reconstruction of part of the country. As with most governments of the right-wing, the expectations of his government were efficiency through technocracy management and economic growth.

According to expectations during his mandate, the economy went well. In relation to GDP, the average accumulated growth was +5.32% (World Bank, 2015) while the size of the economy grew from USD 172 billion to USD 281 billion (IMF). Inflation over the period 2010-2013 averaged 2.4% per year (IMF). Poverty rates fell from 10.9% in 2011 to 7.8% in the last year of mandate, according Casen (regarding inequality in Chile); the GINI index shifted from 52.0 in 2009 to 50.5 in 2013 (World Bank, 2015). Table N° 5.3 summarises the main indicators of her mandate, as was shown in Chapter 0.

Table N° 5.3 Socio-economic Indicators during President Piñera's term in Office

Indicators	Results
Poverty Rate ³⁸	10.9% in 2011 ³⁹ - 7.8% in 2013
Real Wages	+ 26% increase in the period 2010-2013 (USD 360,3 M in 2010 and USD 454 M in 2013)
GDP	+5.8% in 2010, +4.2% in 2013. Average accumulated growth +5.32%
Gini Index	52.0 in 2009 ⁴⁰ and 50.5 in 2013

Source: Author's elaboration based on Casen 2009 and Casen 2013 (Ministerio de Desarrollo Social, 2010; 2014a), Nesi y Esi (INE, 2015), World Bank, 2015.

Regarding the goal of his period, the government promoted a vision in which Chile had to be the first country in Latin America to achieve development at the end of the decade. Thus, the government's general goal was to advance in the economic and quality standards demanded by the Organisation for Economic Cooperation and Development (OECD), and of which Chile has been part since 2010 (Ministerio de Desarrollo Social, 2014b). This fact shows how the country's conditions have changed in the last decades.

In this context, the public policy action of Sebastián Piñera's government regarding the ABC approach is depicted. Public policies in the institutional, instruments of promotion

³⁸ The most commonly used indicator to measure poverty and extreme poverty is the incidence, which is the percentage of individuals whose income is insufficient to meet their basic needs in the case of poverty, or food in the case of indigence. Data held by ECLAC traditional methodology. Ministerio de Desarrollo Social, Casen.

³⁹ According to the Ministerio de Desarrollo Social, there is no survey for 2010.

⁴⁰ According to the World Bank, there is no data for 2010.

and incentives and visibility dimensions are analysed for the Social Enterprises following each tradition of the ABC approach.

5.2.2.1 Associations: Public Policies During Piñera's Government

As it was presented in section 5.2.1.1, organisations that follow the associative type of Social Enterprises considered part of the ABC approach are composed by the following legal forms: functional community organisations, non-profit foundations, non-profit corporations and indigenous associations.

a. Institutional Dimension Related to Social Enterprises of the Associative Type

As stated before, the main objectives of Law 20,500 are to establish a common legal framework for all legal forms of associations, encourage the creation of associations of public interest, establish a basic work of volunteering, and make changes to various laws including the Civil Code (Ministerio de Justicia, 2012). It also states the features and functions of the National Register of Legal Non-profit Entities, which depend on the Registry and Identification Service for which the goal is to register data regarding non-profit organisations (Ministerio de Justicia, 2012). Furthermore, as provided in Article 557 of the Civil Code, the Ministry of Justice has the power to monitor associative organisations.

This allows to understand that although it was not approved in its mandate, was Sebastián Piñera who had the task of implementing the changes, including the amendment of Law 18,695, which established a new body, *Consejos de Organizaciones de la Sociedad Civil* (Council Organisations of Civil Society), giving new powers to the Municipal Secretariat of each location with respect to the processes of constitution of associations and foundations.

b. Promotion and Incentives Dimension Related to Social Enterprises of the Associative Type

The promotion and incentive instruments for the emergence and development of associative organisations, as in Michelle Bachelet's government, have been in charge of both the Ministry of Social Development (previously called MIDEPLAN) and the

Ministry of General Secretariat of the Government. These institutions are still in charge of solving main social problems, such as poverty, participation and inclusion.

It can be observed that the instruments of promotion and incentives analysed for Social Enterprises of the associative type did not change much during the government of Sebastián Piñera. All the instruments of promotion and incentives of Michelle Bachelet's period were maintained, but three more funds were added. The new instruments were the National Project fund promoted by the National Disability Service and the National Institute of Youth fund, Fund for Local Initiatives for Social Organisations. The latter is one of the most important funds related to associative organisations. Created in 2013, it finances national and regional projects that promote the public interest in matters of civil rights, social welfare, education, health, environment, among others. In this fund, can participate neighbourhood councils, community unions, community organisations, indigenous organisations and communities, foundations and any other public interest organisation.

In terms of budget, unfortunately, there was not enough available data about these funds. For a summary table of all the instruments during Piñera's Government, see Appendix 4.4.

c. Visibility Dimension Related to Social Enterprises of the Associative Type

During Piñera's Government, the Ministry Secretariat of the presidency became important in the dimension of visibility of associative organisations. An example of this was the Seminar on transparency and good Practices in non-profit organisations held in 2012. Its main objective was to analyse the current state of the accountability of these organisations, study best practices and deliver proposals and recommendations to be part of this global trend. Besides, in this seminar, the Study on Transparency in Non-profit Organisations, developed by *Chile Transparente* was presented (Transparent Chile Agency).

Finally, the DOS in conjunction with municipalities across the country organised the seminar "Law on associations and 20,500 Citizenship" aimed at regional and communal directives across the country. The aim was to present the scope of Law 20,500 for institutions and related organisations.

In summary, there were two instances that promoted the visibility of associative organisations, which had as objectives to advertise the changes and achievements that

brought the change of legal and regulatory framework regarding Law 20,500, and to advertise the opportunities that each ministry could provide to these organisations, in terms of funds and tenders. For a summary table of all the reports, studies and seminars during Piñera's Government, see Appendix 4.5.

5.2.2.2 Businesses: Public Policies During Piñera's Government

As it was stated in section 5.2.1.2, Social Enterprises of the business type, which considered part of the ABC approach, are composed by businesses certified as B Corps.

a. Institutional Dimension Related to Social Enterprises of the Business Type

Social Enterprises of the business type considered part of the ABC approach are composed by organisations that are certified B corps through *Sistema B* in Chile. However, as in the period of Michelle Bachelet, this is a certification that emerged from the private sector engaging in a new way of understanding businesses and cannot be considered a legal and regulatory framework from the public sector. Hence, as *Sistema B* was created in Chile during the period of Sebastián Piñera, specifically in 2012, it can only be considered a normative framework for businesses during this period. In other words, there government is not directly responsible for any legal and regulatory frameworks for the promotion of the business type to the status of Social Enterprise. To tackle this issue, as in the period of Michelle Bachelet, the analysis of the following dimensions was analysed through the study of public policies in three emergent areas: corporate social responsibility; small and medium-sized enterprises; and the productivity, innovation and growth agenda.

However, a new element in the legal and regulatory framework that affects Social Enterprises following the business type is the *Ley de Empresa en un Día* (Company in a Day Law) and the figure of *Sociedad por Acciones* (Society per shares), which can be considered an improvement and simplification of the processes of formation of businesses that pushed a greater dynamism in the formation of these organisations.

b. Promotion and Incentives Dimension Related to Social Enterprises of the Business Type

As it was stated in the institutional dimension, the consequence of the lack of legal forms for Social Enterprises following the business, means that the analysis should be

made through the instruments of promotion and incentives that emerge from the three public policy areas previously stated: Corporate Social Responsibility, SMEs, and the Agenda for Productivity, innovation and growth. In this sense, all the main instruments of promotion and incentives of Michelle Bachelet's period were maintained. However, two important funds were created. One of them was a prototype programme labelled *Programa de Innovación y Emprendimiento Social* (Social Innovation and Entrepreneurship Programme) created in 2012 by CORFO. This programme promotes and supports social entrepreneurship, especially aimed at the base of the pyramid and excluded sectors with the purpose of introducing them into the formal economic system. Another programme that is relevant to highlight, in relation to these Social Enterprises business type is the *Programa de Apoyo al Entorno para el Emprendimiento y la Innovación Regional* (Environment Support Programme for Entrepreneurship and Regional Innovation) also created by CORFO. This programme aims to promote the development of an environment and/or culture that seek to improve the competitiveness of our economy through broad regional impact programmes that validate and promote the option to undertake the use of innovation as privileged tools for economic and social development.

The Ministry of Social Development through FOSIS created in 2011 four new programmes. These programmes are: *Programa Yo Emprendo Semilla* (I am an Entrepreneur Seed Programme), *Programa Yo Emprendo En Comunidad* (I am an Entrepreneur in Community Programme), *Programa Yo Emprendo* (I am an Entrepreneur) and *Fondo de Innovación, Desarrollo, Emprendimiento y Acción (I.D.E.A)*.

The first one seeks to discover and enhance the skills of people to help them start their own businesses. Depending on their needs, the programme provides training, consulting, technical assistance, supplies and tools. The second one seeks to facilitate the participation of families through the delivery of financial resources for the implementation of projects, which are designed and directly executed by social organisations of the targeted communities. The third one seeks to improve the living conditions of unemployed people, specifically on the economic dimension of poverty, through the development and use of their personal capabilities. In terms of incentives, in 2012, the direction of *Chile Compra*⁴¹ launched the incentive for Sustainable Public Procurement. These are a set of criteria of sustainability and social responsibility in public procurement. This is expressed in purchasing decisions, in which not only the

⁴¹Government procurement mechanism in Chile.

price is considered, but also variables that impact the entire environment of the businesses (Ministerio de Hacienda, 2012). The mechanism through which it performs the above is the same as in the *Chile Compra* website, where it is possible to access to *Compra Sustentable* (sustainable procurement), which gives priorities to businesses with sustainable practices. The main objective of this policy is to encourage the purchasing institutions through the implementation of initiatives, policies and practices; thus, contributing to the development of a socially responsible economy. Finally, the I.D.E.A seeks to encourage the alliance between the public and private sector, considering that this relation could help in overcome poverty through creatives and efficient solutions.

c. Visibility Dimension Related to Social Enterprises of the Business Type

This was a particular intense dimension in this government. Pablo Longueira, former Ministry of Economy, Promotion and Tourism, created a roundtable for fourth sector enterprises in 2012. This initiative sought to advance the discussion around a possible legal and regulatory framework for Social Enterprises of the business type in Chile. This was an instance that considered the social value of for-profit businesses with a social mission. This facet was even recognised in the presidential message of May 21st (2010). In that speech, the president said that the scope of economic development would be one of main goals of the government by 2018, which would require a plan of sustained and sustainable growth in which the collaboration between the three sectors was the base for success. It is from that time that the Ministry of Economy, Promotion and Tourism assumed the responsibility for the creation of spaces for organisations from the public, private and social economy to engage on these emergent issues around new types of organisations.

After that, in 2012, the first two working groups of this thematic were launched. The first was intended for the preparation of a white paper to propose a national policy on social responsibility and sustainability for the country. The second sought to create a space for discussion about the new business and types of organisations. In this way, Sebastián Piñera's allocated relevant resources for the assessment on, the appropriateness of and justification of, any particular legislation that could recognise these Social Enterprises.

Moreover, in April 2013, the Ministry of Economy, Promotion and Tourism, leading other government institutions, social economy organisations, representatives from

academia, and businesses, gave rise to the Council of Social Responsibility for Sustainable Development. This comes after the government's need to understand sustainability as a strategic condition for development. In this regard, the council is a forum for discussion and debate on the formulation of public policies and tools to ensure the effective integration of social responsibility in the growth strategy in Chile.

Under the new criterion of business and sustainability, in 2013, the president initiated a process, which aims to recognise and regulate organisations that emerge from this hybrid world of Social Enterprises. In this sense, it is expected to meet international commitments and ensure respect for constitutional guarantees related to the concept, through a direct role in promoting public policies. Moreover, it is intended in the same way that these organisations may participate in this process.

In addition, the same ministry carried out various activities to disseminate and promote the visibility of this new criterion. Among these activities as seminars, lectures, forums, it is necessary to highlight the seminar called *La Nueva Empresa: Un giro al Impacto Social y Ambiental* (New Businesses: A Twist in Social and Environmental Impact), which was held in 2013 and was organised by this Ministry together with social entrepreneurs representing B Corps. The focus of the seminar was on start-ups, with an analysis of the success stories in Chile, and their vision and ideas regarding their internationalisation stage, both in the world and in Latin America. Another important event was the realisation of the Ibero-American Summit of Sustainability (Sustainability Iberoamerican Summit) organised by Capital Magazine in conjunction with the Ministry of Foreign Affairs-through its agency *ProChile*. The event took place in 2011, 2012 and 2013 with the aim of discussing and promoting sustainable policies related to for-profit businesses.

The different instances of visibility and legitimacy reports, studies and seminars were five. Their main objectives were to enhance the growing commitment of businesses with society and the environment, and to promote the benefits of social responsibility and innovation. As can be seen during this period, issues of sustainability, innovation and accountability were the most important in terms of businesses. For a summary table of all the reports, studies and events during Piñera's government, see Appendix 4.5.

5.2.2.3 Cooperatives: Public Policies during Piñera's Government

As it was defined in section 5.2.1.3, Social Enterprises that follow the cooperative type are considered part of the ABC approach with the following legal forms: cooperatives, trade unions, mutual, and federations and unions.

a. Institutional Dimension Related to Social Enterprises of the Cooperative Type

Regarding governmental institutions related to Social Enterprises of the cooperatives type, most of them were maintained as well as their roles.

Regarding the legal and regulatory framework, no changes were made in this period. Nevertheless, as it was described by various experts, the Ministry of Economy, Promotion and Tourism presented a relevant draft amendment to the law on cooperatives in order to relax the requirements for the establishment of cooperatives and strengthen their management capacity, preserving their participatory nature. This amendment sought to promote economic efficiency and financial sustainability to Social Enterprises of the cooperative type, giving equity stability and investor participation to their members, and improving the authority granted to the Department of Cooperatives, in order to adequately give the power to this institution to punish conducts that negatively affect healthy cooperative management, correct reference errors and clarify misinterpretations of the application of the *Ley General de Cooperativas* (General Law on Cooperatives).

Also, in 2013, the message in the annual discourse of President Sebastián Piñera to the congress sought to update and improve the General Law on Cooperatives (Piñera, 2013). His project was based on three main lines: (1) Improve the legal framework to relax the requirements for the creation of cooperatives (2) improve these organisations' economic efficiency and management capacity, preserving their principles and values, such as the participatory nature that each of the members have in this institution; (3) enhance the powers of the Department of Cooperatives, provide it with tools to oversee the organisations and appropriately punish behaviours that interfere with the healthy functioning of cooperatives. However, no changes regarding these proposals were made until the end of this government.

b. Promotion and Incentives Dimension Related to Social Enterprises of the Cooperative Type

Like in Michelle Bachelet's government, there are no specific funds in Sebastián Piñera's period that are solely focused on Social Enterprises of the cooperative type. The promotion of these organisations, in terms of funds, is therefore undeveloped. However, as in the previous government, Social Enterprises of the cooperative type participate in all the funds emerging from the Ministry of Economy aimed at Social Enterprises of the associative type, as well as the funds focused on traditional businesses of the private sector in the areas of SMEs and productivity, innovation and growth. Regarding incentives, there were no public policies found. For a summary table of all the instruments during Piñera's Government, see Appendix 4.4.

c. Visibility Dimension Related to Social Enterprises of the Cooperative Type

The government of Sebastián Piñera worked on four instances of visibility, mainly seminars, to make visible and legitimate cooperative organisations. This was primarily done by the Ministry of Economy through DECOOP. It is important to highlight the Seminar: 'Entrepreneurship Gender Perspective', which was organised jointly by DECOOP and the National service for women, the regional government and the Municipality of La Serena in 2010. This seminar aimed to spread the notion of Social Enterprises of the cooperative type as an opportunity to formalise commercial activities of women in the Region of Coquimbo. Another seminar called 'Politics for Entrepreneurship and Innovation' held in the City of Los Angeles and Bio Bio was organised by the Secretariat of Economy. The objective of the seminar was for the representatives of the different divisions of the Secretariat to present policies that were being developed in the field of innovation, SMEs, partnerships, digitisation and micro financing. Also, in 2010 DECOOP invited managers, directors, officers and members of cooperatives to participate in the seminar 'Women and leadership in cooperative enterprises'. The goal was to share experiences on leadership, teamwork and governance in the sector.

Finally, in 2013 the National Cooperative Congress was held with a focus on the new cooperative law, and inclusive development. It was organised by leading cooperatives and the International Labour Organisation. It was an opportunity to share experiences among social economy organisations. Moreover, issues and challenges for 2020, the cooperative difference, and the cooperative business model as a successful and

efficient form of management, were discussed. It was the first conference on corporatism that had taken place in Congress.

For a summary table of all the reports, studies and events during Piñera's Government, see Appendix 4.5.

5.2.3. Comparative Summary of Public Policies Changes Between Bachelet and Piñera's Governments

This section makes a comparative analysis of different dimensions of public policies between the governments of Michelle Bachelet and Sebastián Piñera. The analysis will focus on a comparison of the dimensions mentioned and described above, with the aim to answer guiding question N°2. As observed in the reviews, few policies can be identified having a focus on the three traditions of Social Enterprises. Therefore, there are hardly any initiatives that differentiate both periods, so the analysis aims to identify the subtle differences in each period to understand the distinctive qualities and approaches used in each dimension; that is, institutional, of promotion and incentives, and visibility.

a. Institutional dimension

Regarding the institutional dimension, Associatives organisations were marked by the change of legal and regulatory frameworks under Law 20,500. Even though, it is possible to place it at the core of the *Concertación* political agenda, now part of the opposition, it materialised in the last day of the mandate of Michelle Bachelet. This act had the recovery of citizen participation and free association as main objective (Crisosto and Cortés, 2012), both of which were discouraged by the Pinochet regime and by the Constitution of 1980 (Garretón, 1980).

This regulation helped establish a common legal framework for all legal forms of associations and generated a shift in the relationship between the public and social economy sectors, setting a sort of mutual commitment between the State and citizens to improve local public services. This change conceded a constitutional amendment, achieved under a particular logic associated with the need for the State to access service providers in different territories. This could imply that the State was not looking to co-construct public policies per se, or build a transformative space to allow this co-construction; rather, the law's contribution was aimed at promoting freedom of

association and, thus, citizen participation, even if the State, essentially, sought the co-production of required social services.

This analysis suggests the reasons of such approval, however under critical eye it could be questioned whether this procedure was an attempt to regain that sense of citizenship and participation long forgotten from post-dictatorship public policies, or rather favor the possibility to increase this co-production of social services. While this analysis exceeds the focus of public policy, it is helpful to consider it given the scope that the differences between the two periods may reach, this, for the reason that, even though it was adopted on the last day of the Bachelet administration, it was the Piñera government which implement the changes and monitored their performance.

This might suggest that while the *Concertación* completed its agenda as to approve Law 20,500, it wasn't this political coalition the one in charge to carry it out in practice, leaving some unfinished work. The fact that was Piñera the one responsible, can point to that even though the changes were adopted, these were applied under a Welfare Society paradigm. Therefore while the essence of returning the associative and participatory rights were met, they are led to the co-production of services for solving social problems, returning to the civil society some of the responsibility of the State in these matters.

About Social Enterprises type B, the introduction in the legal and regulatory frameworks like *Tu Empresa En Un Día* (Your Company In One Day) and the figure of *Sociedad por Acciones* (Society per Shares) during the government of Sebastián Piñera can be considered the most important elements. Both were an improvement and simplification of the processes of formation of businesses that pushed a greater dynamism in the formation of these organisations.

Regarding Social Enterprises of the Cooperative type, the major efforts were in answer to Piñera's interest in the liberalisation of requirements for the establishment of cooperatives and the empowerment of DECOOP to promote cooperative management. While this was not fully achieved, it stands out in this analysis because of the emphasis that experts in the interviews made to discuss this government's interest, as it could have facilitated the creation of cooperatives –lowering the minimum number of partners required, but having regularised their situation within a legal framework.

b. Promotion and Incentives Dimension

Instruments of promotion analysed for the different types of Social Enterprises of the ABC approach have not changed much during the last two governments. Regarding numbers, associative type's organisations concentrate the funds available for Social Enterprises. Regarding business type's organisations, the number of funds is similar to associative's funds. However, funds are open to any applicant enterprise, with no special funds develop and available for B Corps. This situation does not change in any of the governments studied. Concerning cooperatives, there is a total lack of funds exclusively focused on this type of organisations. This shows the predisposition of Chilean governments to neglect cooperative organisations.

As stated in the previous paragraph, the instruments remained almost the same regarding numbers within the two governments under analysis. However, there was a change or shift in focus. This could relate to the fact that traditional sectorial approach, to understand the different types of organisations, does not work the best way. While this focus of the Bachelet administration was a legacy from earlier periods of the *Concertación* and the Constitution of 1980, it could also be a consequence of the rather short existence at the global and national levels of hybrid forms of organisations at the time. Scarce understanding of the development and evolution experienced by the organisations of the three traditions under study may have led to the prolongation of sectorised models concerning the instruments offered by the State.

Meanwhile, the government of Piñera had begun to create special funds for the new movement of Social Enterprises that gradually demanded its space, helping realise that currently there are actors who do not fit the pattern that governments had followed until then to build public policies or to structure sectors. Within these dynamics of participation, two instruments were key to the development of the sector: The *Programa de Innovación y Emprendimiento Social* (PIES-Program for Innovation and Social Entrepreneurship) which it is the first program emanated from CORFO for supporting entrepreneurship. This programme helped understand the logics behind these emergent Social Enterprises. The second fund is the *Programa de Apoyo al Entorno para el Emprendimiento y la Innovación Regional* (PAER- Environmental Support Programme for Entrepreneurship and Regional Innovation), which seeks the favoured an environment and culture to improve economic competitiveness by innovation at the regional level. This fund in particular, aimed at stimulating the emerging ecosystem of Social Enterprises. Along with these initiatives, the Ministry of Social Development, through FOSIS, opened a space for interaction among users, promoting entrepreneurship and social innovation through the I.D.E.A Fund. These funds make

possible for the State to start incorporating and understand these emerging enterprises, implying that this shift in the focus did not come necessarily from the State but was rather a reaction to the pressure of a new movement demanding spaces of representation and participation.

This trend is likely to arise also in incentives dimension, nevertheless there is no incentive specially designed for the creation or development of cooperatives in Chile. A different situation to what associative or business organisations faced. During Bachelet's Government existed the Law on Social Grants associative organisations, while during Piñera's Government was created the incentive for sustainable procurement that benefit B Corps.

c. Visibility Dimension

About the dimension of visibility, associative organisations had a diplomatic presence on the agenda of visibility during the Bachelet administration. This situation changed substantially due to the enactment of Law 20,500, as stated above, was approved during Bachelet's government, but implemented by Sebastián Piñera, on these organisations and the need to promote the scope of it across the country. It makes the territorial element more present during the Piñera administration for the visibility of these organisations (which differs from the centralised element of businesses as detailed below). Another important item to highlight is that since the his government, the Ministry General Secretariat of the Presidency has had an intense activity in making this organisation visible and understood.

Regarding Social Enterprises that follow the business type, the main institutional actor that provided opportunities for visibility in both governments was the MINECON. However, since Piñera, the Ministry of Foreign Affairs has also made a significant contribution, mainly in instances related to sustainability and global trends. Along with these government entities, other non-governmental agencies in the ecosystem, such as *Sistema B* and the Faculty of Economics at *Universidad Católica* (UC), begin to participate in such instances. It shows an incipient ecosystem affecting Social Enterprises of the business type.

Finally, in cooperatives, DECOOP was present through multiple activities during both periods under study. Along with this organisation, during Piñera's government joined these instances the *Servicio Nacional de la Mujer* (National Women's Service-SERNAM). Related to this, and as collateral findings of this investigation, it was found that during the Piñera's government, numerous instances of visibility were linked to the

relationship between cooperatives and gender. It can as well be inferred that due to the thematic of the seminars focused on management and efficacy the focus of DECOOPs was on bringing cooperatives to the tradition of businesses through productivity and innovation discourses.

d. General Comparison: From Policies to Paradigms

Even though there were no significant changes or differences between the two governments that permits to answer the research question, it is possible to think of the relationship public policies has with the paradigms present in each administration, relationship which could help understand further why the changes made in each period are not reflected in the creation or modification of public policies. Likewise, there is something beyond political influence in the distribution of the agenda in each period.

More generally, and beyond the dimensions considered for the analysis, a few trends can be observed. On the one hand, Bachelet's government understands separately each of the traditions encompassed in the ABC approach. In this sense, it understands these organisations as different actors in the economy. On the other hand, the government of Piñera frames its public policies under a paradigm of productivity, competitiveness and innovation focused on giving visibility to Associative and Business Social Enterprises. Both paradigms closely relate to the public servants in each government. Representantives from both governments, like Francisca Riveros (2014) and Paola Posligua (2015), stated that officers of the government of Bachelet have traditional sectorial views about the participation of these socio-economic organisations within the economy while Piñera's government are firmly influenced by the paradigm of innovation and entrepreneurship, among other things, given that most public servants in this period came from the private sector.

5.3. Paradigms of Public Policies

This section discusses the main paradigms observed in the two governments studied in this thesis, exploring how they influenced the operation of each administration, following this, they can be understood as one of the variables inducing the few changes observed in public policies on Social Enterprises.

As noted above, although the macro-paradigm of neo-liberalism did not change in either government, it did translate differently into the meso and micro-paradigms. However, the macro-paradigm will not be examined in-depth.

5.3.1. Public policy paradigms during Bachelet's Government

This section explores the meso-paradigm and the micro-paradigm over the period of Michelle Bachelet's government, its main traits, and the way they interact and materialise through public policy.

The meso-paradigm, which refer -as depicted in Chapter 1- to economic policy and welfare paradigms framed by the overarching macro-paradigm, can be observed in the government of Bachelet, as oriented towards liberalisation policies and the regulator role of the State. This, due to the inertia from previous governments of the *Concertación* and their 'consensus policies'.

This can be interpreted using the information discussed in Chapter 3, which considers the size of the Chilean Welfare State is medium-high and its presence considered important for the overall economic performance of the country, at a somewhat similar level to developed countries. This is based on data that shows a relatively high rate of public spending on education and health as a percentage of GDP. Also, the governance variables in which Kerlin (2013) relies for measuring the degree in which institutions function in each context, in the case of Chile, reveal high score. Regulatory quality score 92,3 out of 100, law enforcement 87,7 out of 100 and control of corruption 90,9 out of 100. The data sheds light on this meso-paradigm to realise that it is characterised by the co-production of social services, process in which the private sector -by not having the necessary features- is overlooked in the conversations relating to the public interest.

The discussion of the micro-paradigm adopts the framework provided by Daigneault (2013), discussed in Chapter 1. In this perspective, during the Michelle Bachelet government the main micro-paradigm regarding Social Enterprises was *laissez faire* in public policies. In this sense, Social Enterprises of the associative, business and cooperative types continue to be treated differently, as it is shown in the following table. This, according to the first dimension by Daigneault (2013), is part of the understanding of these organisations by the Bachelet government as subject to intervention and public support, based on the origins and purposes of each organisation. Thus, this separation from the perspective of the government has itself a differentiated set of legal

and regulatory frameworks, instruments and instances of visibility as it was before her mandate. Thus, it is possible to conclude that there are no innovative public policies regarding the different traditions in which the ABC approach is based on, given that new models are not considered as part of the whole.

Table N° 5.4 Development of the Social Enterprise Policy Paradigm during Michelle Bachelet's government

Daigneault's dimensión ⁴²	Michelle Bachelet's government
Conception of the problem that requires public intervention	Associatives, businesses and cooperatives are organisations with different origins and purposes and, therefore, should be treated and supported differently.
Ideas about which policy ends and objectives should be pursued	Growing and strengthening the social economy or third sector through the empowerment of associations and the employment of disadvantaged groups through the support of SMEs.
Ideas about policy means to achieve those ends	Associations are partners of the State as they focus on public interest goals. Businesses are only considered to be direct partners of the State if they are SME, and they directly relate to productivity and innovation. Cooperatives must compete with associatives and businesses as the State does not directly support them and does not consider them as partners in issues of public interest.

Source. Author's elaboration

Regarding the Social Enterprises phenomenon composed by the ABC approach, it is not possible to observe a shift in public policies in comparison with previous democratic governments. In other words, during the Michelle Bachelet's period, the main micro-paradigm regarding Social Enterprises was the *laissez faire* in public policies. In this sense, Social Enterprises of the associative, business and cooperative types continue to be treated differently, each with a separate set of legal and regulatory frameworks, instruments and instances of visibility as it was before her mandate. Therefore, the macro-paradigm of neo-liberalism and the welfare paradigm of the regulatory State from previous democratic governments were maintained.

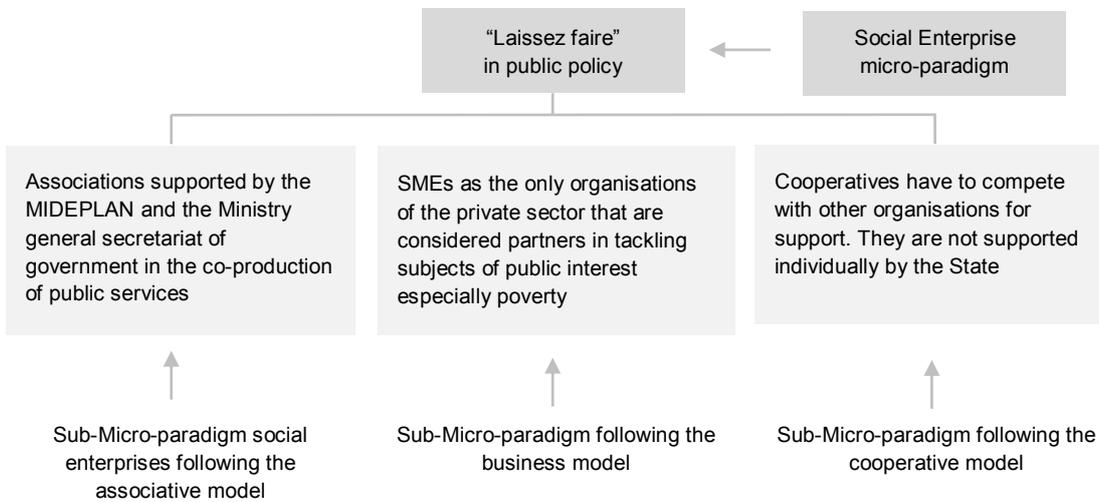
⁴²The first dimension Daigneault called "Values, assumptions and principles about the nature of reality, social justice and the appropriate role of the State" is not used, because it does not apply in the analysis.

As a starting point, the same perspective of supporting the social economy adopted in the '90s is kept in her government, which is reflected in the fact that no large changes have been done in any of the public policy dimensions acquainted. For Social Enterprises of the associative type, the main support is channelled through MIDEPLAN and the Ministry General Secretariat of Government. In this sense, most of the participation of associations was in co-production activities with these ministries as they conceived the policy and then these organisations were the actors that implemented the programs. All this support had favoured that the number of associative organisations grown considerably during both periods, as shown in Chapter 4.

With Social Enterprises of the business type, the analysis is little more complex as at the time it was not conceived that businesses of the private sector could commit in public interest activities. What is seen through the analysis done is that the government of Michelle Bachelet relies strongly on SMEs as a manner in which the private sector could be engaged in public interest activities by tackling poverty and unemployment. It shows a belief that only SMEs are considered to be part of the tackling poverty strategy that is supported by the public sector. However, SMEs as individual organisations have not explicit public interest goals. Therefore, they were not conceived as participants in the co-production of social services.

With Social Enterprises of the cooperative type, no relevant public policy changes were implemented and their legal and regulatory framework remained unchanged. An interesting issue to highlight is that no particular instruments focused on them. In other words, they had to compete -especially with business organisations- for the same funding opportunities. Since DECOOP is part of the Ministry of Economy, which is expected to support traditional business organisations, this makes sense. In part, it explains the slight increase in the number of cooperatives, as the data collected in Chapter 4 shows. Even more, regardless the lack of support, their numbers continue to rise.

Apparently, the fact that these cooperatives maintained their regular yet slow growth during these periods, does not respond to policy or paradigm. Even more, no greater support for cooperatives is observed. Rather, it could be said that there is some basis for potential growth in this sector and can be explained by the demand for the type of services that these organisations can provide, by proximity, or by members themselves given the distinct form of a company organised by democratic principles.

Figure N° 5.2 Social enterprises micro-paradigm in the Michelle Bachelet's period

Source. Author's ownelaboration

5.3.2. Public Policy Paradigms During Piñera Government

This section explores the meso-paradigm and the micro-paradigm over the period of Sebastián Piñera's government, its main traits, and the way they interact and materialise through public policy.

The meso-paradigm under President Piñera it is in line with the first phase during the Pinochet regime labelled 'private solutions to public problems'. However, this paradigm is closer to the Welfare Society in the manner it addresses social issues from an economically liberal stand, on the one hand, and to the extent that social problems have private guided solutions through the innovation that these actors bring through entrepreneurship, on the other.

Thus, the liberal economic approach allows the change in the three dimensions of public policy –institutional framework, instruments and visibility- discussed in the previous section. These changes enable organisations to increase in number and operate more globally, and involves a more specific regulation given they are operating within the market framework.

Similarly, within this period there is no greater understanding of the social economy or of the existence of other rules regarding organisational families, homogenising all types under the neo-liberal macro-paradigm; so much so that the market solves social problems, thereby the State is sharing the responsibility with the civil society.

As for the micro-paradigm, it relates to the return to the 'private solutions for public problems', but, this time, focused on entrepreneurship and innovation, so these tools are part of the private solutions to social problems in the country. At this level, there is also little understanding of the world of Social Enterprises or their convergence, so the types of organisations are still considered separate entities, but with the difference that they are now linked to innovation and efficiency.

This puts isomorphic pressure on the different sectors given the belief that they all operate under the same rules. This also puts pressure on the sectors, to the point that, while it may have hastened certain convergences, it is creating greater pressure on all organisations to be financially self-sufficient. This can be seen in the fact that all organisations can use instruments that have been designed for a few, as in the case of the FOSIS funds to foster entrepreneurship and innovation that depend on the Ministry of Social Development and, therefore, should be oriented to more associative and territorial actors. However, the micro-paradigm operates by generating instruments of entrepreneurship and innovation to find solutions to social problems. The following table summarises the traits of the micro-paradigm in accordance with the theoretical considerations of Daigneault (2013), to be considered subsequently.

Table N° 5.5 Development of the Social Enterprise Policy Paradigm during Sebastián Piñera's Government

Daigneault's dimensión	Sebastián Piñera's government
Conception of the problem that requires public intervention	Public interest issues have to be tackled by a diversity of organisations due to their complexity. Especially the participation of for-profit businesses brings innovation and entrepreneurship to solve complex problems.
Ideas about which policy ends and objectives should be pursued	Give social responsibility to private organisations especially associations and businesses.
Ideas about policy means to achieve those ends	Associations and businesses are partners of the State and have a co-responsibility in public interest issues. Cooperatives have to compete with associations and businesses as the State does not directly support them and does not consider them as partners in matters of public interest.

Source. Author's ownelaboration

Regarding the Social Enterprises phenomenon composed by the ABC approach is possible to observe a certain shift in the Daigneault's (2013) dimensions analysed in comparison with Michelle Bachelet government. During Sebastián Piñera's period, it can be considered that the main micro-paradigm regarding Social Enterprises was the 'innovation and entrepreneurship' public policy paradigm, mainly pushed through the visibility dimension. In this sense, associations, businesses and cooperatives are included in a set of public policies reforms that have as umbrella this paradigm.

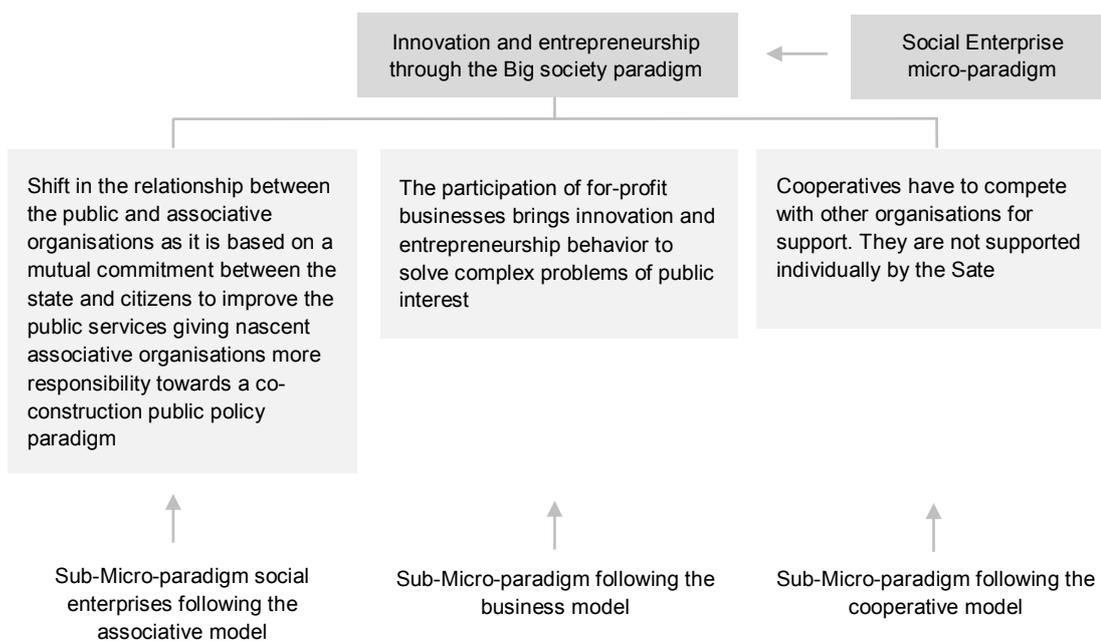
The enactment of Law 20,500 which groups all non-profits associations is clearly an advance in terms of legalising and empowering the different legal forms of associations and promote the collaboration between them. Furthermore, traces of a Big Society paradigm explained in Chapter 1 are seen as the base of Law 20,500, setting the relationship between the public and associative organisations. In this sense, the relationship established between the State and the associations promoted in this law is based on a mutual commitment to the State and citizens to improve the public services giving nascent associative organisations more responsibility towards a co-construction public policy paradigm regarding associations.

However, most instruments regarding Social Enterprises of the associative type are the same, with support channelled through the Ministry of Social Development and the Ministry General Secretariat of the Government. In this sense, it can be seen a lack of coherence as the empowerment and promotion of associations is still in co-production activities with these ministries, as the policy was conceived by this agency and then these organisations were the actors that implemented the goals of these instruments. Nevertheless, the *Fondo de Iniciativas Locales Para Organizaciones Sociales* (Fund for Local Initiatives for Social Organisations) which empowers all legal forms of associative organisations could be an emergent instrument that reflects the new paradigm of the government.

With Social Enterprises of the Business type, a shift in the public policy dimensions was observed as well. The government of Sebastián Piñera acted, mainly in the visibility dimension, regarding this emergent type. It directly relates to the Welfare Society paradigm because it defends the line of thought in the government's need to open up public goods and services to new providers like for-profit businesses to attain more innovation and responsiveness to public needs. The roundtables and different instances created by this government show an emergent co-construction with businesses with public interests in a space of experimentation to jointly create a new legal and regulatory framework for Social Enterprises.

With Social Enterprises of the Cooperative type, the legal and regulatory frameworks were focused on relaxing the requirements for the establishment of cooperatives and strengthen their management capacity, preserving its participatory nature. Therefore, this amendment seeks to promote economic efficiency and financial sustainability in line with the innovation and entrepreneurship paradigm defended by this government. An interesting point to highlight is that in Bachelet's government, no particular instruments focused on them. In other words, they had to compete especially with business organisations for the same funds.

Figure N° 5.3 Micro-paradigm of Social Enterprises in the Sebastián Piñera period



Source. Author's elaboration

This Social Enterprises paradigm did not affect the macro-paradigm of neo-liberalism. Furthermore, the welfare paradigm as the State as regulator and liberalisation policies from previous democratic governments is pushed through a sort of big society paradigm applied to Social Enterprises of associative and business traditions.

5.4. Transitional conclusions

The main findings of this chapter run on two separate tracks.

First is the fact that both governments had very few innovative public policies that favoured the development of these organisations, and the ones that did, however, in the process did not recognise any common identity in these organisations. In other words, they did not recognise the convergence between the organisations studied.

Furthermore, the analysis of the few available initiatives in different dimensions, particularly regarding development instruments, showed that the State was rather reactive to what was happening with the Social Enterprises movement. However, the few policies that were adopted, particularly in the government of Sebastián Piñera, and the initiatives of visibility that were analysed, could indicate that the direction taken by the public agenda of each government was in terms of raising the profile and, in part, the legitimacy of several groups of organisations, illustrating certain differences between them.

The second finding relates to the examination into the reasons behind the differences between the few policies that were implemented, because the public policies analysis did not respond to the research question entirely. To expand on the differences between the two governments different paradigms were analysed to identify which applied in each government and its particular influence on the dimensions studied above.

In the case of the Administration of Michelle Bachelet, her public policies towards Social Enterprises organisations can be understood by the inertia of the long-politics defended by the *Concertación* political coalition. Inertia that, as described, could be illustrated through a Social Enterprise micro-paradigm of *laissez faire*.

Furthermore, the Social Enterprises phenomenon at a global level, especially the participation of businesses from the private sector, was just emerging in this period. Therefore, movements or certifications such as B Corp were not a possibility in Chile then. Also, the public policies that were implemented from this government reflect the belief that associatives, businesses and cooperatives are organisations with different 'nature'. This idea aligns with the differences found within the ABC in their origins and purpose, as discussed in Chapter 4. For that reason, these organisations are treated differently. In this sense, for the Bachelet administration, the different traditions that produced the various types of Social Enterprises that have been discussed in this thesis still survived at a time when there was not much hybridism, and the focus

remained on their differences rather than on the common ground, as described in Chapter 4.

Therefore, the little connection between public policy and the dynamics of convergence and emergence that Social Enterprises are experiencing has been put in evidence.

Meanwhile, the public policies under the Piñera administration show initial traces of a Welfare Society following a meso-paradigm. Although it adopts the approach of 'private solutions to public problems', it does so oriented to solve social issues from an economic liberalism approach, with strong emphasis on innovation and entrepreneurship. This liberal-economic approach fosters changes in both institutions, instruments and visibility -dimensions analysed in public policies- and might suggest that while changes in public policies help answer the guiding question N° 2, paradigms add depth to the reasons supporting these changes, allowing a more comprehensive study of how public policies relate to Social Enterprises.

As mentioned before, neither Bachelet or Piñera understood Social Enterprises; her government considered them completely different organisational forms, while during the Piñera administration there was isomorphic pressure for organisations across all sectors to achieve financial self-sufficiency, which does not differentiate but rather homogenises the different sectors of the ABC.

Also, since the instruments that were adopted do not reflect the possibility of real participation in the co-construction of the public policies and tools, as this review shows, it could be said that the co-production ongoing since the Bachelet administration has deepened, or that there's an incipient neo-liberal co-construction in terms of Vaillancourt (2009) reviewed in Chapter 1.

Therefore, the set of public policy initiatives implemented in the associative sector could have fostered the fears already present when Act 20,500 was implemented, which had the original purpose of encouraging participation and free association; particularly in the interest of the two previous *Concertación* administrations to tackle the legacy of the Pinochet dictatorship and the Constitution of 1980 in these areas. Moreover, so, while the number of associations rose sharply in this period, the question of whether participation improved, or rather there was some instrumentalisation, remains, relationship and issues that the next chapter aims to address.

All the while, regarding this incipient co-construction, this thesis understands it as an interesting space for experimentation that opened during the government of Sebastián Piñera. Among the main causes that allowed this space to would be the lack of public

policies that recognise the complexity and diversity of the Social Enterprises phenomenon. Furthermore, the fact that Chile has recently entered to the OECD pushes governments to be aligned with global trends like Social Enterprises, and, therefore, there's pressure to react to them. In this sense, this space of experimentation can be better framed by the innovation and entrepreneurship paradigm defended by Piñera's government, rather than by conventional public policies like the implementation of legal and regulatory frameworks or funds. Rather, Piñera's government engaged in this space of experimentation mainly through CORFO and FOSIS initiatives and some visibility instances for Social Enterprises of the business type. In other words, as stressed in the interview with Paola Posligua (2015), Piñera's government considered these organisations as innovation agents that add value overall. Although they are still unfamiliar and not well known, the government understood their importance for Chilean society to advance in its path to development.

Also, this thesis illustrates certain limits to the institutional framework from which both governments implemented their public policy initiatives on Social Enterprises. In fact, according to experts, both types of Social Enterprises (Associatives and Businesses) are still being treated in different ways. While Associatives depicted in Law 20,500, Businesses are slowly building a various legal and regulatory framework in various visibility opportunities, mainly the roundtables generated with public sector authorities.

It is primarily because most of the work with Associatives is centred on the Ministry of Social Development and the Ministry General Secretariat of Government, while Businesses have focused their efforts on the Ministry of Economy. Furthermore, this reinforces the fact that the legal and regulatory frameworks for the emergent phenomenon of Social Enterprises is discussed mainly by the public sector and private sector representatives, leaving outside both Associatives and Cooperatives from the discussion, as if they were not part of the phenomenon. However, this increases the risk of isomorphism because businesses committed to public interest are the only organisations that have been legitimised to participate in the emerging legal and regulatory framework of Social Enterprises. This is in alignment with the Chilean macro-paradigm of neo-liberalism and the liberalisation policies of the welfare paradigm. However, it neglects the fact, as described in the previous chapter, that Associative enterprises are increasingly using market principles to achieve their goals and purposes of public interest.

The case of Cooperative enterprises requires a separate analysis. Both governments ignored this type of Social Enterprises. Thus, it showed the same misunderstanding

that previous government, both socialist and liberal, had regarding their promotion and development, as studied in Chapter 3.

A cause could be that Cooperatives are hybrid organisations from their origins and have never been understood by either left or right-wing governments. Its increases the risks of being co-opted by other Social Enterprises types that are strongly being supported by Piñera's government, especially the Business type. However, the number of cooperatives continues growing despite the lack of government support. Moreover, what is interesting is that the membership of Chile in the OCDE is pressing a definition of the role of cooperatives in the Chilean development model.

Although this chapter has helped to understand the public policy paradigms behind these governments, the fact that the public sector vaguely understands the Social Enterprises phenomenon opens the possibility of participation of these organisations in this space for experimentation in the joint or co-construction of public policy, particularly through the exploration of their public character.

CHAPTER 6: The Public Character of Social Enterprises in Chile

As portrayed in Chapter 5, which intended to focus on the role that the last two governments had in supporting the Social Enterprises phenomenon, neither of them promoted or understood the complexity of the hybridity of the different types of Social Enterprises encompassed by the ABC approach illustrated in Chapter 4.

On one hand, as discussed in Chapter 5, the government of Michelle Bachelet continued the inertia from previous democratic governments of the *Concertación* regarding the different dimensions of public policies analysed. Hence, her administration did not change the traditional socio-economic approach regarding Social Enterprises, maintaining the notion of Associative organisations as partners of co-production in areas such as education and also as promoters of social and citizen participation. On the other hand, Sebastián Piñera administration gave rise to the decentralisation of responsibility for effectively tackling social needs, as extreme poverty, and emerging challenges through partnerships with Associative and Business organisations, basically, through private organisations. Moreover, his administration led few initiatives under an innovation and entrepreneurship welfare paradigm, which gave a central importance to the recent emergence of B Corps, as they fitted the rise of this new paradigm. Both governments basically ignored Social Enterprises that followed the Cooperative type.

To understand the implications of these public policies from both governments, and their paradigms, for the emergence and development of Social Enterprises in Chile, it is necessary to return to the analysis on Chapter 4 and round up the different patterns that emerged associated to the public character of Social Enterprises. On the one hand, emphasizing their commitment to the public interest focused through the provision of services and, on the other, the different instances in which they are involved, and often lead, to finding innovative solutions to issues of public interest. Furthermore, during the cases analysis, many of these instances are areas of collaboration and interaction with public policy.

This complex relationship implies that Social Enterprises are actors that interact between them, with the public sector and other actors in different issues of public interest.

Therefore, the analysis in this chapter goes beyond the funds, grants and any other 'uni-directional' initiative explained as key component of public policies, implemented by the State to favour these organisations, as discussed in Chapter 5. On the contrary, picks ups from the case findings and continues the exploration on the public character of Social Enterprises (as discussed in Chapter 1 and then in Chapter 4). In this line, this chapter revisits to the analysis by Nicholls (2011) established in the theoretical framework, who suggests that accepting that Social Enterprises as political actors implies that the relationships between them and other actors will be a significant factor in achieving systemic change. In other words, the public character of Social Enterprises explored in Chapter 4, particularly expressed in their provision of services and in their initiatives to promote diverse spaces of interaction and co-creation, could be a manner in which the intermediary and political role of these organisations manifests, to overcome old and new challenges in a development model based on growth. As is the case of Chile until today.

Complementing Nicholls' perspective with the theory of social fields (Fligstein, 2001), it is possible to define Social Enterprises as part of power relations and networks of social fields in the areas and sectors where they carry out their operations, and ultimately transform public policy that frame these social fields. This allows to take a step further in the analysis of the incidence of Social Enterprises on public policies through the action they develop on their social fields.

As stated in Chapter 1, understanding the manner in which the public character of Social Enterprises transforms social fields, the work of Arendt (1958) is illustrative. She states "the political" as a space of active interaction between people, rather than as a physical space that excludes all aspects of privacy (Kattago, 2012). This perspective is complemented by the work of Habermas (1962), also discussed in Chapter 1, who perceives the public sphere as a space of interaction and discourse between private people to tackle subjects and challenges of public interest.

Adding to the analysis by Arendt (1958), Habermas (1962), Jovchelovitch (2007), and Fligstein (2001), this thesis proposes that Social Enterprises have the ability to engage others in collective action in order to shape public policies. Therefore, it is possible to affirm that Social Enterprises are not only passive actors that follow the rules and institutions imposed by governments through public policy but, on the contrary, they are also dynamic actors with the possibility to shape diverse social fields.

As explained in Chapter 2, this chapter intends to further understand the action of Social Enterprises in social fields, given the public policy paradigms and the

subsequent public policies promoted in the governments of Michelle Bachelet and Sebastián Piñera. The methodology used is based on the exploration of three of the nine cases studied in Chapter 4, especially focusing in its public character.

The framework adopted to understand this analysis is based on the lessons emerged in the previous chapters, permitting to expand on possible patterns in which the public character and institutional logics of public interest adopted by Social Enterprises can manifest, enhancing their commitment to public interest. Chapter 4 concluded that Social Enterprises of the ABC approach display institutional logics of public interest as they adopt material practices towards the public interest as a central part of their work and decisions. Moreover, the different types of Social Enterprises included in the ABC approach (Associative-Business-Cooperative) indicate different manners in which they understand and express these logics and their commitment to the public interest.

For example, up to now the analysis shows that Social Enterprises of the Associative type dedicate more efforts to advocacy issues of public interest, while Social Enterprises of the Business type contribute to the public interest generally through their ability to provide innovative services to address socio-environmental issues. However, there are cases like *Cerco*: Even though this enterprise does not display a clear commitment to public interest through their services provision, its manifest hybridity of market logics and logics of public interest through decisions and practices that seek to transform the construction industry and place the figure of workers at the centre. Therefore, enhancing the argument that there are several ways of expressing this commitment. Beyond of what is commonly acknowledge by themselves and by the mainstream literature about Social Enterprises.

In the meantime, Social Enterprises of the Cooperative type express their commitment to public interest, including the members of their organisations, (normally excluded in the present socioeconomic scenario) in present market and institutional dynamics. This, favours greater economic democracy in a context of inequality and concentration of wealth, as reflected in the Chilean context explained in the introduction of this thesis.

As reviewed, critical to the analysis in this chapter has been the body of exploratory work about the distinctive features of the organisation that make up the ABC. On one hand, while the focus was to identify the shared characteristics of Social Enterprises, in order to delineate the universe of these organisations in Chile and to distinguish the different dimensions and variables; on the other hand, the fact that the analysis included both the, commitment to public interest and the institutional logics of public interest, endorsed the examination of the public character of these enterprises.

However, an interesting aspect that emerged from the cases relates to the demonstration of a strong commitment to public interest beyond the entrepreneurial activities and the known advocacy capabilities of Associative type Social Enterprises. In fact, in almost all cases several initiatives appeared in which organisations, particularly their leaders, participate actively in creating spaces for discussion and various initiatives in the public interest. This could imply that this commitment of Social Enterprises is more profound than previously analysed. In fact, two possible patterns related to this commitment to public interest start emerging. Expanding their understanding and, in the process of Social Enterprises in Chile, is the task at hand in this chapter.

The first pattern is denominated "acting for the public". It relates to the provision of products or services by Social Enterprises in order to address socio environmental issues of public interest. Thus, it is possible to propose that enterprises "act for the public" through two mechanisms. As Larenas describes, "In the world of B Corps we say that our commitment to social purpose is evident in the 'what' and in the 'how'. And it is our task as Sistema B to push forward these enterprises to advance in both, enhancing their social impact" (2014).

On the one hand, the 'what' is related to the specific product or service provided. This product or service is designed to directly address socio-environmental issues. On the other, the 'how', is more closely related to the purpose of social enterprises. This mechanism describes how the whole operation of the organisation works, organises and carried out its processes to provide its products or services described above, in such a way that is aligned with the purpose of the organisation, and therefore, with the public interest.

In fact, it is precisely this mechanism that is promoted with greater force within the B Corp movement when differentiating from traditional companies. In their interest to delimit their differences, although in many cases the latter can argue the provision of a product or service of public interest, they are challenged to advance in a comprehensive assessment of how they are operating. Whether this is about their inclusive policies with workers; transparency and accountability practices; special care for the environment; or their socially sensitive approach with communities that may be affected positively or negatively with their operation.

A second pattern emerging from the case analysis has to do with the mechanisms of interaction and collaboration with different social actors, which these organisations develop on diverse social social fields in order to address socio-environmental issues of

public interest. This pattern has been denominated "acting as the public". Thus, despite the fact that this pattern has been little explored, based on the case analysis and the theoretical framework, it is possible to propose that enterprises "act as the public" through two mechanisms.

First, it is possible to state that Social Enterprises "act as the public" when they interact and collaborate with governments in public policies issues through their participation in social fields, explained in Chapter 4. This implies a direct relationship with diverse governmental agencies on institutionalised or emergent public policy issues.

As defended in Chapter 1, the interest of Social Enterprises in collaborating in different public policies challenges relates to their own legitimisation, which ultimately responds to their participation in the public realm by the provision of goods and/or services for the public interest. In this affirmation, it is a given fact that the organisation has to be legitimised before the public sector to collaborate in public policy. This interaction in social fields ultimately transforms the action of the State in public policies, and even changes the paradigms that guide the action of governments.

Besides, a second mechanism that it is possible to identify under this pattern of "acting as the public" is related to their participation and/or creation of new public spaces of interaction in different social fields in order to address socio-environmental issues of public interest, which have not been addressed by public policies yet. Thus, among the interactions that may be possible to observe tend to occur in micro-public spaces at the sectoral or territorial level where new concerns tend to emerge. Nevertheless, in a context of total lack of knowledge about Social Enterprises, social skills to persuade and engage others towards collective action become crucial.

Finally, as can be seen from the previous paragraphs, a central objective associated with this "act as the public" in these organisations, has to do with the transformation of various social fields beyond the services they provide and how they act to achieve that. However, this possibility to act as the public and to influence public policies is not only associated with social skills, institutional history or the different dimensions of the particular context in which these companies are operating, but also has to do with the legitimacy that these organisations could develop in front of diverse social actors and institutions with which to interact. Legitimacy that goes beyond the visibility of the various initiatives that it can implement but rather, as Nicholls presents it, as the congruence, in multiple stakeholder judgements, of an organisation's perceived actions with their expectations of its performance (2010b).

As explained in Chapter 2, the cases were chosen because of their relevant public character, their interaction with public policies and public sector agencies, the accessibility to information, and also guided by choosing one case for each type of the ABC approach to enter into a comparative analysis between them. Profiles were built based on secondary information and the successive interviews with several actors associated to each organisation, and different workshops and interviews with experts.

Accordingly, the chapter that follows consists of four sections. The first three introduce the case studies, an analysis of one organisation for each type of Social Enterprises of the ABC approach. The fourth section introduces analysis and discussions in the light of the framework that guided this chapter. And then, transitional conclusions connect the main findings with the overall aim of this thesis (Referred to Appendix N° 5.1 to see a complete table on each of the cases analysed in this Chapter).

6.1. CASA DE LA PAZ: Cross sector dialogue and environmental citizen participation

Casa de la Paz mainly contributes to the public interest by providing consultancy services. Its ultimate goal, as accounted by the organisation's mission, is to build a more sustainable society in social and environmental dimensions, especially through partnerships and mutual understanding between communities, private for-profit organisations and the State. Its revenues reached USD 888.292 in 2009. Its services could be considered to be "for the public interest" as they positively affect the social cohesion by articulating the work of different actors in Chilean society. In other words, *Casa de la Paz* actively promotes a systemic change as it engages in different partnerships with private for-profit organisations, social economy organisations, and the State at its municipal and national level. Subsequently, its projects do not only generate benefits to its clients, whether private enterprises or public institutions, but also to the different actors involved, whether in the initiatives or in the communities where the projects are embedded; thus, building welfare through the provision of services of public interest.

One aspect that underscores the work by *Casa de la Paz* concerns the logic behind the promotion of collaboration in all its activities. Logics that, as seen in Chapter 4, in one way or another come to contribute and strengthen relationships between local communities, corporations, public institutions and social economy organisations. And making, as a result, the impact of their activities 'friendlier' with the environment, which

ultimately benefits all citizens of the communities where the activities and operations of businesses and social economy organisations take place.

Besides, it could be said that the interest to influence public policy and advocacy issues has varied over time. *Casa de la Paz* was created in the '80s when international funds were directed to Chile. At the time, Chile was considered a country fitting to receive such international assistance to encourage development. As for example in 1984 Germany was surprisingly the single major donor to Chile giving away USD 26 MM (Ortega, 2011). Also, for years the organisation had been focused on raising issues that were absolutely unknown in the country, like the concern for the environment. Even more, their interest was to achieve that through participatory and associative processes at a time when the country was undergoing a dictatorship when, as explained throughout this thesis, processes like these were banned or punished in some cases.

Pablo Valenzuela, executive director of *Casa de la Paz*, explains:

The organisation was born without any support from the State. On the contrary, international organisations provided important funds that allowed the organisation to focus in emergent public interest problems regarding the environment, which the military government was not interested in addressing at all (2014).

It is only with the shift in the institutional context and the arrival of the democratic governments of the *Concertación* political alliance that *Casa de la Paz* was interested in transforming public policies from a different standpoint than just as an advocacy group. The return of democracy in Chile was followed by an international debate on environmental problems, discussed in events like *Cumbre de Rio de Janeiro* (Rio Summit) in 1992. At this time, governments all around the world started addressing environmental problems as issues of public interest. Therefore, it is only then that, according to Valenzuela, the State was seen by *Casa de la Paz* as a potential partner and collaborator to tackle environmental problems of public interest. Hence, a thematic collaboration began to take shape between the organisation and the State, as well as a transformation of the manner in which *Casa de la Paz* could have incidence in public policy and actively participate in social fields related to the environment.

Thus, the commitment shown by *Casa de la Paz* to install a complex and novel issue like social participation in providing solutions to environmental problems is worth to highlight. Even more, if these efforts are recognised by public bodies and the organisation was invited to join as an active partner in several consulting and design

private round tables of public policy. In fact, it was precisely through this input that the first environmental institutional framework was designed, which resulted in the enactment of Law 19,300 *Sobre Bases Generales del Medio Ambiente* (Law 19,300 on the General Environment) in the '90s (among other things, recognised the protection of the environment) and, later, in the creation of the Ministry of the Environment during the last months of the Bachelet administration.

Therefore, *Casa de la Paz* can be considered a crucial actor in the development of public policy related to the social field of environmental advocacy with a special focus on citizen participation. According to Valenzuela, the fact that Chile entered the OECD in 2010 has supported this sort of co-construction of the State with every actor involved, including organisations that act as intermediaries, like *Casa de la Paz*.

Moreover, the organisation has been active in an emergent co-construction of environment public policies by taking part of the environmental roundtable in 2012 with the undersecretary of environment, which brought together Piñera's government. Among the arguments argued to justify to invited them, the organisation explains that the government not only argued that they have expertise in issues of environment and public policy, which might be related with first pattern of "acting for the public" described above, but also because their long experience in how they promote these agreements and collaborative processes between several stakeholders. Processes that, as discussed in Chapter 5, were scarce during the two presidential periods under analysis, however it was right at the end of Bachelet's government that the Ministry of Environment was created.

Regarding this ministry in particular, the organisation has been very critic, nonetheless. Although its creation has initiated several pieces of legislation that regulate some issues in the social field of environmental advocacy, it has not entered into active citizen participation to solve environmental problems. Until now, only the *Sistema de Evaluación Ambiental* (Environmental Impact Assessment System -SEIA), which acts as a regulator in terms of the acceptance or denial of projects having environmental impact in different territories, is working properly affecting, as Pablo Valenzuela explains. It is precisely this lack of social involvement, centralism and vision on how to address the many complex problems affecting the country that, according to Valenzuela, motivates the interest of *Casa de la Paz* to innovate in collaboration mechanisms with the State. Particularly with municipalities and local actors who are most affected by various projects, whether they are in energy, mining, infrastructure or others.

The focus on citizen participation is a central part of the work of *Casa de la Paz*. Valenzuela adds that in the future it would be really valuable for the organisation to also participate in the *Consejo de Transparencia* (Council on Transparency) for participatory public policies, an emergent State body that is currently under design to operate nationwide. This adds to the interest of the organisation to be actively involved in all implications of the implementation of Law 20,500. However, although the legislation provides a new institutional framework for Social Enterprises type A, in Valenzuela's opinion their implications have been scarce, particularly those related to the purpose of the law of favouring citizen participation.

On the other hand, and in relation to the second mechanism of "acting as the public", it is possible to delve into all those interactions that emerge in the development of their consulting activities. Specifically, the organisation, through its services as an intermediary between actors of the private, social economy, and public sectors, fosters sectorial and territorial interactions with the goal of favouring intermediary micro-public spaces on environmental problems of public interest. Particularly, on issues that are yet to be addressed by any public institution.

Two examples of the services that this organisation provides allow acknowledging the magnitude of the challenge and the particular skill needed to promote new spaces and collaborative interactions. In the first, the organisation is responsible for carrying out the "Good Neighbour Programme", funded and promoted by *Aguas Andinas*, a private, for-profit water utility that provides drinking water to more than 6 million people in the Santiago Metropolitan Region. The project consists mainly of designing, gathering and implementing instances of regular meetings between the company and the communities that may be affected by its operations to tackle several concerns, promoting good communication and anticipating potential conflicts.

A second example is a project at the municipal level in the municipality of *Sierra Gorda*, located in the mining area in northern Chile. The aim is to implement local sustainable management to improve environmental conditions in the *Sierra Gorda* commune and increase community involvement. The project is funded by *BHP Billiton*, one of the largest mining companies in the world present in Chile, interested in reducing conflicts with communities as a result of negative impacts mining could have in the territory.

These two examples illustrate that *Casa de la Paz* could be considered, at least partially, like any other consultancy tasked with repairing the so-called 'negative externalities' left in the community from activities like mining or large utility companies. However, there is a special preoccupation in this organisation for the

construction of a horizontal dialogue between companies and communities, where the latter are guaranteed the possibility of supervising and monitoring everything that is promised or declared. At the same time, with greater information and transparency, it is sought to promote greater participation of people in complex processes such as these. Thus, it is a search and commitment to build different relationships between communities and companies, understanding and addressing these asymmetric power relations, is a central element that stands out in its action as the public, and that makes it different from the traditional consultancies.

Moreover, *Casa de la Paz* faces difficulties in communicating and persevering in its purpose, and being consistent with its “origins and development paths” (as depicted in Chapter 4). So, on the one hand, the organisation seeks to promote horizontal relationships, cooperation and raising opportunities associated with issues pertaining to diverse projects. And, on the other hand, institutions fail to open new public spaces for citizen participation in environment issues, in alignment with its mission of moving towards a more sustainable society in social and environmental dimensions.

This is a particularly relevant evolution, according to historical leader and founder of *Casa de la Paz*, Ximena Abogabir (2013). Increasingly, its revenue stream comes in large extent from projects that begin with an initiative founded and led by large companies, reaching 95% share in their income in 2013. According to Valenzuela, these projects mainly respond to the companies’ incapacity to deal with the challenge of adding value to the social and environmental dimensions of their operations. So, based on the analysis found in Chapter 4 and the theoretical framework, the possibility of changing this reality is minimal; as long as communities and companies continue operating from antagonistic principles and logics. As stated by Valenzuela and backed by the institutional historical analysis found in Chapter 3 and the study of paradigms in Chapter 5, in Chile “there is a long way to go to advance in the construction of a true model of development, and the answers to this possibly will come from real participation and innovative spaces from the territories” (Valenzuela, 2014).

Accordingly, the presence of businesses of the traditional for-profit private sector is important for *Casa de la Paz* to act “as the public” in the creation of new intermediary public spaces in which a diversity of private actors can participate. It is precisely that in alignment with the development of this sector that *Casa de la Paz* has been able to deploy throughout Chile and, in part, promote public spaces as a new form of interaction and inter-sector collaboration in various territories. And even more, as

explained in Chapter 4, the organisation has evolved to guide this trust and involvement towards environmental concerns.

So, with these processes of legitimation of new forms of interaction, *Casa de la Paz* has been gradually transforming the social field of environmental advocacy in Chile. And, with the help of other actors, promoting the adoption of the logics of partnership and cooperation that, for the private sector, would be progressing in the hybridisation of its logics and principles to strengthen its commitment to sustainability in its operations logics and to the public interest.

Moreover, the important role that international organisations have had in supporting the legitimisation strategies of *Casa de la Paz* in new spaces and social fields, like that of the environment, is worthy of mention. For example, Ximena Abogabir was recognised as the first Ashoka Fellow in Chile in 1995, recognition, which has supported her roles among the pioneers in the field of social participation in environmental issues.

Thus, the hybridity of logics and principles adopted by *Casa de la Paz* have made even more complex communicating and finding legitimisation among different sectors and stakeholders on which the organisation sought to build trust. While, in part, it could be argued that it is precisely this condition of 'hybrid' organisation what favours the work by *Casa de la Paz*, and thus provides confidence of large companies and communities in the territories, there are other actors who look at the evolution of the organisation with suspicion. As Valenzuela describes, from their own tradition of Associative organisations, there are a few that have objections to the work of active collaboration with the private sector and the possibility of acting actively in the market.

Thus, another great challenge the organisation faces has to do with the Chilean institutional historical context. Specifically, the context that saw *Casa de la Paz* emerge, of scarce social participation and in the middle of a dictatorship, has changed in terms of the significant increase in the number of organisations of the Associative tradition (progress explained in Chapter 4). However, even with the changes to the institutional framework brought by Law 20,500, these organisations focus their participation on execution rather than in the participative democracy that is the aspiration of *Casa de la Paz*. Therefore, the challenges that Ximena Abogabir and her team continue to require their utmost efforts.

In the eyes of its CEO, what needs to be valued in the organisation are "the efficiency, entrepreneurship, innovation, and creation of economic value of private for-profit organisations" and the "mission and purpose of social economy traditional organisations" (Valenzuela, 2014). Indeed, the hybrid character of this Associative

Social Enterprises helps to understand both visions, articulating the market and logics of public interest of these actors. In this sense, the social field of environmental advocacy is transformed into a new space of experimentation between the private and social economy sectors for emerging public interest issues regarding the environment, which have yet to be legitimated in present public policy. Furthermore, according to CEO Pablo Valenzuela, *Casa de la Paz* promotes a change in traditional social economy organisations that usually show low levels of accountability, by building a strong and accountable governance model that reflects both the search for efficiency and focus on social mission (2014). In this sense, it intends to gather in itself the best of both worlds: the efficiency of the business world and social mission of social economy organisations.

However, the process through which *Casa de la Paz* creates these new public spaces is not devoid of tensions. Compared with the other two cases of Associative Social Enterprises studied in Chapter 4, the various activities and decisions that have led the way and operation of *Casa de la Paz* show its high level of ‘hybridity’ and adoption of the market principle and its logics. Situation that not only creates tension within the organisation, but also projects this tension to the emerging public spaces where it participates.

Hence, blindly following the market principle and market logics could risk deviating the organisation from providing services of public interest and, in the process, also divert the vision and discussions that would take place at the new public spaces in different territories, which have been described as a fundamental part of its “acting as the public”.

According to Valenzuela, there are different ways to tackle this tension. The particular governance of organisations that want to make profit in subjects of public interest are of particular interest: “If an organisation challenges itself to generate products and services of public interest, it has to build governance that allows to show and demonstrate the public value added. Only beneficiaries are who can evaluate these results” (Valenzuela, 2014). Beneficiaries, who in the case of *Casa de la Paz*, in most of its initiatives has to do with communities in areas of influence of large companies. And for the same reason, they are the ones who, with more information and transparency, recognize the positive impacts of a work of building trust, horizontality and mutual benefits in initiatives such as *Casa de La Paz*.

In this sense, the CEO of *Casa de la Paz* considers that B Corps, due to their origin in the traditional for-profit private sector, are the organisation with the mandate to

demonstrate this public impact. However, he sees this as a positive thing because it could push traditional organisations of the social economy sector to adopt these market logics and adopt accountability practices to demonstrate their public value and commitment with the public interest.

Another way of tackling this tension is the diversification of the financial structure of the organisation between private for-profit organisations, the State as a client (mainly municipalities), and grants from international organisations, Valenzuela says. In the interviews, both Ximena Abogabir and Pablo Valenzuela expressed their concerns over this tension, however. As Valenzuela stated:

For us, the ideal targeting is to work one-third of our projects with private for-profit organisations, one-third with the State, and one-third with international organisations. In that way, we are not prisoners of any of the three funding sources for our mission as intermediary organisation for tackling environmental problems (2014).

This statement is illustrative, since it implies that *Casa de la Paz* is aware of the risk of adopting operations and practices based solely on the market principle and market logics. In this sense, *Casa de la Paz* can be singled out from traditional NGOs, foundations or associations, since the latter do not provide goods or services of public interest through the market principle but, rather, rely on donations, grants or funds that come from traditional private for-profit organisations and from the State.

6.2. TRICICLOS: Disruptive innovator in public policy and sectorial leadership

Triciclos is an organisation that defends the adoption of the market principle and market logics to solve public problems, an approach coherent with its origin in the private sector. The organisation provides services of public interest related to its mission, which is to achieve “zero waste” in the geographical zones where it operates. The services of the organisation can be considered of public interest as they address complex public problems as the material pollution associated with the economic development encountered by Chile. Especially, in the last forty years in which Chilean GDP per capita has explosively accelerated its growth (as revealed in Chapter 0). This was also analysed in Chapter 4 regarding the “acting for the public” pattern of *Triciclos*, through the exploration of its ‘public interest dimension’.

The organisation recycles 'valuable' and 'non-valuable' materials. With the collection of the first, it subsidises early development of technology and operative capacity to recycle around 90% of all solid waste currently produced in the Santiago Metropolitan Region. Ultimately, these results benefit all citizens in the area.

However, like *Casa de la Paz*, there are different new public spaces that are promoted by actions taken by *Triciclos*, particularly through the sectorial grouping of different leading actors in the recycling industry. People, organisations, and formal and informal recyclers are part of the recycling process. The act of recycling demands the participation of individual and organisational recyclers, especially with materials that must be delivered clean and/or in special conditions to be treated. Therefore, to achieve a higher systemic impact in the recycling industry, *Triciclos* has to strongly promote change in all these actors, creating a sectorial connection and networks between them. Furthermore, as presented in Chapter 4, the proposal provided by *Triciclos* demands a commitment by every participant and, thus, is largely based on the "principle of reciprocity". People should make additional efforts to recycle, to bring materials and deliver them for free at the recycling centres. Moreover, they trust in *Triciclos* and in its commitment to move forward with their goal of "zero waste".

To promote the collaboration between these actors, strengthen their sectorial bonds, and as part of the described "principle of reciprocity", *Triciclos* works at two levels in their operations. First, it develops an education programme called "*Educación in situ*" (In Situ Education), which considers the installation of reception points of waste attended by specially trained facilitators, primarily women, that guide users who deposit waste, fulfilling a role as environmental educators and as funnels to prevent non-recyclable waste to contaminate the rest of the materials. Even more, *Triciclos* has incorporated some of these individuals into the supervision of recycling points, reporting more income and job security for them, consequently improving their standing at the social level in their community. Second, *Triciclos* promotes collaboration working in alliance with more than 50 grassroots recyclable material collectors, offering them to integrate their value chain with better economic conditions, and in particular, dignifying their activity. This dimension originates from one of the goals of *Triciclos*, which is to operate profitably in this industry without harming existent actors, rather by offering opportunities for improvement of their present situation in the pursuit of creating social value.

Besides, *Triciclos* has also taken the lead of a broader group that claims to give organisations from the private sector a new important role on issues of public interest.

Sistema B, introduced in Chapters 1 and 4, is an umbrella organisation that articulates and promotes for-profit organisations to be certified as B Corps, and with it, advocate for a new way of doing business by including social, environmental and cultural dimensions of success in the creation of economic progress.

In Latin America, *Sistema B* has been developed differently from the original B Corps movement founded in New York, B Lab. María Emilia Correa, co-owner of *Triciclos* and co-founder of *Sistema B* in Chile explain:

The origin of B Corps in the United States is similar to ours. But the goal of *Sistema B* in Latin America is much broader, because it does not just defend and promote B corps. On the contrary, *Sistema B* promotes the creation of new markets that generate economic, social, and environmental impact. Also, we engage in collaboration agreements with the State and other civil society actors in order to create a new public policy umbrella that could promote the development of a new society based in the triple-bottom impact philosophy (Correa, 2014).

Triciclos recognise itself as part of the B Corp global movement and has been among the main leaders of *Sistema B* in Latin America. Gonzalo Muñoz and Maria Emilia Correa, both co-founders of *Sistema B* in Chile made *Triciclos* the first certified B Corp in South American region. In words of Muñoz, the goal for *Triciclos* to be part of this community was clear:

(It) sought to become an important actor and leader for all those who were alone in creating social value through private for-profit legal companies, and pioneers in their attempt to make a change within the business world. In this sense, the organisation gave extreme importance to the collaboration between organisations of the private sector that were experiencing the same complex transition towards a broader vision of socio-environmental impact and returns (2013).

In terms of the interaction and collaboration with the State in public policies, the organisation has experienced different stages depending on the moment they were at as an organisation. In this sense, the case is similar to *Casa de la Paz* engaging both in an increasingly demanding process of collaboration with the State.

A first interaction with the State had relation with the process of obtaining initial capital for the company. The year was 2009, and the entrepreneurs behind *Triciclos* were looking for alternatives to start their businesses. Although they were not in need of raising public financing per se, given it was a known mechanism claimed by many entrepreneurs, the organisation decided to study these instruments, particularly

CORFO. After the analysis, and since its founders had assembled a company that was looking for triple-bottom statutes, they decided to apply for CORFO's *Fondo de Capital Semilla* (Seed Capital Fund, described in Chapter 5).

Now, to be able to shape its application to the fund, the organisation had to be capable to build a business model and, more importantly for Muñoz (2013), a delivery and accountability model, that could be comprehensible and scalable, in accordance with what CORFO usually searches in the organisations it supports. Muñoz states:

Despite the complexity of working with public agencies as CORFO, mainly for the great quantity of accountability documents they demand from you, the process of application does not only help for the potential award of financial support, but also for the opportunity of structuring the organisation. CORFO forces start-ups, like us in our beginnings, to build accountability processes and systems for the general public and for public entities like CORFO (2013).

However, Muñoz states that the application of *Triciclos* to CORFO's *Capital Semilla* ended up making matters difficult for the public agency, because it was the first time a B Corp had applied for this kind of instruments. This involved an additional effort in terms of understanding the impact of the initiative and why it could be valuable for CORFO. Public agency, which like many other agencies in Chile has been historically focused on scaling economic impact of the private sector, however, not used to assess social and environmental impact.

The difficulty of *Triciclos* to adapt to the different public policy instruments, and the problems encountered by public agencies to understand the complex and diverse dimensions of the impact these organisations could have, show that *Triciclos* does not fit the traditional public policy instruments. In this sense, along with a small group of entrepreneurs, began to reflect an emerging trend in the proposed new entrepreneurship scenario and, hence, to challenge patterns and structures of public policies at the time.

Furthermore, what was interesting for *Triciclos* in obtaining this CORFO had to do with changing the perspective and openness of public institutions regarding enterprises like them. In fact, the process of interaction between *Triciclos* and the government agency coincided with the change of government between Bachelet and Piñera. Indeed, the fact that the Piñera administration transferred from a welfare paradigm to one of Innovation and Entrepreneurship, in view of different actors, and in this particular case of *Triciclos*, helped Muñoz's proposal to have good reception. In addition, the social

skills of entrepreneurs were particularly useful to leverage funding and some other pioneers began to educate policymakers, in a process that spread throughout the period of government of Piñera, making up an space of experimentation among the leaders of these Social Enterprises, as described in Chapter 5. Space that is begins to be installed, particularly between Business Social Enterprises representatives and public authorities from CORFO and the Ministry of Economy.

However, in Muñoz' account it is possible to perceive initial prejudices or resentments when weighing whether to receive or not direct government support:

There was a certain belief about the origins of the organisation regarding we should not relate with the State at the start. Rather, as an organisation we should be able to accomplish our mission and demonstrate results. Only after this we should sit and collaborate with the State (2013).

This quote reflects *Triciclos* impact respecting its value proposition. Bering in mind its commitment to change markets and the business world, areas which they left disappointed, before thinking about getting involved in receiving support from the government or to suggest changes in public policy, the conviction was to show results and legitimise their model. In other words, *Triciclos* believed that they had to prove impact in public interest issues through the use of the market principle and its practices before collaborating with the State.

As second interaction with the government described by this organisation has to do with the support they received from the foundations led by the then First Lady Cecilia Morel, specifically the *Fundación de la Familia* (Family Foundation) that functions under the Department of Social Issues. The *Fundación* helped 13 family centres along the country in the most impoverished sectors, normally close to waste dumping sites. In the words of Muñoz:

We [*Triciclos*] started collaborating to eradicate waste of the dumping sites, which were really close to these centers and, accordingly, would not allow any activity to take place. The meeting between *Triciclos* and the government was, through a common intermediary. We introduced the project to them, they loved it, and we started working together immediately some clean points, like the development of ecoparks in several vulnerable areas in Chile. Ten of them were built. I would say this was crucial to escalate the impact of *Triciclos*, and consolidate its inclusive business model (2013).

According to Muñoz, this project was the beginning in the conviction of cross-sector collaboration and the manners in which innovative solutions and their positive impact can be scaled up. In fact, their clean recycling stations did not only rise through *Triciclos* operations, but also through numerous public institutions that acknowledged the socio-environmental innovation that these stations embodied and its focus on an issue that was of interest for the communities. Thus, replicating these initiatives and, by this means, catalysing impact.

What is really valuable about this initiative, in view of Muñoz, is the potential innovator role of the State when addressing public interest challenges. Furthermore, the project is proof of the potential impact of cross-sector collaboration could have:

The State can really be a massive actor in innovation. When the public and private sectors start prototyping solutions together, the results can be extraordinary, like this project proves. This is in fact an emergent role for the State as facilitator of innovations and prototypes of public interest hand in hand with public interest enterprises like *Triciclos* (Muñoz, 2013).

This project gave *Triciclos* the legitimacy, in the extent that they were fulfilling the expectations generated, to expand its interaction with the State, moving towards a space for co-constructing public policies in this emergent field of recycling and environmental advocacy. This collaboration can be seen, for example, through the participation of the organisation in the design process of the *Ley de Responsabilidad Extendida del Productor* (Law on the Producer Extended Responsibility) or in the Law of Expired Medicines.

In case of the Producer Extended Responsibility, *Triciclos* participated in discussion sessions in Congress during the government of Sebastián Piñera, defending the orientation and significance of such initiative. Explaining to the parliament members that despite the lack of innovative public policies addressing these issues, enterprises like *Triciclos* were already influencing the production chain, dealing with materials that the system could not recycle yet.

Meanwhile, at the time of the interview for this thesis, *Triciclos* was working with a group of attorneys in the creation of a new regulatory framework for expired drugs. The proposal states that expired drugs should not be thrown away as regular garbage because they produce harmful consequences to the environment.

The active participation of *Triciclos* in the promotion and development of both laws, illustrate the commitment of the organisation in public policies regarding 'environmental

advocacy' as a social field. It could be inferred that this interest relates to the impact-oriented Business Social Enterprises. Moreover, as *Triciclos* started to be legitimised as an organisation expert in environmental impact, public sector agencies started to demand its collaboration. An example is that for the devising of the New Recycling norm, the National Institute of Normalisation demanded its assistance and knowhow. Hence, *Triciclos* is directly influencing the creation for emergent legal frameworks in the recycling industry.

The belonging and identification with *Sistema B* and its definition as a B Corp, are also some key aspects that helps in understanding the manners and forms in which *Triciclos* interacts and collaborates directly with the State on public policy. In this sense, once the organisation is considered as a legitimated actor in public policies, *Triciclos* actively participated in the Social Enterprises round table promoted by Piñera's government (see Chapter 5) with the intention to show and explain this new way of doing business to representatives of the public sector.

Moreover, most of these round tables, particularly the one called Fourth Sector (discussed in Chapter 5), and the 101 Solutions Project⁴³ –an initiative which aims to co-design a new framework for Social Enterprises with the public sector were implemented to open new spaces of discussion about the convergence and emergence of actors called Social Enterprises. On the one hand, the public round table implemented by Piñera had a special focus on strengthening the world of Business Social Enterprises, and where *Triciclos* became an icon of the model to be promoted by public policies. On the other, the initiative 101 Solutions Project opened spaces beyond the boundaries of the B Corp movement, to seek bridges and interact with various social actors that began identifying themselves as part of this phenomenon. Initiative, which served as doorway so the movement itself could begins to identify organisations with similarities in the ABC approach.

Muñoz's social skills have been key in disengaging the B Corps movement in Chile from both the traditional for-profit and non-profit sectors and, furthermore, allowing it to interact with emergent public policies. He states:

The most difficult thing is to be in the middle. To tell the traditional private for-profit organisations that you are not a non-profit foundation or other types of traditional civil society organisation, and also to tell the latter that you really have a social aim in your business even if you are a for-profit organisation (2013).

⁴³<http://101soluciones.org>

In this sense, it could be said that the social skills of *Triciclos*' leader have been key to engage a large part of the efforts to disseminate B Corps beliefs and conviction practiced by the organisation in different settings, such as forums, schools and roundtables among others; where traditional private for-profit organisations, traditional civil society entities and the State, as well, are present. As he points out, "I might be dedicating one-third of my time to a public agenda in which I share my experience and vision from *Triciclos*" (2013). Therefore, it has led the transformation process that allowed an important positioning of Social Enterprises in the government agenda even without having any regulatory framework.

Furthermore, in view of the lack of public policies that could group the organisations that shared hybrid logics to address socio-environmental issues of public interest through services provision, Muñoz and other entrepreneurs created the first Social Enterprises Association (ASOGES)⁴⁴, with Muñoz as first president. The main difference with *Sistema B* is that ASOGES invites Social Enterprises from every origin and legal form. This could provide more possibilities of generating broader social fields still not explored by *Sistema B*. In the words of Muñoz:

Being part of *Sistema B* provided me with legitimacy within my tradition: the private sector. However, to really create an impact it is important that all organisations with social aims engage in collaboration for a bigger impact in society. That is the importance of ASOGES (2013).

The active participation and leadership of *Triciclos* in both umbrella organisations show that their search of legitimacy as hybrid organisation seems to be more connected to the construction of a great movement encouraged by the idea of a more prosperous development in economic, social and environmental dimensions.

All these different interactions and collaborations with the State in public policy have produced a different impression in Muñoz and within the *Triciclos* team in terms of the role of the State regarding the phenomenon of Social Enterprises. According to Muñoz, the first role of the State should be aligning all the different agencies and departments of the public sector towards the same objectives and impact. In his view, the State does not have the role of a traditional centralised planner, but rather it should develop a two-way relationship with private organisations acting for the public interest by understanding their roles, missions and impacts (2013).

⁴⁴ <http://www.asoges.cl/>

Furthermore, he compares the case of Chile with other developed countries where this relationship is emerging. In words of Muñoz:

Why has the UK enacted so many laws about Social Enterprises? Because of austerity and the decentralisation of solutions of public problems. I would love it if the Chilean governments would act in the same direction. Not a State that we have to convince to collaborate with us, but a State that values Social Enterprises and their value to society. This means, therefore, a State that is attentive and sensitive to what is happening with Social Enterprises, to support them in their emergence and development (2013).

Furthermore, Muñoz defends the possibility that by collaborating with Social Enterprises the State could scale its own impact when tackling public issues:

I concretely see the State supporting to Social Enterprises in two ways. First, by creating instruments of promotion and development of Social Enterprises that focused on scaling their initiatives. Second, by articulating the Social Enterprises phenomenon through instruments and frameworks developed by the State. This could create a smaller, more efficient, and dynamic State (2013).

The co-founder of *Triciclos* does not believe that the State should diminish its control and regulator role by the emergence of B Corps and other types of Social Enterprises. Furthermore, the creation of new public spaces through the sectorial 'gathering' of different actors of the recycling industry and also by *Triciclos*' leading role in *Sistema B* and ASOGES is a way to re-signify the public sphere in terms of private actors creating public spaces (not a form of privatising the public sphere), as he insists:

My analysis comes from the private sector, in what is in my opinion a resignification of the private sector in order to make easier the control and regulatory role of the State. A State that has to control everything is absurd. It is expensive. It is unviable. My proposal comes from the private sector. How can we achieve a less degree of control and regulation from the State as a society? I clarify again; I do not want to suppress this role of the State, but to make its work easier (Muñoz, 2013).

The position of *Triciclos* is that public spaces can be created not only by the interaction of businesses between them and with the State, but also 'inside' businesses by changing the traditional relationship between capital and labour in the statutes of the organisation:

The first drastic definition of our statutes was that human capital is worth more than the financial capital. This is the base of the organisation since the beginning. We saw with other co-founders that one of the greatest distortions of the present economic system and, therefore, businesses models, is that the capital is outstandingly more important in comparison with labour or with human effort. We wanted to change this through the creation of good quality jobs in which the employee identifies strongly with the mission and value of the organisation (Correa, 2014).

Furthermore, *Triciclos'* inclusive business model is an intrinsically part of this creation of new public spaces, which ultimately transform recycling as a social field, and, most importantly, of Social Enterprises:

When we started evolving as an organisation, we realised the important role of inclusion in our business model in terms of the people we work with and the organisation with which we collaborate. That is why we collaborate with cooperatives, foundations, and the public sector: to accomplish and scale our impact as an actor towards sustainability (Correa, 2014).

Muñoz is very clear when asked about the similarities with cooperatives in terms of the public spaces created inside the organisation through a redefinition of the importance of labour and capital. He believes that the cooperative movement is distorted in many parts of the world for political and ideological reasons, stating that:

Many cooperatives are socialist on the outside and capitalist on the inside. Another point that I do not agree with is that I still can't understand when I talk with their leaders if the mission and impact of their organisations is more important or rather the social reincorporation in terms of the society in political terms, which ultimately distorts their final organisational aim (Muñoz, 2013).

In this sense, it seems that *Triciclos* is different from cooperatives by creating coherence between its triple-bottom impact and its structural organisation and governance model. Nonetheless, the organisation works with cooperatives in the recycling industry and plans to strength this relationship, supporting them to become viable organisations to work with.

According to Muñoz, what differentiate B Corps from cooperatives are also financing incentives. Having them would not affect the creation of public spaces of public interest at the organisational level and in sectorial gatherings. In this sense, Muñoz does not have an ideological problem with profits. Rather he gives importance to make profits in

a different way that what the traditional for-profit organisations had done. In this he defines the main difference with the cooperatives:

Probably, what I also criticise about cooperatives, and this may have to do with my little knowledge of them, is the lack of financial incentives in their business model. I strongly believe in organisations that make profits and give economic returns to investors. I think that is a synonym of financial health and welfare. That is why I prefer to build a business model that gives financial participation to employees in the financial returns of the organisation and incentive to receive dividends in the future (...) For me is not only valid to ask how you distribute the profits of the organisation, but how you made them. The base is that we create a machine that served people at the first place, but at the same time give returns to investors (Muñoz, 2013).

In this sense, what is clear is the equilibrium searched between economic, social and environmental impact. Furthermore, the interest in scaling the organisation's impact is making *Triciclos* work on a replicable franchise model to export its operations.

6.3. PRYMAVE: Economic Democracy and Re-legitimizing Workers Cooperatives

Prymave's services are gardening and basic landscape designing of gardens in public spaces. Its clients are individuals as well as private and public institutions. Particularly, green public areas in municipalities in the south west side of Santiago, mainly in *Maipú*. Municipality with a population of around 500,000 inhabitants, the second most populous in the Santiago Metropolitan Region, whose population is mainly middle and lower middle class. And where the deficit of green areas, as well as many communes in Santiago, stood out during the fieldwork of this thesis.

Under this scenario, the services provided by *Prymave* of maintaining these green public areas in good shape and share their amenities with their families and community, are of interest to the whole community. What is more, independent from their services to the municipality of *Maipú*, and just by analysing their services, it is possible to say that their contribution is to the welfare of society in general. Therefore, the services of *Prymave* and its group of individuals who have been gardeners in this particular context almost all their lifetime, could be precisely labelled "acting for the public".

Prymave shows a big difference with the other two cooperative cases already analysed in Chapter 4, *FIPASUR* and *Oriencoop*, which mainly produce economic and social value for their members; the public value of their services could be questioned to a certain extent. On one hand, *FIPASUR*, their leaders devote most of their time to ensure the increase of income of the members of their organisations. Concern that allowed them to move towards caring for the sustainability of its marine resources and to explore areas of innovation in their business activities. For example, by intervening the value chain and building their own virtual trading platform, *Pesca en Línea*. On the other, there is *Oriencoop*, although at one moment micro-finance organisations were key in the development of the country (particularly in the '60s and '70s). Institutional changes in the same context have led *Oriencoop* to operate quite similarly like the rest of the financial institutions, finding the basic elements of cooperative model (reviewed in Chapter 4), and a particular sensitivity to the quality of life of their workers. But, rather, little in terms of further commitment to the public interest.

Through a worker cooperative legal form and the responsible and committed execution of projects design and maintenance of green areas, *Prymave* has achieved unexpected opportunities for disadvantaged sectors gardeners. Moreover, this alternative was perhaps the only way they could find themselves leading a revival of the world of work cooperatives in Chile. As Casajuana puts it:

In every part of the country gardeners are third category members, the last workers in the market. Why? Because most of them are old people, a lot of them does not know how to read or write, most of them do not have any other labor opportunities. Therefore, *Prymave* is born due to the critical situation of gardeners in Santiago (Casajuana, 2013).

The promotion of sectorial and cooperative work is at the core of the cooperative movement worldwide. And *Prymave*, since it has successfully proved that its model of democratic and self-managed enterprise, has continued to promote and support other vulnerable workers like them in Santiago and throughout the country. In his experience, this has enabled them to secure a decent income to all workers who lost their jobs in *Maipú*, improve their quality of life in terms of working conditions, and, even more, has brought them the autonomy and empowerment that provides handling their own company: a worker cooperative.

The first instances of diffusion promoted by *Prymave* were especially aimed at other gardeners like them in different municipalities in Santiago, where they faced a similar situation of unemployment as they lived. As Casajuana states:

There are approximately 150,000 green areas workers in the country. And in case of *Prymave*, what we have shown is that workers can be organised and be able to push forward an organisation that gives autonomy and opportunity to receive a stable income to usually vulnerable people as gardeners are (Casajuana, 2013).

As it was seen in Chapter 4, *Prymave* is part of the Chilean cooperative movement that since the nineteenth century has promoted purposes linked to mutuality and associativity establishing horizontal industrial relations, and fair and equitable economic practices. However, and despite the limited figures that exist in the sector, the cooperative movement is stable and brings benefits to more than 1.8 MM members, more than 10% of the country's population, the world of worker cooperatives, until the appearance of *Prymave* was totally out of any agenda.

In fact, the story told by *Prymave* president Manuel López and CEO Edgardo Casajuana reveal much about the current situation of the cooperative movement in Chile. Or rather, how public institutions are removed from this reality. From the first conversations, and not taking into consideration the municipality of *Maipú*, these workers asked for all possible alternatives to continue with what they know: gardening. However, at that time, no municipality official knew or had in its possession some manual or information regarding how to create a cooperative. The origin and purpose was mutual across the founding group, but it was not easy to find guidance in the creation process. However, despite this situation, *Prymave* realised its dream, and today it is a cooperative with 110 workers, with 12 ongoing contracts at the time of this interview, and proud of being the largest worker cooperative in Chile.

It is through these rewarding experiences in the economic, professional and human side, that their commitment to the public interest, beyond the municipality or commune, started to grow gradually. Before the possibility of helping other workers like them, and based on their experience, they decided to promote an agenda and educate the country about their experience as a cooperative. To this end, the organisation mounted what was its first major forum entitled: "The Impact of workers' cooperatives in Local Development", hosted in *Maipú*, attended by cooperatives from Brazil, Mexico, Argentina, Ecuador, Costa Rica and other Central American countries, with a total of 260 assistants. The government was invited to promote the activity and had a limited appearance in the event. From the standpoint of attendees, the forum not only served to publicise their case, share their model as an alternative to other workers, but also to join forces and think of a regional cooperative movement.

In this sense, this concern for the employment opportunities for people engaged in the maintenance of gardens in a regional level has extrapolated the boundaries of the

organisation as the leading worker cooperatives movement in Chile (DECOOP, 2007). In other words, *Prymave* has not only become visible as a successful working cooperative, but also as an organisation committed with contributing from different social fields, both to the cooperative movement and to the gardening worker's movement that could join the cooperative sector in the near future.

In fact, in these last two points, Casajuana is clear: "The future is in our capacity to build a social movement: from articulating and promoting collective action" (2013). All of which clearly spells out the vision this organisation follows and how it has taken the lead in a public agenda around the cooperative movement, as discussed in Chapter 5.

In this line, the organisation had to face its own tensions. One of them was the need to find equilibrium between entrepreneurial effectiveness and social mission. Thus, the challenge of inclusion began translating into action to catalyse its impact beyond the organisation; for example, promoting different activities with vulnerable workers in municipalities near *Maipú*. These concrete actions and the success of its cooperative model were supporting the legitimacy of cooperatives in the twenty-first century in Chile. Presenting these as an option to collectively undertake a project of social and economic purposes. Furthermore, efforts like these have accompanied by some advocacy with other municipals authorities to educate them about the type of work cooperatives could carried out, and the possibility of receiving support from municipalities through contracts since it would be private organisations with social purposes.

Beyond this collaboration and educational work with municipalities, the task of building a relationship with the central government has not been minor. After several years promoting the cooperative model, *Prymave's* experience is being disseminated among public servants in several public agencies, transforming this interaction by both parties, in a space of experimentation.

However, Casajuana is very aware of the main challenges that as gardeners running an organisation they continue to face: "The origin of the organisation was to create a source of work and income as gardeners; in gardening, we were not going to fail, but we had no capabilities in management" (2013). This affirmation conveys about the scarce management skills that different gardeners had to run the administration of this organisation. Hence, members of the organisation have been trained by municipalities in management to correctly run the organisation.

According to Casajuana, the State has clear role to play in terms of the visibility of the cooperative movement. Particularly, he proposes that the cooperatives law should

promote the creation of at least one gardeners work cooperative per municipality. Through an initiative like this, the impact on employment for vulnerable workers could be improved and the quality of life of people like these gardeners could be ameliorated exponentially. This suggests many dimensions that could take up a cooperative movement if such innovative approach in public policies would exist.

The action of both previous governments shows little difference regarding the promotion and development of the cooperative movement. According to Manuel López, during Michelle Bachelet's government there was no promotion whatsoever of cooperatives, but neither were there barriers for their development. On the other hand, the Piñera administration's promotion of individual entrepreneurship affected the cooperative business model that *Prymave* supports. Manuel adds: "All public funds and grants are designed for individual entrepreneurs. Moreover, we did not fit the requirements either as a legal form or for the small amount we were selling in our organisation" (López, 2013).

In this sense, the Department of Cooperatives has exercised mainly a supervisory role on cooperatives, but has neither promoted nor developed programmes for cooperatives.

6.4. Discussion

The analysis framework for the case studies helped in deepen the understanding on an element that had been drawing interest from the theoretical discussion in Chapter 1, that is, the public character of Social Enterprises and their relation with public policies. Thus, the examination in Chapter 4 allowed to go beyond the services these companies provide, which are in themselves of public interest, and took the analysis to a place that had no clear relation to their business activities associated with the provision of goods and services, but rather with the manner in which these organisations and their leaders participate and, in many cases, lead new spaces of interaction in different social fields. These interactions aim at influencing and culminate with the so-called "purposive course of action" (Anderson, 2003, p.2), followed by actors who deal with issues of public interest.

The analysis of the three case studies shed some light on how this commitment to the public interest can be expressed, which is labelled in this thesis under two patterns: "acting for the public"; and "acting as the public."

On the one hand, “acting for the public”, allows exploring all those links that can be found from the operation of the organisations with the public interest. In particular, in terms of what it is provided but also in terms of everything the enterprise does to build its value proposition around their particular service provision.

The case of *Casa de La Paz* illustrates how these organisations seek to be especially sensitive to their different impacts. In this case, the organisation not only seeks to promote a more environmentally conscious agenda, but also to address one of the central aspects of our current development model, as it is, the need to favor greater and informed citizen participation. Thus, this participation, would be achieved among other things, by promoting a more informed citizenship and new spaces of collaboration between the different sectors, as could be illustrated with the examples. Furthermore, in the experience of *Casa de la Paz*, this participation and collaboration seems to bring better results as the different hierarchies and power relations in the different social fields are studied and acknowledged.

For its part, *Triciclos*, in its interest to legitimise a new way of building for-profit enterprises, has proposed reinventing how enterprises can and should operate. For this, among many other initiatives that were illustrated, the proposal of how to integrate the human perspective over financial capital appears as fundamental. In this case, the organisation has made relevant choices, for example, when it comes to choosing who to work with; when supporting the creation of workers cooperatives between the recyclable material collectors and then working with them; and even, through gradually integrating their employees into the company's ownership. In this line, these initiatives would be illustrating with concrete measures the affirmation of its owners that human capital would seek, step by step, to be above the financial capital in the new type of enterprises that they seek to legitimise.

Finally *Prymave*, from its genesis, has a particular commitment with those vulnerable workers who, like them, are faced with the uncertainty and discrimination in a very precarious labour market. Hence, its origin has strongly marked this mechanism of how to “act for the public interest”. In this sense, they have focused their work not only on looking after the spaces for the community and being recognised for the quality of their services, but also by the fact that they are re-legitimising, through their day-to-day operation, the worker cooperative model.

The second pattern, “acting as the public”, deals with the various entities illustrated throughout the chapter where the three enterprises were actively collaborating with

State and non-State actors, with the possibility of affecting and experimenting within diverse social fields. In some cases, some of these fields were rather close to the sector or industry where these organisations develop their business activities. Particularly, in relation to socio-environmental issues that these organisations were able to identify and for which they sought innovative solutions to proactively facilitate processes that allowed transforming those fields. Moreover, in all three case studies, it was possible to identify how they favoured interactions on social fields related to the different models or types of Social Enterprises, somehow, building bridges within the emergent Social Enterprises movement.

Hence, it is possible to affirm that the analysis of the cases of Social Enterprises encompassed in the ABC approach depicts various mechanisms of “acting as the public”. As discussed in the exploration, a topic that stands out from the analysis has to do with the agenda that these organisations have led to influence public policies. In particular, it can be seen that today, these three cases are agents that have the legitimacy of various public institutions, and together with them, are promoting the co-construction of new courses of action that come to address socio-environmental issues of public interest.

Casa de la Paz started as an advocacy group when the environment was in no way an issue of concern to the State. All of which influenced its decision to start an active agenda to open spaces of co-construction of public policy related to citizenship participation to address environmental issues. Furthermore, *Casa de la Paz* directly collaborated in the creation of environmental public Institutions like the Ministry of Environment.

In a relatively similar path, *Triciclos* also cooperated in public policies in practices of co-construction, providing technical and knowledge support on emergent environmental problems, like policies on producer responsibility and the expired medicine law, on which the State still does not have the capabilities or the human resources to integrate these emergent issues as part of the public policy agenda.

Meanwhile, the case of *Prymave* rather illustrated how, taking advantage of these new spaces, the organisation sought to give visibility to its activities as a cooperative. Moreover, based on this experience, the organisation centres its attention of doing their best in its various aspects of operating as an enterprise, to move forward in re-legitimising cooperatives. In particular, to legitimise under a macro-paradigm of neoliberalism, a model that is based on economic democracy and is presented as a vehicle for better working conditions and welfare for segments of the population that

are not necessarily benefiting the country's economic progress. Task that from what was seen in the previous chapters does not seem simple.

This path of incidence to public policies is also played in other spaces. Precisely, in the ability to participate or create new spaces that can address socio-environmental issues that are not yet addressed by public policies. Furthermore, in the Chilean context described throughout the thesis, the interactions of Social Enterprises in social fields could be seen as a necessary means given the lack of inclusiveness and understanding from public policy paradigms, and the subsequent public policies promoted by the governments of Michelle Bachelet and Sebastián Piñera on the diversity and complexity of the Social Enterprises encompassed in the ABC.

The participation of *Casa de la Paz*, according to the analysis, is placed on favouring logics of collaboration between different sectors, particularly at the local level. The goal is to promote citizen participation and, in the process, advancing a higher level of participatory democracy on environmental issues.

For its part, the commitment of *Triciclos*, beyond its agenda with governments on technical-environmental issues, is to favour the co-creation of new public spaces for the validation of the Social Enterprise as an emergent social actor in different social fields. In fact, two of the most recognised group initiatives to raise their voice on the matter are ASOGES and *Sistema B*, led by Gonzalo Muñoz and María Emilia Correa, both partners at *Triciclos*.

Lastly, *Prymave* has been the main articulator of the cooperative movement in the Santiago Metropolitan Region. Through new public spaces it has been dedicated to promote economic democracy, interact and exchange experiences with diverse social actors, fostering cross-sector interactions. Beyond that, whether there are groups of gardeners or security guards, it has been concerned for all those workers who provide the most basic services in the Chilean economy. Furthermore, it has dedicated its attention and work to build an alternative for a socially vulnerable population like them.

So far, it is possible to consider how the analysis of these cases allows illustrating the diversity and potential complementarity that exists in the different mechanisms in their commitment to contribute to the public interest. With different skills, sensibilities and legitimacy strategies (as it is shown in Table N° 6.2 below), through new spaces and instances of collaboration, these organisations seek to transform the various social fields to cover certain gaps or adapt what would be the development model described so far in the thesis. Moving, for example, towards a model that enterprises are given a

different sensitivity for what implies informed participation or the possibilities of having a dignifying work.

Table N° 6.1 Distinctive Elements of "Acting as the Public"

	Collaboration with the public sector in public policy	Participation in new public spaces	Legitimacy strategy and social skills for the transformation of social fields
Casa de la Paz (Associative)	Laws and co-construction of public policies related to the environment and citizen participation	Citizenship and participatory democracy in environmental issues	Cross-sector dialogues and communication skills
Triciclos (Business)	Technical and knowledge given in emergent public issues not yet addressed by public policies	Economic, social, and environmental impact and sectorial leadership with Social Enterprises	Proven impact through their social and professional skills. And building this hibryd movement
Prymave (Cooperative)	Re-legitimation of cooperatives as a legal form for organisations that aim having multi-dimensional impact	Economic democracy through the cooperative business model and legal form	Cooperation at municipal level and rearticulation of the social cooperative movement

Source. Author's elaboration

Finally, after reviewing these mechanisms, it highlights the importance of the strategies that these organisations develop in order to advance their legitimacy, particularly in relation to public institutions, and the social skills they require in order to achieve this.

Casa de la Paz, as representative of the Associative Social Enterprises, develops strategies in order to transformation social fields mainly based on cross-sector dialogues and through their performance consultancy services, fostering collaboration on environmental issues and challenges. The case analysis demonstrates *Casa de la Paz's* ability to combine several logics and principles, perhaps one of its key pillars in the legitimation of its purpose to improve citizen participation and environmental sustainability, as part of its transformation of the social fields where it interacts. To accomplish these changes, both Ximena Abogabir and Pablo Valenzuela have

promoted cross-sector spaces, and developed good communication skills to promote their various agreements. However, just like Valenzuela warns, there is a latent risk that the organisation could lose sight of its mission in the process, particularly, as most of their clients are large corporations.

Triciclos has endeavoured a different strategy, which has implied the development of other social skills among the leaders of the organisation. In terms of the collaboration with the public sector, the organisation developed a two-stage strategy. The first stage was to prove a multidimensional impact in its model for value creation and legitimise this in public policies. While the second stage was transforming *Sistema B* and ASOGES as new spaces or platforms among different Social Enterprises to favour a larger incidence in the co-construction of emerging public policies with the State regarding different regulation that has not been addressed in public policies. Furthermore, this sectorial grouping had an incidence also in the creation of micro-public spaces focused in the promotion and development of organisations of economic, social, and environmental impact, like B Corps. Gonzalo Muñoz' skills to accomplish these tasks mainly converge in his management capabilities to tackle complex issues developed through a long professional career in the private sector and high level national and international academic experience. Both have allowed him to develop abilities in the generation of cross-sector networks.

The analysis of the case of *Triciclos* can be pushed even further in terms of the creation of a field of experimentation that seemed to welcome the incidence of Social Enterprises in public policies during the government of Sebastián Piñera. As explained earlier, the Welfare Paradigm of innovation and entrepreneurship advocated by his government allowed to make visible the emergence of the B Corps and their potential collaboration in the construction and reformulation of previous public policy. Indeed, the case of *Triciclos* illustrates the strong collaboration of Business Social Enterprises in public policies during the government of Sebastián Piñera, mainly through public-private roundtables and also the 101 Solutions Project. Both collaborations were, at least, partially triggered by the incapacity of the State to comprehend completely the complexity and diversity of the Social Enterprises phenomenon encompassed in the ABC approach.

Finally, the case of *Prymave* allows us to illustrate a somewhat different strategy from the previous ones. While transforming its social field, *Prymave* favoured spaces for cross-sector collaboration with the public sector, particularly at the municipal level. This was so from the beginning, as discussed in Chapter 5, so DECOOP did not take an active role in accompanying the dynamics of new or existing cooperatives. Therefore,

beyond *Prymave's* contributions to technical agencies, the organisation undertook two roads to gain legitimacy from diverse stakeholders and transform several social fields. First, it moved its agenda to the municipal level, raising workers cooperative as an alternative that would bring benefits for municipalities and for workers. And second, fomented the roots of cooperation and cooperative solidarity movement, articulating an intense agenda within the same sector of cooperation in the Santiago Metropolitan Region.

6.5. Transitional Conclusions

The exploration of the public character of Social Enterprises serves as a good introduction into the analysis of the relation between these organisations and public policy. In fact, this chapter sought to bring together the findings of the previous two chapters in an aim to enhance the understanding on this space of interaction. Specifically, the analysis focused on expanding on one of the distinguishing characteristics of Social Enterprises grouped in the ABC approach, that is, its public character. In particular, exploring and searching through this public character the potential correlation with public policies and, more precisely, with the different paradigms identified in the two governments that provide the temporary background of this thesis.

A first contribution of this chapter is related to the strong commitment that these organisations show for the multiple and complex issues of public interest. In fact, the structure of analysis, including a pattern of "acting for the public", allowed to deepen in some aspects associated to the operation of these organisations that rarely are analyzed. On this occasion, not only the good or services that these provide, but also the different impacts that their operations can have on the different stakeholders, including the environment, and how aware they are of monitoring and accompanying to deepen those positive impacts.

A second contribution it is related with the public character of Social Enterprises and their influence or incidence on public policy. While the analysis on these organisations tend to be associated with their services or the impact of their operations, under the role of "acting for the public", this chapter delves into another social role these organisations have, that of "acting as the public". Based on Habermas (1962) terminology, "acting as the public" consists on the interaction and collaboration with the State and non-State actors on issues of public interest. Accordingly, the public character of these enterprises can be expressed in the form of "acting as the public",

encouraging interactions and even leading actions in these social fields. These are courses of action that can lead to what is known as public policy.

Now, as expressed throughout the discussion, in the particular context of Chile, the interactions of Social Enterprises in social fields could be seen as a necessary means, given the lack of inclusiveness and comprehension of public policy and paradigms regarding the Social Enterprises phenomenon encompassed in the ABC approach. Moreover, the same scarce innovative public policies can be understood as triggers that have strengthened this role of “acting as the public”; with that, their public character.

However, beyond this interesting “acting as the public” and its various strategies to influence public policies and different social fields, the task to legitimise Social Enterprises as such, through the ABC, is a pending task.

Moreover, a third contribution has to do with the characterisation found in this chapter on how different types of Social Enterprises can influence public policy. These differences are explained in the discussion. Along with this, particular interest is the finding that despite their differences, a number of complements that the Social Enterprises movement has been able to identify, which public policies are far from detecting.

Finally, in the light of the cases reviews, this chapter comes to underline reflections already made by Nicholls (2011), Eynaud et al. (2015), and others, about the role that these enterprises and their leaders can effectively play, if accepted and, consequently, legitimised as political actors. Through different mechanisms, these Social Enterprises illustrate two issues: firstly, the wealth in diversity and complementarity of its contributions in various social fields, and secondly, they are not passive actors that follow the rules and practices imposed by governments through public policy. On the contrary, they are dynamic actors that have the possibility to shape social fields and to ultimately transform public policy. This thesis labels this relationship a ‘two-way relationship’ between Social Enterprises and public policy.

CHAPTER 7: Conclusions

This thesis exists, it is not because there are relevant public policies on Social Enterprises in Chile. Rather, it rises as an academic work aimed at tapping into and echoing the signs of what seems a moment of opportunity for these organisations. Particularly, with the new dynamics that have emerged around the B Corps movement, and how this could connect to the social economy and its organisations, which are involved with improving the quality of life of a significant percentage of the population in the country in several ways.

Accordingly, in a first theoretical approach to these organisations, the analysis aimed at exploring explore all their definitions and features, to find those elements that would grasp on their public character. As an instrumental element in the fieldwork analysis, this thesis proposed the following definition: "Social Enterprises are private organisations that adopt hybrid logics to provide goods and/or services on a regular basis in order to address socio-environmental issues of public interest."

In turn, given the premise that recognises these organisations as being of public interest, the analysis also assumed that the spaces or social fields where they interact are too. Even more, these social fields host many interactions between different actors, in which Social Enterprises have shown they exercise a key role. Mainly in those areas where the attention is placed on encouraging courses of action dealing with issues of public interest, or public policies in short. This thesis therefore seeks to answer the following question:

To what extent and why the emergence and development of Social Enterprises have been favoured by public policies? The Chilean case in the last two national governments

This chapter seeks to directly provide the final answers to this research question and then expand on them with the assistance of three guiding questions. These answers will be built on the interaction between the case studies, the theoretical bodies, and the methodology used, providing outputs that qualify as primary contribution to knowledge.

The following findings are divided into six sections. The first section aims at directly providing what would be the arguments in answer to the central question of this investigation.

The second provides an account of the immersion of Social Enterprises in Chile; it starts with an outline of the field of Social Enterprises, continues with a distinction between organisations and traditions encompassed in the ABC approach, and ends with advancing the understanding of certain distinctive characteristics, particularly that of its public character.

The third one addresses, in an integrated manner, the second and third guiding questions related to public policies -and paradigms-, considering their implications when they interact with Social Enterprises. Consequently, following the findings in the analysis, conclusions that explain this two-way relationship between Social Enterprises and public policies in Chile are provided.

The fourth section describes what would be the primary contributions to the knowledge. Among the several findings discussed throughout this thesis and in the previous sections, this segment identifies four elements that are considered central to the input of this study. Even more so, factors that could be regarded as direct contribution to the discussion of certain theories are also illustrated.

The fifth section has been oriented to provide recommendations of public policies arising from the work of analysis of this thesis.

Finally, the sixth section raises some of the limitations to the research, which could be incorporated as part of the investigations that could complement this work in the future

7.1. Answer to the Research Question

Even though the public policies in the two Chilean governments under study were not decisive in the development of Social Enterprises in Chile, their absence and the changes regarding the paradigms in which public policies are embedded, to some extent contribute to explain the emergence and development of these organisations in the country. Furthermore, the emergence and development of these Social Enterprises, in part, respond to the historical development model, institutions, and the path different traditions of socio-economic organisations have followed. Particularly, in the context of an economy like Chile, which is in transition to development (innovation-driven, as

analysed in Chapter 3). As part of this process, the Chilean development model, both as an economy and as a society, is experiencing difficulties. And as a reaction to this model based on growth, and with the spaces provided by the paradigm shift experienced during the Piñera Administration, these Social Enterprises are a step closer to legitimise their operation, transforming different social fields and contributing in diverse and complementary ways to the public interest.

Therefore, the contributions that support and explain the emergence of the phenomenon of Social Enterprises in Chile can be grouped into five main arguments:

The first argument is the importance of context and the institutional history of Chile as a starting point to understand the phenomenon. A framework that would allow addressing macro institutional dimensions was adopted to explain what could be the model for Social Enterprises in Chile, for which Kerlin's proposal (2010) was used. In the process it was possible to highlight the relative importance of Chilean civil society, classified as liberal by Salamon and Sokolowski (2010); in terms of culture, Chile shows high levels of "uncertainty avoidance." Similarly, Chile has a relatively low level of "individualism", according to Hofstede (2010), all of which would play against innovation and, subsequently, the emergence of new Social Enterprises.

Regarding the size of the State, the Chilean Welfare State is medium-high and its presence is considered important for the overall economic performance of the country, at a level somewhat similar to developed economies.

Finally, the Chilean economy, with a GDP per capita of USD 15,452, is transitioning from an efficiency-driven into an innovation-driven stage. According to this model, Chile would follow a Social Enterprises model called "autonomous diverse" (for further discussion, see Chapter 3).

Available data portrays a very particular moment in the history of Chile. While it makes possible to witness relevant economic progress at country level, it also illustrates what has been a painful legacy of the development model; inequality among sectors, which reveals that not everyone is enjoying this progress. At the same time, Chile's openness to global trade and public policies marked by its entry into the OECD, and best economic conditions per capita- has allowed a generation to access and interact in different ways with the rest of the world.

However, this study argues that a previous framework, as Kerlin's (2010), does not pay necessary attention to the importance of the deep institutional changes in Chilean history. As a result, it became necessary to add a historical perspective to this

analysis. By labelling Chile with a special model of Social Enterprise, the analysis risked overlooking the prominence of other families or types of Social Enterprises that became dominant in the last decades and remain so until today. On that account, developing an approach that accounts for the complexity of Social Enterprises, as seen in the Chilean context, became necessary.

A second argument is that the change in public policy's paradigms allows explaining, to some extent, the emergence and development of Social Enterprises in Chile. The government of Michelle Bachelet, on the one hand, gave way to a meso-paradigm oriented toward liberalisation policies and the role of the State as regulator, similar to that of a Welfare State (as analysed in Chapter 1). But then, when Sebastián Piñera came to office, the meso and micro-paradigms associated with public policies were reoriented towards Innovation and Entrepreneurship. These paradigms involved a more liberal perspective on economics, with a private sector at the centre of the growth model, involved in multiple-welfare tasks. All of which could be understood, as discussed in Chapter 1, as a sort of Welfare Society approach.

By seeking a further explanation using the framework set by Teasdale and Nicholls (2015), it was possible to detect that this change in the welfare paradigm opened up spaces for the micro-paradigm to be oriented differently. It is important to point out that in terms of macro-paradigm, there were no changes between the two periods; it is possible to observe that both governments gave continuity to the neo-liberal paradigm in place since the dictatorship. Therefore, from the point of view of Social Enterprises, the fact that this macro paradigm remains frames their attempts to improve the development model under a perspective of innovation, and adaptation to it, rather than a break or deep transformation contrary to the neo-liberal paradigm.

A third argument relates to the lack of public policies and innovation to approach these organisations in these periods. Moreover, a number of instruments and instances of visibility were observed, particularly during the Piñera Administration. However these initiatives still fail to leave their sectorial approximation, and therefore do not recognise a certain common identity in these organisations; in terms of this research, they do not recognise the dynamics of convergence between the studied organisations.

Against this background and certain passivity on the part of public policies, it is possible to find Social Enterprises seeking to interact in their search for solutions to the various problems that Chile's particular model of national development has left open. In short, the scenario for these actors was blank, and given the magnitude of the challenges and the institutional history of Chile some of these actors, particularly in the

B Corp world, gave some visibility to the notion of Social Enterprises, bringing all their professional capacity and their ability to collaborate and innovate with the purpose of addressing social and environmental challenges.

The fact that the scenario was left blank, allowed several initiatives from the same organisations to arise, including joint initiatives with public institutions. Yet the analysis needed to go further. Thus, this thesis recognises B Corps capacity of innovation towards socio environmental problems and their impact on different social fields on topics of public interest. Along with it, this academic work emphasises how the value proposition that these enterprises bring fits with the “paradigm of innovation and entrepreneurship” adopted in the government of Piñera. However, it is significant to take into account how the polarised institutional history eventually affected the legitimacy of, in this context, organisations from the Cooperative world. Even more, the particular history of Chilean institutions shows how it is possible to negatively impact the essence of associativity, restricting free association and citizen participation, which to these days Chilean society is looking to reactivate. A prominent example in this line is Law 20,500, implemented during the government of Piñera, which seeks to promote citizen participation and free association.

A fourth argument concerns the nature of these Social Enterprises, with their distinctive characteristics, and their public character in particular. This thesis recognises from the case analysis and the instrumental definition used throughout, the provision of good and/or services on a regular basis and the social mission as central elements. Moreover, the analysis through the diverse dimensions acknowledges that the participatory governance is not present transversely in these organisations, and emphasises the projection of the public character of these enterprises, which can manifest itself in several manners to address issues of public interest.

A public character as the one observed in the case analysis, can manifest in multiple ways, not only through the provision of services but also through other mechanisms. In relation to the provision of services, it is important to point out the innovations that many of these enterprises develop in order to address unresolved and emerging issues, and how the decisions associated with their business activities account for the hybridity coming from their market logics and public interest. These expressions of commitment to public interest through the provision of services have been labelled as “acting for the public” for the purposes of this research.

Likewise, regarding mechanisms of incidence, the different manners in which these organisations address and interact with different actors on social and environmental

issues of public interest, have been called by this research, "acting as the public". These mechanisms can be grouped in two categories: (1) interaction and collaboration with governments in public policies issues through their participation in social fields, explained in Chapter 4 and Chapter 6. This implies a direct relationship with diverse governmental agencies on institutionalised or emergent public policy issues; and (2) participation and/or creation on new public spaces of interaction in different social fields to address socio-environmental issues of public interest, which have not been tackled by public policies yet.

In this thesis, this "acting as the public" represents the public character of these enterprises, and is considered the "political dimension" thereof. Under this dimension, it is possible to identify certain initiatives in which these enterprises can promote interactions and even lead to encouraging action in several social fields. These interactions, based on collaboration with the public sector, can result in what are known as public policies. Besides, participating in the creation of new spaces and transformation of various social fields has favoured, among other things, their own legitimisation among various social actors. An example of this must do with the process of legitimisation that was undertaken by the organisations in the B world compared with their peers in the traditional Associative and Cooperative worlds. By adopting an inclusive approach, they were able to lay the bridges between sectors, favouring what would be the articulation of the phenomenon in Chile.

7.2. The "ABC" of the Emergent Phenomenon of Social Enterprises in Chile

There is no doubt that the occurrence surrounding the terminology of Social Enterprises is attracting interest across all fields in Chile. As this exploratory work reveals, several elements about these organisations and their interactions with other social actors can be emphasised. In particular, and as a first step to address the core question of this thesis, the research undertook the challenge to explore: **Which are the distinctive features of Social Enterprises in Chile and why?**

Social Enterprises in Chile are diverse and complex. As it turns, these organisations share certain characteristics such as the economic dimension, social mission and public character. In addition, Social Enterprises of different types have in common the adoption of hybrid logics and the market principle in their pursuit of the public interest. However, in light of the case analysis, differences can be found in aspects like origin and purpose, which support much of their diversity.

They are complex and one of their features is the constant dynamism in terms of the patterns of change regarding their convergences and emergence.

This approach allows presenting the findings of this section under two broad dimensions. The first one it is relates to the immersion into the universe of the Social Enterprise in Chile and the wealth of knowledge that emerged from the different cases that were studied. The second one is the ABC approach itself.

7.2.1. Immersion into the Universe of Social Enterprises in Chile

The first thing to highlight as part of this immersion into Social Enterprises is that the phenomenon can be understood as a mix of historical traditions of the social economy, the revival of the associative and cooperatives traditions, and the recent emergence of enterprises that come from the for-profit sector.

To reach this understanding on Social Enterprises, an exercise starting from a macro perspective was required as a first step, looking for the distinctive characteristics and models of Social Enterprises worldwide, to then, move the analysis to the various cases that were chosen in Chile. The second step was to differentiate them by looking into what they had in common and their differences, and by exploring their dynamics of convergence and emergence. Finally, a third step was taken to understand in depth certain specific characteristics of these enterprises, especially in relation to the public sphere.

7.2.1.1. Delineating: in Search of Social Enterprises

To find the distinctive features required by the first guiding question, the first step was to determine which organisations could be considered as Social Enterprises. For that a potential universe had to be delineated. Thus, to do that in the context of Chile, it was important to try to understand both the institutional context and the historical dynamics that shape each of the traditions described above. Action that was possible given the triangulation between literature review; interviews with experts, and the analysis of the 29 cases.

This analysis aimed to improve the understanding of this potential universe in regards to what are the distinct features of Social Enterprises and, in turn, what kind of organisations do not display them and are left out because of this. All of this was done

in line with the instrumental definition specially built and the archetypal dimensions that were raised to explore those characteristics that might characterise these organisations. This process of crafting the research universe and identifying key elements in common was referred as delineating the universe of Social Enterprises in Chile.

This analysis aimed to improve the understanding of this potential universe in regard to what are the distinct features of Social Enterprise, and in turn, what kind of organisations do not have them and are left out because of this. All of this was done in line with the instrumental definition specially built and the archetypal dimensions that were lifted in order to explore those characteristics that might identify these organisations. This process of crafting the research universe and identifying key elements in common was referred as, delineating the universe of Social Enterprises in Chile.

The macro institutional approach enables to make progress on two fronts: First, in terms of promoting distinctions and analyses regarding the institutional history, which is the first delineation; and second, regarding to the explanation of the distinctive characteristics of Social Enterprises that belong to different traditions.

In an effort to delineate what would be the Social Enterprises in Chile, it was helpful to set certain boundaries between the different socio-economic organisations. By delineating these, it could be established that among the organisations that ultimately were not considered in the ABC universe of Social Enterprises in Chile are unions, territorial organisations, private companies with CSR strategies but not certified as B Corps, and informal organisations; precisely because the ABC is a legally based approach.

In this line, taking into account the theoretical framework that has been built, this thesis suggests that Social Enterprises in Chile share elements in three dimensions, Firstly, an economic dimension oriented mainly to the provision of goods or services on a regular basis. Secondly, a mission or explicit social goal that in these cases is linked to socio environmental issues. And thirdly, a commitment to public interest that manifests in different ways; fact that is explored in depth in this research.

Moreover, the case analysis showed that other dimensions are not so evident in the different traditions of organisations, like the case of participatory governance. It is important to note that except in the case of the Social Enterprises from the Cooperative type, it was not possible to find relevant elements such as highlighting themes of

representation and participation of various stakeholders in the decision-making process and participative management. However, there is no explicit resistance to advance in this direction; in fact, the cases of *Triciclos* (Business Social Enterprise), and *Casa de la Paz* (Associative Social Enterprise) shed light on their different perspectives and how they understand the value to move towards a more participatory and transparent governance.

7.2.1.2. Differentiating: Social Enterprises in Light of their Convergence and Emergence Dynamics

Once the organisations that integrate the universe of Social Enterprises in Chile and its general features were outlined, the aim was to identify the patterns within these groups. For which a starting point was this legally-based approach responding to certain traditions, which serves as guidance for this differentiation process. Accordingly, the selection of the case samples followed this classification.

It is important to point out that the differentiation of Social Enterprises went beyond the first dimensions used in the initial analysis. Indeed, this thesis sought to expand this exploration by two means in particular. First, by a literature review of the latest academic advances developed throughout this movement in different parts of the world, in order to build a set of nominal variables that would allow an even finer filtering of potential differences among Social Enterprises in Chile. Second, the recognition of the trajectories and dynamics at the centre of the analysis, given the lessons learned during the delineation of this phenomenon through the macro institutional elements, paths and dynamics. Even more so when the phenomenon of Social Enterprise in Chile seems to be going through a particular transformation of the role it plays in society.

A first dynamic that emerged as a pattern of change is called "dynamic of convergence", which illustrates the development paths of these organisations. Given the understanding grasped when implementing the macro-institutional framework by Kerlin (2010) – which required a more profound historical analysis- and by virtue of the constant literature review in which a group of authors, like Sabeti (2009), began to characterise these patterns of change, it became paramount to build an approach that comprehends the distinctive features, and in turn captures the dynamism of Social Enterprises in Chile.

However, it should be noted that there are certain features of the nature of Social Enterprises, understood as origins and purposes of the three traditions, that somehow remain constant once they become such, allowing diversity within the concept in Chile.

What makes the dynamics of convergence among Associative Social Enterprises stand out is the interest and pressure they face to advance in adopting the market principle and logics. Considering the analysis of this pattern of change, it is possible to state that these organisations are evolving in their search for sustainability of their social mission. The tension that Associative organisations face, related to the fact that they conduct their business activities through income generation and this could turn them away from their social mission, from an external viewpoint, might make them lose legitimacy among other social actors and even within other Associative organisations that are not willing to adopt market principle and/or logics.

Meanwhile, what makes the dynamic of convergence of Business Social Enterprises distinctive is their interest to recover the centrality of their social mission. To do so, these organisations must be able to adopt logics of public interest combined with the market logic. Internally, this process reflects the complexity faced when managing triple results in market logics because it implies embracing accountability and transparency practices; managing and legitimising this type of enterprises with several actors, even with entrepreneurs and businessmen of the traditional private world, which is not a minor challenge.

Thus, it is possible to state that there is an ongoing hybridisation of the economy, particularly in terms of adopting the market principle and logics to contribute to socio-environmental issues and, ultimately, to the public interest. Nevertheless, something that is only beginning to manifest is a hybridisation in terms of instituting logics that go beyond the integration between the logics of the commercial and the social worlds, described by the literature so far; rather, the prospects are in the contribution to the public interest, debate and, ultimately, in the desire of social transformation.

A second pattern of change concerns the “emergence” of new Social Enterprises. Since their inception, these organisations seek to adopt the distinctive features at the centre of the mentioned convergence. When illustrating this emergence, new entrepreneurs who originally have a social purpose start creating and managing their organisations with a hybridity of logics from the very beginning. Furthermore, as illustrated in Chapter 4, this emergence observed in private organisations with public purposes, highlights this hybrid space that one time was expressed at its fullest by the cooperative movement.

Since Chile does not have a particular legislation to avail this process (discussed in Chapters 5 and 6), entrepreneurs are forced to join any of the three traditions and corresponding legal forms, whether it is Associative, Business or Cooperative, to facilitate achieving this purpose, with a business model and governance structure to sustain and protect their social and environmental mission. As reviewed in Chapter 1, in the literature they are labelled as “new start Social Enterprises” or “new Social Enterprises”.

7.2.1.3. Understanding: Distinctive Features of Social Enterprises

The search to expand the understanding on Social Enterprises led this thesis to find three distinct features: a commitment to the public interest that goes beyond “for the public” and enhances the role “as the public”; viewing these enterprises as new actors in the development model; and, their particular approach to development by placing people at the centre.

As the hypothesis of the first guiding question states, Social Enterprises in Chile have a strong commitment to public interest. What this hypothesis did not foresee, and to some extent was not clear in the theoretical framework, is that this pattern was “acting as the public” to project their character and commitment to influence and transform the several social fields on public interest and public policy. In this sense, although this pattern of “acting as the public” has different manifestations and mechanisms, it is distinct and particular to Social Enterprises in Chile.

Moreover, one of the relevant issues that appears as a distinctive feature not only associates with the diversity that exists between different traditions, but also how this dimension of their commitment to public interest manifests itself. Particularly, each of the traditions, in the light of the cases, can raise diverse and, at the same time, complementary mechanisms. In fact, in terms of their complementarities, it is possible to highlight the particular social sensitivity and transforming capacity of their environment in an organisation like *Prymave*. As previously illustrated, this enterprise promotes a business model that includes older people with little education and from a lower socioeconomic situation, providing them with a decent and self-managed job opportunity.

On the other hand, in organisations such as *Triciclos* it can be observed that both the enterprise and its team have the skills and the intention to bring disruptive innovation to change the way for-profit organisations are conceived. Step by step, they are demonstrating that they will use all mechanisms possible to persuade and foster collective action.

A second element that emerges is the connection these organisations have with the reality of the country and its public issues, so it follows that their public orientation is greater than it was initially thought. They are being able to identify socio-environmental issues of public interests and lead the process of change, either by providing a novel solution, with logics of public interest associated with the organisations itself, or even leading courses of action at the public and private levels. In addition, they operate from logics that have collaboration as core action.

A third element concerns some of the consequences arising from the Chilean development model during the past three decades. By escaping from a polarised analysis, in terms of logics of private and public interest, this approach includes the way these organisations provide their services and how they relate to different stakeholders, including their beneficiaries, granting centrality to the individual, which is regarded as a humanist vision of development. In relation to the previous idea, a new development model, more humane and people-centred can finally be contemplated. This is called, for the scope of this thesis, the human-centre approach.

7.2.2. The ABC Approach

This thesis approaches Social Enterprises in Chile based on their legal form. It seeks to represent this emerging movement that goes beyond the traditional social economy (Associative and Cooperatives), integrating the world of Business, which leads to the ABC approach.

When accounting for this phenomenon and the diversity of these enterprises in Chile, and considering the complexity of their dynamics and even the complementarity of these organisations in addressing issues of public interest, it became apparent that there is a necessity for the approach to be inclusive, environmentally friendly, and considerate of the characteristics specific to these organisations. The need for this inclusive approach was also evidenced by the findings in both the macro institutional and micro institutional analyses.

Thus, it seemed important to note how this inclusive approach builds bridges and gives visibility to the fact that A, B and C have much in common. As illustrated by Defourny and Nyssens in 2006, in reference to the hybridisation between the Associative and Cooperative world, the proposal of the ABC approach makes explicit the bridges that are being built between the Associative, Business and Cooperative worlds. In fact through the ABC it is possible to understand Social Enterprises in Chile, with consideration of their nature, allowing, at the same time, to care for relevant features (in terms of this diversity), such as their origins and purposes. Hence, this diversity explicit in this notion of Social Enterprise can accommodate several entrepreneurs, who can address issues of public interest by choosing those legal figures that best represent their purpose and origin (as seen in Chapter 4), like community or ethics, among others.

Thus, beyond the review in Chapter 4, in terms of the distinctive features of each sector and its generality as ABC, it is possible to conclude that what binds them together is greater than what separates them. So there is hope -if public policies aim at enhancing their convergences and respect their differences- to consider this approach as a method that would encourage the creation of new public policies and the prevalence of a different model of development, placing people at the centre of the action, as previously stated.

That said, it is important to mention that rather than being an analytical tool exclusive to the understanding of the sector or group of organisations called Social Enterprises, or as a potential typology, this ABC approach constitutes an inclusive tool to delineate and differentiate Social Enterprises in Chile, as well as a tool for the necessary changes required by the models of development, innovation, sustainability and democracy.

7.2.2.1. ABC as an Inclusive Tool to Delineate and Differentiate Social Enterprises

Although the term Social Enterprise is relatively new, the ABC recognises that this phenomenon has roots dating back to the origin of the traditional social economy. Thus, this tool allows not only to incorporate and group Social Enterprises from the Associative and Cooperative traditions, but also a new sector like the one that comes from the tradition of private for-profit organisations. Thus, by finding these enterprises in Chile, they become a conceptual reality the moment they are grouped

under the ABC approach. With this, it is possible to confirm one of the key ideas raised in the first hypothesis, that is, that it is possible to find enterprises, in legal terms, which could fall under the for-profit category.

Yet, another interesting element exclusive of the ABC is that by grouping these organisations, it becomes a collective project. Thus, the framework allows, as observed in the fieldwork, to advance in legitimising a phenomenon by avoiding the pressure to classify under a single form, which tends to destroy diversity through homogenising forces.

7.2.2.2. The ABC as a Tool for Development and Democracy

By understanding of the differences, commonalities and specificities of Social Enterprises in Chile, this thesis argues that there is potential to project what would be the impact of these organisations in terms of public policy.

Thus, the ABC is proposed as a developmental tool that, beyond representing a specific type of Social Enterprise, is based on diversification and is essentially democratic. What these organisations bring is not only innovation, in terms of provision of services in the context of the historical social needs, but also emergent challenges such as recycling, or the need to generate agreements and promote citizen participation in environmental issues..

In fact, something that is central to Associative Social Enterprises is citizen participation. It manifests itself in a variety of ways for their purposes and in how they develop their interventions. With respect to Business Social Enterprises, not only they bring innovation to their solutions, but also innovation in their approach as the main architects and advocates of this diverse and democratic project of ABC. Moreover, advocating so that Social Enterprises can gain legitimacy and be legally recognised. Finally, Cooperative Social Enterprises are constantly calling attention to the development model, proposing and constantly contributing through their commitment to internal economic democracy. In fact, considering what was observed in the field, it gives them a special sensitivity to other aspects of the business activity that go beyond the economic dimension.

Moreover, this view of the ABC as a tool for development and democracy, reveals a new angle: the fact that the Business Social Enterprises do not present an explicit form of participatory governance, but rather operate in these areas under traditional

Business forms characteristic of the tradition. Therefore, it is interesting to note the fact that entrepreneurs, without actively promoting internal democratic mechanisms, are at the top of this democratic "macro" project described in the emergence of the phenomenon of Social Enterprises in Chile. In this sense, by returning to one of the central elements of traditional social economy -the idea of economic democracy- (discussed in Chapter 1), it is possible to argue that what may be happening in the B world is that their orientation towards systemic changes are leading them to search for economic democracy from a more macro or global perspective.

7.3. Public Policies on Social Enterprises: The Paradox of an Open Field

A first issue to bring to light concerns the relationship between Social Enterprises and public policies, which is related to the paradox of an open field. Thus, using a second guiding question, this thesis aimed at understanding the public policies that supported Social Enterprises in Chile, and why they were developed. Hence, a key conclusion is that it is possible to state that public policies by themselves do not help answer these questions, but rather their absence. Furthermore, given this lack of policies towards these organisations, the analysis illustrates the importance of paradigms in understanding the relationship each government had with Social Enterprises and the implications these relationships in public policy.

Therefore, the following section seeks to explain, on the one hand, the journey from a "blank sheet" to a space of experimentation and, on the other, illustrates the findings around public policy paradigms and its implications in the development of Social Enterprises in Chile.

7.3.1. Public Policies with Social Enterprises: From a Blank Sheet to a Space of Experimentation

When analysing public policies in both periods, not only it is hard to find initiatives since there were very few, but those assessed also revealed lack of innovation. Furthermore, public policies that were analysed through the following dimensions: institutions, instruments of promotion and incentives, and the agenda of visibility, seem to be the legacy of different historical moments in Chile rather than initiatives developed during the study period. However, some exceptions tended to particularly boost the emerging sector of Business Social Enterprises and, to some extent, encourage the creation of Associative Social Enterprises. These exceptions took place during the government of Sebastián Piñera.

In relation to the dimension of “institutions”, it emphasises that neither government recognised a common identity among Social Enterprises, but regarded them as different entities in every aspect. In other words, neither of them explicitly recognised the “dynamic of convergence” of these organisations.

Similarly, when it comes to the dimension of “the instruments of promotion and incentives”, during the Bachelet government there were no specific instruments for Social Enterprises, because efforts in this period aimed at overcoming poverty, generating jobs and fostering economic growth, mainly. The direction these instruments took under President Piñera was towards innovation, beginning to see the early efforts to understand and interact with this new movement of Social Enterprises. This is mainly done by opening funds to promote both innovation and social entrepreneurship, as is the case of the *PIES* fund (Corfo) and the *I.D.E.A* fund (Fosis).

Finally, regarding the dimension of “visibility”, a sharp turn on the focus by each government can be observed. On the one hand, Bachelet focused on re-legitimising citizen participation, central to the narrative of the ruling party *Concertación*. However, respecting Social Enterprises, which were beginning to emerge in that period, policies and the visibility agenda were rather blank. On the other, the government of Piñera, largely inspired by his experience in the business world, consolidated the visibility agenda through the declaration of 2013, his last year in office, as the “Year of Innovation”. That year, he promoted several initiatives with different actors; events like the conference *New Businesses: A twist in Social and Environmental Impact*, were organised in collaboration with other actors of the emerging phenomenon of Social Enterprise in Chile.

To summarise, it is possible to state that in these eight years of public policies for Social Enterprise, Chile has gone from a blank sheet associated with the *laissez faire* model during the government of Bachelet (raised in hypothesis N° 2), to an emerging experimental space that surged under Piñera’s government.

7.3.2. Paradigms and its Implications in the Development of Social Enterprises in Chile

Chile has lived under a macro neo-liberal paradigm for the last 40 years. Since the military dictatorship, and in the 20 years of democratic coalition governments, public policies have not undergone major changes. In this context, the Bachelet Administration aimed at consolidating a social democrat paradigm. During her

administration in 2006-2009, the government sought to associate with different sectors separately, assigning them different roles: co-production of social services with Associative organisations on Social Welfare, and employment through SMEs, for example.

From an analysis of the meso-paradigms, particularly the welfare paradigm (as defined in Chapter 5), it is possible to say that Bachelet was dealing with the inertia of 'consensus policies' characteristics of a post-dictatorship democracy, and the focus was never to change that. However, this inertia characteristic of the macro and meso paradigms was interrupted, to some extent, by some significant milestones, such as Chile's acceptance into the OECD. This new global exposure, along with directly affecting the analysis of public policies, sheds light on the consolidation of a post-industrial economy that is moving towards services, bringing innovation to them. Moreover, this same openness for global exposure inspired a generation that witnesses several social needs within the country and mobilises them to seek for solutions and new approaches to the development model. However, had the conditions and the historical institutional context been different, this possibly would not have happened. Therefore, this policy analysis goes well beyond an analysis of will in a specific sector or another specific public policy.

For its part, Piñera broke with the paradigms and policies of the *Concertación*, implementing an agenda of innovation and entrepreneurship; which reflects the paradigm from which the administration built its welfare policies on. In this regard, during this administration, at the level of the spaces of experimentation, it is possible to identify a special empathy with these social entrepreneurs who raised innovative solutions for the effects arising from the development model, and thus come to contribute to the social and environmental challenges that the government faces. This is better explained considering how fitting the B Corp movement and the government's meso-paradigm of innovation and entrepreneurship can be.

Besides, in relation to the Associative world, Piñera paved the way with the adoption of Law 20,500. However, unlike Bachelet, the government of Sebastián Piñera did not necessarily seek more participation as a manifestation of his administration's welfare paradigm; rather, it sought to delegate and move towards transferring the responsibility to civil society. This enabled him to mobilise a rather extensive civil society, as explained in Chapter 3, to take over tasks for which the State used to be responsible. In this regard, it is worth recalling that Chile was a country used to co-produce certain

social services, and given the changes during the Piñera Administration, a nascent neoliberal co-construction emerged, according to Vaillancourt (2009).

In summary, none of the governments recognised the nature and convergence of these organisations. Rather, they operated from a paradigm that allowed looking at these three sectors in a detached manner, disconnected from the new emerging issues and, from the emerging organisations that are trying to address issues of public interest. This changed with Piñera thanks to efforts in the micro-paradigm of Innovation and Entrepreneurship. These changes on paradigms broke with two inertias that have been described along the thesis: a cultural inertia, in which Chile stands out for its uncertainty avoidance, by its low level of individualism and a high level of institutionalism, which combined made a difficult context for innovation (described in Chapter 3). The second inertia is in terms of the welfare paradigm, in which given the discussion in this thesis, this space of experimentation conceived under Piñera's mandate could have led Chile into a transition towards a model of a mixed economy of welfare.

7.4. Social Enterprises' Incidence on Public Policies: A Two-way Relationship

The analysis of the relationship between public policies and Social Enterprises goes beyond the enactment of public policies, and even farther than the dimensions, like institutional, promotion and incentives instruments, and visibility, analysed in this thesis. Rather, public policies implemented by both governments gestated a reaction from several Social Enterprises in terms of an empowered political dimension to shape public policy. Thus, ultimately, rose the pressure on these organisations to convert into legitimised actors, and with that, to project its purposes of contributing in socio-environmental issues.

7.4.1. Social Enterprises' Incidence on Public Policies

In the institutional historical context in which Chile is today, the State does not seem a sufficient dynamic institution to understand the complexity of Social Enterprises. The lack of responsiveness of the State to the phenomenon is two-fold.

First, the State has had a vague response to the Social Enterprises encompassed in the ABC approach, as few public policies were developed by either government. This opened the possibility for Social Enterprises, especially during the Piñera Administration, to collaborate in public-private round tables and in projects with the public sector to address public policy issues that were absent from concrete public policies. In other words, the State had the necessity to “call” Social Enterprises to understand and serve as knowledgeable support in public policy issues. This is particularly true concerning Business and Associatives types that have converged into an intense adoption of market principle and logics to address diverse issues of public interest. This is an unexpected political dimension of Social Enterprises beside their economic, social and environmental dimensions.

Second, the State is not sufficiently large and sensible to be capable of being the main promoter of cross-sector collaboration and innovative solutions to emerging social and environmental problems. Therefore, what this thesis accomplishes is to reveal the deep commitment to the public interest that many of these Social Enterprises have. And with this, moving forward to be considered relevant actors in terms of the challenges to the Chilean development model that were already exposed. Furthermore, as previously mentioned, this commitment to public interest extends beyond the provision of products or services. Based on the concepts by Arendt and Habermas, this thesis proposes that this public character, connected with its socio-environmental purpose, manifests under the patterns mentioned above of “acting for the public” and “acting as the public”.

Depending on the cases analysed in depth in Chapter 6, some elements, which illustrate differences in focus and capabilities of different types of Social Enterprises arise. In case of *Casa de la Paz*, which is a type-A Social Enterprises, it is possible to distinguish a certain pattern in its search to make visible and then encourage the development of public institutions around new emerging socio-environmental issues. In the ‘90s, this organisation pioneered the discussion of the environmental agenda, which today is complemented with an agenda that promotes the theme of citizen participation. The case of *Triciclos*, a type-B Social Enterprise, illustrates the ability of this organisation to transfer and influence solutions to technically socio-environmental problems, by scaling these solutions through public policies. Finally, in the case of a type-C Social Enterprises, such is the case of *Prymave*, by taking advantage of these new dynamics and the emerging space of experimentation for hybrid enterprises, their efforts would be orientated to give visibility and re-legitimising the scope of the Cooperative model and its multiple impacts on society. Particularly, to contribute both

to the phenomenon of Social Enterprises and to the public policies with a value proposition particularly sensitive to social issues and vulnerable groups.

7.4.2. Participation of Social Enterprises in Different Social Fields of Public Interest

To act as the public, Social Enterprises must be able to interact with State and non-State actors. This requires social entrepreneurs (leaders of these organisations) with the necessary social skills, as discussed in Chapters 1 and 6, so they can collaborate and interact with a diversity of actors and gain legitimacy in the socio-economic scenario.

This pattern of acting as a public reflects the political dimension of the Social Enterprise (discussed in Chapter 1), in its aim to project its commitment to public interest in a space of interaction, understood as several public spaces in which different subjects or courses of action can emerge to address issues of public interest. For this to happen, when it comes to several spaces of conversations or in micro public spaces, these organisations play an intermediary role taking the lead and articulating interactions around emergent socio-environmental issues. Moreover, they need to be able to foster cooperation and engagement in other actors in the transformation of these social fields.

Furthermore, Social Enterprises have created micro-public spaces that arise from collaboration between these organisations and, primarily, with other private actors in the social fields where they are found. These new public spaces are very important since they tackle problems that public policies have not yet addressed, especially due to the slow pace of the State in comparison with the complexity and innovation with which Social Enterprises have developed.

In addition, this thesis underlines reflections made by Nicholls (2011), Eynaud et al. (2015), and others, about the role that these enterprises and their leaders can effectively play, if accepted. Consequently, being legitimised as political actors. For the same reason, when analysing its mechanisms of acting as a the public, it is not only relevant to identify the diversity of these mechanisms in the different organisations of the ABC, but also, how they have been developing a particular sensitivity to comprehend the diversity of the different social actors to which they relates. And to include this particular social sensitivity in the agenda of transformation of the several social fields in which dynamic and innovative organisations like them participate in.

Therefore, with examples like, this study demonstrates that they are not passive actors that follow the rules and practices imposed by governments through public policy. On the contrary, they are dynamic actors that have the possibility to shape social fields and to ultimately transform public policy. Thus, this confirms the paradox of the absence of public policy nurturing the political dimension of Social Enterprises (raised in hypothesis number three). This thesis labels this relationship as a “two-way relationship” between Social Enterprises and public policies.

7.5. Dialogue with Theories and Methodology

It is important to highlight how these findings interact with the theoretical framework that was generated; with the conceptual framework regarding challenging or complementing what had been raised so far, and to recognise how certain aspects of the methodology allowed, in some ways or another, to reach these conclusions. Thereby, identifying elements that can help future research. Also, making it evident that both dialogues have been organised in the construction of the ABC, in relation with the relationship between Social Enterprises and public policies.

7.5.1. Dialogue with Theory

From the fieldwork and data analysis it is possible to bring back to the discussion some reflections and contributions to what has been so far raised from the theory.

7.5.1.1. The Construction of a New Approach: the ABC

Theories of social economy do not seem to capture some of the distinctive elements of these Social Enterprises. As discussed in Chapter 1 the market could be considered as a tool for tackling social problems and for creation according to the needs of its members (Chavez and Monzón, 2000, 2001; Barea and Monzón, 1999). In fact, because of the fieldwork, it is possible to realise that some elements even go beyond that, among them innovation. Also, there is a commitment that in many cases can expand beyond the internal mutuality or the local community, to the global public interest. Therefore, to some extent, it could be considered an evolution without losing the essence of what would be the core of this economy. Moreover, these new

enterprises build from a context to contribute to the shaping of what would be the social economy in the twenty-first century.

The ABC focuses on the public interest, and all those characteristics, whether common or specific to one of the traditions, surrounding the efforts to achieve this. Therefore, when matching the ABC with theories like non-profit organisations (Salamon and Anheier, 1992, 1997), the possible integration of B Corps to the Social Enterprises movement stands out. Not only because of the attributes of these organisations, but in terms of its breakthrough on how the issue of profit is addressed. Moreover, as seen in the EMES school of thought, although this school shows certain openness in this matter, the discussion of profit still is central for delimitation. Thus, this approach allows each actor that once opted for the different legal forms and traditions (for or not-for-profit), to participate in the ABC without losing its nature.

The EMES school of thought served as a good starting point for this work, because of its different contributions, through its definition, of the chosen exploratory dimensions and the lessons learned, which were shared throughout their research on Social Enterprises. For the purposes of this thesis, two angles were recognised. First, the fact that EMES highlighted a dimension of participatory governance, although it could stand as a possible barrier to characterise and explore Social Enterprises in Chile, particularly in type-B Social Enterprises. However, this thesis expanding on it. As stated before, it is conceivable that this governance, from the perspective of entrepreneurs who lead these organisations, has more to do with the coordination and governance of the phenomenon related to the collaborative initiative with other social actors, which would be a participatory governance within the organisation (who are not necessarily anti-democratic). Second, they opened the door to define Social Enterprises as not-for-profit; it is a proposal that comes close to what the same organisations determined as Impact Enterprises. However, as noted, it acknowledges the emerging shift on the conceptualisation of these organisations, from profit towards their purpose and impact on public interest.

Given the case of *Cerco*, it is possible to propose a possible contribution to the typology offered by Spear et al. (2009). It has to do with the dynamics of convergence, in particular with those experienced by for-profit organisations. As discussed in Chapter 4, based on the three cases of B Corps analysed in greater depth, it is possible to notice that while *Pegas con Sentido* and *Triciclos* clearly are clearly New Start Social Enterprises, in the case of *Cerco* it falls under a Business Social Enterprise. With this, it possible to observe that as well as New Start Social Enterprises, there is also a world

of enterprises that were created prior to the ABC and, therefore, notwithstanding they have a particular sensitivity to social responsibility due to their origin or even their purpose, given the lack of alternatives and diversity, they opted for the traditional business model.

7.5.1.2. The Theoretical Bases of a Two-way Relationship

According to Laville et al. (1999), the third system includes all organisations with legal status that place limits on the private and individual acquisition of profits, and aspire to advance towards Welfare Pluralism and a mixed economy. This thesis agrees with these authors in this aspiration and highlights the intermediary role that Social Enterprises can usually have in traditional socioeconomic structures. However, their analysis left out Social Enterprises, which have their origin in the traditional private sector. Therefore, this proposal seems a little contradictory in terms of inclusiveness. However, this is undertaken by the inclusive character of the ABC approach in its aim to achieve a new eclectic social economy with a vision of a systemic change.

This thesis builds on the reflections of Arendt (1958), Habermas (1962), Fligstein (2001), and Bourdieu (2005), to browse through the public character of these organisations, and explore its relationship with public policies. Furthermore, when observing different public spaces of interaction, it is not only possible to see how social entrepreneurs participate in them but also that, in many cases, they are the ones promoting new interactions and creating new spaces in these different social fields. All the while they are promoting, acting as the public, various courses of action such as public policy. Thereby, confirming who can act in this public sphere.

The reflection of the public interest inspired by the work of Habermas (1962) lies in both acting as a public and for the public. The theoretical reflection and case analysis in this thesis allow to return to that school of thought, since it describes the advance of private organisations in the business world, like the mission or the social impact-driven approach (Dees, 1998). This forces the analysis to take a step further, by confirming the definition that is instrumental for this thesis like an inclusive alternative, however portraying it to better assess their commitment and potential to address the public interest. A proposal that seems particularly relevant for type-B Social Enterprises, which not only stands out in the way they formulate and build their model, but also in terms of the issues raised by acting as the public and for the public interest, therefore opening up hybridisation opportunities never seen before.

Similarly, Teasdale and Nicholls (2015), and Daigneault (2013) are of fundamental importance to this thesis. The building of a theoretical framework to incorporate the different dimensions from where public policies operate, allowed to provide a framework to analyse the paradigms of the two governments studied, which fits exactly with the reality of Chilean politics portrayed in this analysis. Additionally, the last work by Teasdale and Nicholls (2015) was crucial in providing answers to questions, particularly when the process was oriented to finding differences between these periods in terms of policies. In this sense, it was possible to think that there was a knowledge gap on this subject, and when assessing the paradigms that are currently operational in either government to help find some answers to the Chilean reality.

7.5.2. Dialogue with Methodology

The possibility to recognise how certain aspects of the methodology allowed, in some ways or another, to reach these conclusions, is fundamental. Particularly, to the extent that this helps identify certain elements that can aid future research. Therefore, some of these reflections and lessons are presented as follows.

7.5.2.1. The ABC Approach as a Methodological Response to the Chilean Context

Given that the Participatory Action Research inspires this research, the best approach considered was to explore the phenomenon of Social Enterprises in Chile in person, liaise with actors in the field and develop a series of interactions. These interactions helped to delineate, differentiate and understand Social Enterprises in Chile, weighing their characteristics as well as the projections that they evoke. An example of these contributions relates to mutual associations, often located in the world of the Associative types, and then various iterations in the field, allowing to group them together with type-C Social Enterprises, due to their origin.

Furthermore, the exploratory approach adopted by this thesis gave a special sensitivity to these emerging issues. Moreover, the selection of tools, designed to encourage greater interaction with the different stakeholders involved in this phenomenon, allowed an in-depth approach and intensity beyond expectations. This permitted notions such as the importance of the public character.

Given the above, it is possible to note that the qualitative methodology is characterised by its flexibility, which allowed exploring different entries to this thesis from the universe of Social Enterprises in Chile. This flexibility allowed also to iterate and directly perform an analysis of the 29 cases, which was the exploratory sample, then deepening in the research sample in nine of those cases, to then delve into the public character of three of these organisations.

Notwithstanding the above, it should be stressed that although the qualitative methodology helped deepen the work of this thesis, it may be possible that part of the Social Enterprises phenomenon may have been lost during the case selection via convenience sampling. This is the reason why experts in the field guided the case selection. However, although this may have diminished the risk in part, it did not remove it entirely. Furthermore, the emerging realities of these organisations, and a lack of quantitative data, as mentioned in the history of this research, was another factor that could have had an influence in terms of a purely qualitative approach.

7.5.2.2. An Iterative Methodological Process to Address the Two-Way Relationship

Decisions made at the methodological level to address the research question were based on two pillars; first, the analysis of Social Enterprises and, second, the parallel analysis of policies. While this served the purpose, this thesis acknowledges the risk of seeking to answer questions following two separate paths.

However, given the flexibility of the qualitative design, it was possible to successively approach and delimit the research sample, and to guide these decisions based on the scanning and validation. This process also led to focus groups and obtaining feedback from workshops with entrepreneurs, experts, academics and policymakers. In turn, this procedure added value to the methodology in terms of the richness of the reflections that emerged after each analysis, in the process of validating the steps taken in the research with different groups of actors, thus combining the interactions made during the fieldwork with the deepness needed by the analysis.

The process of designing and building the universe of this research confirmed that when speaking about public policies, Chile is a centralised country. In fact, centrality was at the heart of the selection; first, the 29 cases of Social Enterprises were

distributed throughout Chile and then, after the iterative process carried out through triangulation and convenience sampling techniques, the final 3 cases ended up being all from Santiago, the Chilean capital. In other words, through the analysis of the public character of Social Enterprises and their incidence, those best placed to influence are those close to the decision-making centre.

Selecting only one case from each type of Social Enterprises could have limited the analysis regarding their impact in various social fields, and ultimately influencing public policies. As the convenience turns smaller, it was possible to witness different aspects of a relationship of public policies towards Social Enterprises, but also to observe that this relation was not static, but rather that Social Enterprises can influence the creation of public policies in terms of issues of public interest through their political dimension.

An important point is that, as stated in Chapter 6, social skills are associated with the figure of the entrepreneur and not the Social Enterprise (the main actor analysed in this thesis). Therefore, this is an analysis that went beyond the scope of this thesis, which was not given relevance a priori; from these entrepreneurs, an issue emerged that was considered relevant when exploring the impact on public policies, therefore it is important to underscore that it comes from a particular analysis of few number of case studies, so it does not necessarily represent the reality of the different traditions of Social Enterprises.

7.6. Primary Contribution to Knowledge

Three major contributions to knowledge about Social Enterprises, in general, stem from this research process.

The **first contribution** relates to the ABC approach as an analytical and methodological tool. Particularly, on its capacity to undertake the phenomenon of Social Enterprises in an inclusive way, favouring the delineation and the differentiation of these organisations in Chile today.

For this it is possible to identify four elements. Firstly, the ABC allows adopting an inclusive perspective, particularly, to embrace the diversity of Social Enterprises (including for-profit organisations). Secondly, the ABC can serve as a tool to organise the complex universe of Social Enterprises, and explicitly help in building bridges between three traditions of socio-economic organisations. Thirdly, being conceptualised around the main traditions and their legal figures, it is possible to trace

them in history. Finally, hand in hand with an instrumental definition, the ABC permits building a research universe, which explicitly states that not necessarily, all organisations from these three traditions correspond to Social Enterprises.

Besides, regarding differentiating between the same traditions or types of organisations that were considered within the framework of the ABC, their contributions can be grouped under four elements. Firstly, identifying distinctive features and the patterns of change within these traditions: including dynamics of convergence, emergence and “divergence”. Secondly, the ABC is equipped with the latest academic typologies that are developing throughout this movement, to build a set of qualitative nominal variables that allows an even finer filtering of potential differences among Social Enterprises. Thirdly, this ABC stresses that Social Enterprises in Chile have much in common (despite their different legal figures). However, differences between them remains.

Finally, it is important to note that the ABC not only recognizes diversity, but also helps protecting it.

A **second contribution** concerns the public character of these organisations. In the particular context of Chile, given the construction of this ABC, this approach allowed to explore a large variety of expressions that the commitment to public interest of these organisations can adopt, and their leaders. Although the literature associated with Social Enterprises has advanced towards exploring and recognising the public character of these enterprises, the ability to distinguish and illustrate their diversity in the Chilean case was particularly unique. Meanwhile, something central to this contribution concerns the possibility of studying the public character and its manifestations in private organisations, with a for-profit legal figure, to participate in this space of interaction of private actors to confront and address issues and challenges of public interest.

Therefore, a conclusion of this sort in the context of a country like Chile, where there are several consequences to face, detached from the development model and changes in its society, requires a multiplicity of actors participating in public spaces that ends up deciding the course of action that comes to encompass the different social fields.

Finally, Social Enterprises, by projecting their public character, signal two patterns that highlight that the economic dimension of these organisations is neither antagonistic nor exclusive to its political dimension. Understanding the manifestation of their political dimension, based on Habermas (1962) and Arendt (1958) and on the exploration, it is possible to identify these patterns as follows.

The first one is denominated “acting for the public” and it is related with the provision of goods and/or services by Social Enterprises to address socio-environmental issues of public interest. Thus, by integrating the findings from the analysis of the 9 cases, it is possible to propose that enterprises “act for the public” through two mechanisms: (1) The ‘what’, related to the specific product or service provided. This product or service is designed to directly address socio-environmental issues; (2) The ‘how’, more closely related to the purpose of Social Enterprises. This describes how the operation of the organisation organised and carried out its processes to provide its products or services described above, in a way that is aligned with purpose of the organisation, and therefore, with the public interest.

The second one is denominated “acting as the public” and concerns various mechanisms of interaction and collaboration with different social actors, which these organisations develop in diverse social social fields to address socio-environmental issues of public interest. Thus, despite the fact that this pattern has been little explored, based on the case analysis and the theoretical framework, it is possible to propose that enterprises “act as the public” through two mechanisms: (1) the interaction and collaboration with governments in public policies issues through their participation in social fields, explained in Chapter 4. This implies a direct relationship with diverse government agencies on institutionalised or emergent public policy issues; (2) the participation and/or creation on new public spaces of interaction in different social fields to address socio-environmental issues of public interest, which have not been dealt by public policies yet.

When reviewing these mechanisms, it is possible to give an account of the process and the construction of this relationship between social enterprises and public policies. Especially due to the recognition that this work makes of the mechanism termed “acting as the public”. In fact, in the light of Chilean institutional context, public policies towards Social Enterprises and the case studies, acting “as the public” constitutes a mechanism to legitimise and educate the public sector in the diversity and complexity of Social Enterprises. Hence, if accepted that Social Enterprises are political actors (Nicholls, 2010; and Eynaud et al., 2015), among their contributions two can be highlighted: first, their contribution in diversity and complementarity incidence in social fields on issues of public interest; and second, the fact that they have been shaping public policies, which then frame their actions.

And finally, **a third contribution**, which evolved in the research process of this thesis and brings together both contributions submitted so far involves this ABC that projects its commitment to the public interest, in such a manner that eventually it is possible to understand this ABC as a democratic project and human-centred approach to development.

Thus, the ABC is introduced in this thesis as a democratic project that seeks two things. On the one hand, to encompass diversity of each organisation and provide them with a space in which they can preserve their nature and be understood in origin and purpose. And, at the same time, to be part of a phenomenon that transcends the boundaries and possibilities of their traditions. In addition, from this transverse commitment to public interest it is possible to highlight a democratic component. From the A world –associative-, a participatory approach stands out; from the C world –cooperative-, the economic democracy is distinctive; all the while something that outstands and generates much curiosity is a leading actor that has an origin not necessarily linked to participatory governance: type-B Social Enterprises. Hence, from a macro perspective they appear as the leading actors of this collective and democratic project.

Meanwhile, this same approach, in its developmental perspective, not only is more democratic, but it also constitutes a human-centred approach to development. In fact, this approach is lead by new generation entrepreneurs and their purpose enterprises, where are not only hybrids in terms of welfare principles, but to which people and the human condition appear central. For example, through the cases of B Corps that were explored, with *Triciclos* favouring human capital vis a vis financial capital; or *Pegas con Sentido* dedicated to the pursuit of people purposes; or *Cerco* and its commitment to breaking the paradigms that sustain the poor working conditions of labourers in the construction industry.

7.7. Policy Recommendations

Until now the conclusions present a paradoxical situation in which the lack of a proactive approach by the State somehow nurtures different types of Social Enterprises. Moreover, this situation, in the particular context of the two periods that were studied, resulted in a more flexible environment for Social Enterprises to develop their political dimension and interact with the State. Therefore, what can be concluded here in terms of policy recommendations?

This study offers five lines of recommendations for public policies to answer this question and underlines some risks to keep in mind when carrying these forward.

The first one is in regards to the need of maintaining spaces of experimentation that have been built in for Social Enterprises and public policies. As already discussed, that blank sheet regarding government policies specifically designed for social enterprises has awakened and motivated conversations among these same entrepreneurs, to innovate and to motivate small spaces of experimentation. These are the same spaces that at one moment were promoted and brokered by the government, so it is recommended to preserve them to maintain these connections with everything new that arises.

A second recommendation, associated with the agenda of visibility, concerns recognising the dynamics that exist in the socio-economic organisations of the different traditions under analysis. Moreover, for this the ABC approach is presented as an interesting tool. That is, as an approach that would enable delineating Social Enterprises and, at the same time, integrating the different natures of these organisations when it comes to public action aimed at them. Along with this, the ABC would maintain perspective on the importance of the different traditions and country-level representation.

Therefore, it is important that public policies strengthen what has emerged organically, and carry the essence of the comprehensive proposal made by the ABC. In this case, the bridges that the movement itself has been building recognising certain common elements and moving towards the ABC. In the process, seeking to level the playing field that the same governments have tended to force from one side to the other, in a manner that is proper of the context of the country, with abrupt institutional changes widely described in this study.

A third recommendation is tied to the institutional recognition of the figure of the Social Enterprise. The goal is to make these organisations visible and to support their development. Particularly, to understand these organisations as Social Enterprises without necessarily creating a new legal figure, but rather to invite organisations that could be considered Social Enterprises to incorporate certain changes in their statutes to be institutionally recognised as such. With all this, the goal is to move forward in matter of institutional support, of citizen accountability, and thus accelerating their development.

Along with this, it is also suggested that a unifying public entity that exercises as an intermediary with this broad movement of Social Enterprises in Chile be implemented. Thereby, facilitating the enhancement of the two-way relationship between Social Enterprises and public policies. As starters, initiatives that generate data on the movement of Social Enterprises need to be lifted and supported, because these are vital to improve their legitimation before the different sectors discussed above, and are required to produce knowledge about these organisations.

A fourth recommendation suggests implementing instruments of promotion and incentives. The state could play an even more relevant role in, for example, public procurement or in public tender offers by rescuing key elements in each sector to favour, without trying to build isomorphic initiatives, more innovation, more social sensitive approaches and, with it, a proposal to advance further transformation. Thus, hand in hand with the recognition and institutional visibility required for the ABC, it is postulated that the need to make room for more social or purpose innovation through instruments and incentives to strengthen this area of experimentation has already begun.

A fifth recommendation, crisscrossing all the above mentioned, is to consider that these socio-economic organisations have a very relevant political dimension, which has not been acknowledged further until now. In this regard, adopting an approach that encompasses all the mentioned recommendations is to recognise the potential of these new enterprises, with their contributions beyond the direct impacts of business activity. As seen in this thesis, through participation in the spaces of co-construction of public policy, and in the various social fields that emerge around issues of public interest. Moreover, this approach could be also considered as a method to encourage the creation of new public policies and the transition towards a more human-centred development model.

Finally, when thinking of more active public policies in these sectors several risks must be taken into account public. The first is the risk associated with the centralist and not very participatory public policies existing today. This phenomenon may present an opportunity for governments to make a breakthrough in these policies, but at the expense of what is at the heart of this process: a new understanding of the relationship of Social Enterprises and public policy, the two-way relationship.

A second important risk is the perspective on the traditions within the ABC. While this approach, in terms of legitimacy and institutional support, does not ensure that the field is levelled in terms of the support the different traditions of Social Enterprises in Chile

receive from the State. Therefore, it is suggested that as well as the dimension with the specificities and complementarities of the organisations, their importance and representativeness at country level should be taken into consideration.

7.8. Limitations and Further Research

The work of a doctoral research such as this must face several limitations. Among them, all those dealing with answering the research question, taking into consideration characteristics of context and the fieldwork. However, these restrictions were not the only ones. A set of limitations associated with the investigative process challenged the theoretical framework and the scope of the methodological design. Consequently, the latter ones present themselves as a challenge to continue the investigation in the future. This section shares the main limitations in both groups described.

In the first group, the first limitation to this study concerns the complexities of addressing an emerging phenomenon, as is the case of Social Enterprises in Chile. There is a need for qualitative research methodologies; notwithstanding with the combination of several tools and different sources developed in this thesis work, there is always the risk of leaving out certain elements that can be key when it comes to understanding the studied characteristics and dynamics.

A second limitation involves the Chilean context and a parcelled view from the public institutional framework regarding these Social Enterprises. The atomisation of the sectors to which these organisations belong to makes it very difficult for any investigator and, possibly, for policymakers, to understand and identify the magnitude and complexities of a phenomenon like this.

A third restriction is the difficulty of accessing quantitative data about these enterprises. Notwithstanding the researcher's requests and the willingness of institutions to provide this information, currently, in Chile, there are no adequate records to provide a real dimension of, for example, the economic importance of this sector, let alone its impact on social or environmental issues.

A final limitation of the first group, which stems from the other three, relates to the need to explain that even though the case samples allowed a detailed analysis of Social Enterprises and their relation to public policies, these organisations do not comprise or understand all the dynamics that Social Enterprises are part of in their diversity. Thus, it is necessary to stipulate that given that 3 case studies were selected and understood

regarding their impact, it could have led to an overestimation or underestimation of the specific features of Social Enterprises that are part of the ABC.

Meanwhile, in the second group, a limitation relevant to the findings concerns the need to continue exploring the character of these organisations. Although this thesis, in dialogue with the theoretical framework, managed to raise two patterns relevant in understanding how they manifest their commitment to the public interest, which is “to the public” and “as the public”, there is still much work to do to deepen this commitment, and particularly how these patterns could illustrate and promote a socially sensitive agenda, aware of the social diversity of the “public”, while transforming social fields.

In this sense, the possibilities for further research on this public character are plenty. In fact, the possibility of understanding in depth the differences between the manner which each of these organisations, belonging to different traditions, discriminate and select their beneficiaries, how they measure and monitor their impacts, and how they establish certain dimensions or key variables to understand better both their commitment associated with the operation and, above all, how they act as public, seem key.

Along with this, there is an open possibility to explore further and deepen relations between the public character of Social Enterprises, its behaviour as the public, its participation and creation of new social fields and, finally, how to influence public policy. While these relationships may seem complex, this work somehow opens the door to the exploration of an interesting connection like this, based on the public character of the Social Enterprise. Features that were not addressed in this study because it exceeded the scope of analysis.

Another limitation that emerges as an important challenge for further research is linked to the instrumental definition, the ABC approach, and limitations associated with the approach adopted by this study. A first factor deals with the legal character taken by this approach for the purpose of this research that, to some degree, could have restrained the possibility of opening the scan to informal and popular economy organisations. A second constraint involves the opportunity to explore other organisations in depth, which although in the methodological process could be considered Social Enterprises, the triangulation work did not include them in the convenient sampling, such is the case of indigenous associations. Moreover, a third element relates to the limitation that has been raised by the instrumental definition, given that the exploration was reduced only to private organisations, a matter which in

Chile may not be so limiting, but on the international scale there are public organisations or “for the public” organisations that are already recognised as part of this phenomenon.

A third limitation, associated to the previous one, deals with knowing the real universe of Social Enterprises in Chile. It relates to not only the mentioned quality of the recorded data that exists today in public institutions in regards to the several legal figures that were selected but also to the constraints in analysing these organisations on a case-by-case basis regarding the characteristics that were established by definition. It could be particularly complex in the case of the contribution made by the ABC with organisations from the A world, such as the functional community organisations, which in some cases, for example, do not regularly participate in the market in the provision of a product or service, as it was raised in the methodological chapter.

Given the above, this limitation poses a challenge to be addressed in future investigations. Predominantly, for countries like Chile where there is not yet a clearer reference from public institutions or any private entity working with assessment or membership, so to recognise on a case-by-case basis those that can be considered Social Enterprises.

A fourth limitation concerns the ability to address in-depth the several elements that emerge in respect to the role of social entrepreneurs within these enterprises, regarding their relationship with public policies. Moreover, the analysis of the 9 cases made it possible to realise that there is much to learn about the different social skills and how these interactions finally take place in various social fields. For example, it would be an interesting possibility to identify certain arrays within these entrepreneurs to create new social fields or, directly, to participate in the co-construction of certain public policies.

Finally, the last limitation, and perhaps in a more general manner, concerns how the ABC could be used in other contexts. In fact, an interesting challenge has to do with what was analysed regarding using the ABC approach on these organisations and check whether it can be adopted in other countries, with their particular contexts, and contribute to them either as a methodological or analytical tool or as an approach to the phenomenon. However, this challenge requires legitimising the ABC from the Chilean institutional dimension, which would allow understanding the paths of the country's history, evidencing and respecting its within a supportive legal framework.

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APPENDICES

APPENDIX 1.1

Appendix 1.1: Table N° 1. Variables to Analyse in the Nine Case Studies

Variable	Category
a. Origins and Development Paths (Spear et. al., 2009)	Mutualism: Provides benefits or services to their members through trading activities.
	Trading Charities: Engages in trading activity either to directly further its charitable mission or to generate new sources of income that can be used to support it.
	Public-sector spin-offs: Social enterprises that have taken over the running of services previously provided by public authorities. They arise when services are 'spin-out' of the public sector.
	New-start Social Enterprises: Enterprises set up as new businesses by social entrepreneurs.
b. Purpose (Gordon, 2015)	Mutual Purpose: Organisations based on co-operation and mutuality. Mutual or co-operative type or legal form should be sufficient and conclusive to determine this purpose. They are older forms of social economy enterprises arising from voluntary associational action by the working classes to promote alternative economic institutions, controlled by themselves, for their mutual interest, benefit and support.
	Community Purpose: Organisations based on community and voluntary associations. Focused on community development in a particular geographical location, communitarianism and associationalism, and involving collective and co-operative organisation and control.
	Altruistic Purpose: Organisations based on charity and philanthropy. The charitable, philanthropic, voluntary, or non-profit sector, concerned with the improvement of one or more of the following: individual or group health, education, welfare, or the alleviation of poverty.
	Ethical Purpose: Organisations based on alterity and radicalism. The key characteristic may be found in a social mission statement which demonstrates alterity, radical utopianism, and/or advocacy on ethical values and more radical societal change.
Private market Purpose: Organisations that are for-profit businesses and enterprises. It must have a private legal form, Serves individual or group needs.	

	<p>Public Statist: Organisations that are part of the reconfiguration or “externalisation” of public services in Social Enterprises, with the expressed aims of improvement and innovation in the provision and delivery of services, but potentially also in order to limit the size of the state and to reduce public expenditure.</p>
<p>c. Principles of Welfare (Polanyi, 1944)</p>	<p>Market Principle: Allows for a convergence between the supply and demand for goods and services exchanged through price setting. The market principle does not imply its immersion in social relations, which are now considered by western cultures as being distinct from economic institutions.</p> <p>Redistribution Principle: Is the principle on the basis of which the results of production are handed over to a central authority responsible for distributing it.</p> <p>Reciprocity Principle: Emphasises the integration of actors and stakeholders that are voluntarily complementary and interdependent.</p>
<p>d. Mission Orientation (Alter, 2010)</p>	<p>Mission centric: The enterprise activities are central to the organisation's social mission. These Social Enterprises are created for the express purpose of advancing the mission using a self-financing model.</p> <p>Mission Related: The enterprise activities are related to the organisation's mission or core social services. Mission-related Social Enterprises have synergistic properties, creating social value for programs and generating economic value to subsidize the organisation's social programs and/or operating expenses.</p> <p>Unrelated to Mission: The enterprise activities is not related to the organisation's mission, or intended to advance the mission other than by generating income for its social programs and operating costs.</p>

Source: Author's own elaboration based in Spear et al. (2009), Gordon (2015), Polanyi (1944) and Alter (2010)

APPENDIX 2.1

Appendix 2.1: Path leading to the research question

Name of stage	Reason / Objectives	Research question / Focus	Sampling tool and testing techniques	Outcomes
a) Determining the subject: EMES 2009 conference in Trento, Italy	Thesis supervisor recommends to attend conference, in order to gather insight about organisations with social goals.	Is there any determinable player that uses market principles to tackle social problems?	10 semi-structured interviews	The central part of the discussion was the organisations that use the market to tackle social problems, called Social Enterprises. This clears-up the main player of the thesis; before the conference the subjects were social economy organisations.
b) The State as a key main enabler of Social Enterprises	An initial part of the study tackled the embedding of different actors related to Social Enterprises in the territory. It focused in particular on the support given by the State to organisations with objectives of public interest like Social Enterprises.	What is the reach of the State support in Social Enterprises?	Semi-structured interviews with leaders and employees of Social Enterprises and the State, as well as experts in the field.	The State is an institution too large and complex to be able to do a complete analysis of its reach on the phenomenon of Social Enterprises.
c) Literature Review: first immersion in the theoretical frames associated with Social Enterprises	Once the player is chosen, different sources of information are reviewed in to reinforce knowledge on the subject and related issues.	Which are the main subjects to be studied to understand Social Enterprises?	Subjects studied: Territorial development, Social Enterprises, social economy organisations and history, capabilities approach, welfare theories, public policy.	Social Enterprises and its consequences and applications on other fields, are studied and conceptualised.

Name of stage	Reason / Objectives	Research question / Focus	Sampling tool and testing techniques	Outcomes
d) First approach: Comparative study between Brazil and Chile	The next step after defining the actor of the thesis and understanding its logics, origins, values and history, it is to define a field for the thesis.	To what extent does the relationship between public institutions and Social Enterprises favour the latter to be at the core of a Solidarity Development Strategy?	Field approach and conversations with several experts.	The subject of research seems too complex for endeavor a comparative study between two countries. Particularly, the diverse and emergent character of the phenomenon is too big.
e) Adding a territorial dimension (Salvador de Bahía vs Valparaíso)	As the previous approach seemed too complex, a comparative analysis between one city of Chile and one city of Brazil is proposed.	What are the differences between Social Enterprises focus, origins and logics between Social Enterprises in Salvador de Bahía and Valparaíso?	Semi-structured interviews with leaders and workers of Social Enterprises and mapping the actors that were part of Social Enterprises in the two cities.	The comparative analysis between cities is discarded because in Chile most of the phenomenon is centred in Santiago due to its centralist policy. This reflection evidences the differences between the contexts of both countries and also shows that for understanding Social Enterprises in depth it was necessary to focus the territory in only one country: Chile.
f) Comparative study between the role of the central government of Michelle Bachelet (2006-2010) and Sebastian Piñera (2010-2014).	The role of the central government in the support to Social Enterprises in a country with such centralist policies as Chile seem a plausible final approach to Social Enterprises.	To what extent the emergence and development of the social enterprises has been favoured by public policies: the case of Chile during the last two central governments?	Workshops, semi-structured interviews to managers of Social Enterprises and other actors related to them, questionnaires to the nine final cases studied.	Both governments have different approaches to the subject of Social Enterprises reflected in the public policies they encouraged and implemented during their governments.

Source: Author's own elaboration

APPENDIX 2.2

Appendix 2.2: Grid for interviews

Pauta Entrevista 29 casos/ Interview grid for the twenty-nine cases.

La entrevista se abre explicando brevemente la tesis y sus procesos, se responden las dudas y se plantean las siguientes preguntas: The interview starts with a brief explanation of the thesis and its processes. Doubts are responded and the questions starts as follow:

Información de la organización / Information about the organisation

1. ¿Cómo describirías el origen de tu empresa? / How would you describe the origin of your organisation?
2. Sé que ustedes se constituyeron como (poner forma legal) ¿Cómo se decidieron por el tipo de forma legal que querían ser? (preguntar sobre características específicas de la forma legal e indagar sobre las expectativas que tenían sobre ese tipo) / We know you are constituted as a (fill with legal form). How you decided to be formed as that type of legal form? (Ask about the specific characteristics of the legal form and explore about the expectations they have on the type).
3. Y en este proceso de constitución ¿Han recibido algún tipo de apoyo por parte del Estado? ¿Cuál? / In the forming process of the organisation, have you had any support from the State? Which one?
4. ¿Qué es lo que hace diferente a tu organización? (Pregunta orientada a lo que la hace única en su tipo, y lo que la diferencia de los demás tipos de formas legales) / What makes your organisation different? (Question orientated to what makes the organisation unique in the type, and what differentiates it from the other legal forms)

Económica: Una producción continua / Economic: A continuous production

1. Descríbeme qué productos o servicios ofrece. / Please describe me what products or services you provide.
2. ¿Estos productos o servicios los ofrecen de manera continua? / Do you offer this products or services in a continuous production?
3. ¿Qué representan estos productos o servicios para la organización? / Which is the statute of this products or services for the organisation? What do they represent?

Social: Un explícito enfoque social / Social: An explicit social aim

1. ¿Cuáles son los objetivos que se propone como organización? / Which are the objectives that the organisation proposes?
2. ¿Definirías éstos como objetivos sociales? / Would you define this objectives as social ones?
3. ¿Cómo podrías decir que se compatibilizan los objetivos múltiples, sociales y económicos al interior de la organización? / How would you state that the multiple objectives are compatibilised -socials, economics, etc.- inside the organisation?

Governanza Participativa / A participatory Governance

1. ¿Quiénes participan en la toma de decisiones en la organización? / Who can participate in the decision making in the organisation?
2. ¿Cómo lo hacen en términos de procedimientos? / How the procedures work in this matter?

Un compromiso con el interés público / A commitment on public interest

1. ¿Qué entiendes por compromiso con el interés público? / What do you understand by 'commitment on public interest'?
2. ¿En qué medida y cómo consideras tú que se refleja en tu organización? / In which ways and how do you consider that this is reflected inside the organisation?

Pauta Entrevista 9 casos / Interview grid for the nine cases.

Se abre esta entrevista recapitulando la anterior que se les hizo en el análisis de 29 casos. Se explica que serán 9 los casos analizados, a los cuales además de esta entrevista se les enviará una solicitud para recopilar datos duros. / The interview starts by a brief recapitulation of the interview for de 29 cases, explaining the methods of the selection for the 9 cases, and explaining that a request will be addressed to collect hard information about the organisation.

Orígenes y caminos de desarrollo / Origins and development paths.

1. [Se recapitula lo hablado en la entrevista anterior sobre el origen de la empresa] ¿Qué opinas tú sobre este relato del origen de la empresa? ¿Qué me podrías decir tú sobre el camino que ha seguido la organización hasta la fecha? / [Brief recapitulation of the previous interview about the origins of the organisation] What do you think about the discourse of the origins of the organisation? What can you tell me about the development path that the organisation has followed until now?
2. Si ahora te presento las siguientes opciones (se explican los cuatro tipos de orígenes) ¿En cuál clasificarías a tu organización? ¿Por qué? / If now I present to you the following options (explanation about the four types of origins) In which would you classify your organisation? Why?

Propósito / Purpose.

1. ¿Cuál crees tú que es el propósito de tu empresa? / What do you think it is the purpose of your organisation?
2. Si te diera estas opciones (Explicar cuáles son las opciones): ¿En cuál clasificarías a tu organización? ¿Por qué? / If I gave you the following options (explain the purposes) In which would you classify your organisation? Why?

Principios de bienestar / Principles of welfare.

1. Si hablamos de principios de bienestar desde una perspectiva económica y te planteo estas opciones (se describen las opciones): ¿Cuál de estos principios describe mejor la inspiración para las acciones de tu organización? / If we are talking about principles of welfare from a economic perspective and I describe these options for you (explain the options) Which one of these principles describes the best the inspiration for actions your organisation takes?
2. ¿En qué lo ves dentro de ella? / Where do you see this principle?

Centralidad de la misión / Mission centrality.

1. [Se recapitula lo hablado en la entrevista anterior sobre la misión de la organización] ¿En qué medida dirías tú que su actuar y sus operaciones como empresa están relacionadas, aportan y contribuyen directamente a la misión? / [Brief recapitulation of the conversation about the mission of the organisation in the previous interview] In which way would you say that your actions and operations as an Enterprise are related and contributing directly to the mission?
2. Si te explico estas tres opciones, ¿Cuál describiría mejor a tu organización? / If I explain to you these three options. Which one describes your organisation the best?

Lógicas institucionales de interés público / Institutional logics on public interest

1. ¿Qué entiendes por lógicas institucionales de interés público? /What do you understand by institutional logics on public interest?
2. ¿En qué medida crees que tu organización desarrolla estas lógicas? /In which measure, do you think this organisation develops these logics?
3. ¿Me darías un ejemplo de esto? / Can you give me an example?

Pauta Entrevista 3 casos / Interview grid for the 3 cases.

Se parte la entrevista explicando que a partir de los 9 casos estudiados se seleccionaron 3, los cuales corresponden cada uno a un sector del ABC / The interview starts explaining that from the 9 cases studied 3 were selected, one from each sector of the ABC.

Actuando por lo público / Acting For the public

1. [Se recapitula la conversación de la manera de contribuir en el interés público] ¿Cómo describirías la forma en que tu organización a través de la provisión de sus servicios o productos contribuyen al interés público? / [Recapitulation of the conversation of how to contribute in the public interest] How would you describe your organisation through the provision of its services or products and in which way they contribute to the public interest?
2. ¿Podría profundizar en aquellos aspectos donde su producto o servicio contribuye o afecta positivamente el interés público? / Could you go deeper into those aspects where your product or service contributes or positively affects the public interest?

Actuando como lo público / Acting As a public

1. Dado el latente interés público que se manifiesta en tu organización ¿De qué otra forma y dejando de lado la provisión de productos y servicios (y este producto en sí), se manifiesta tu interés y el interés de la organización por contribuir al bien público? / Given the latent public interest that manifests in your organisation. How else, and leaving aside the provision of products or services (and this product itself), is your interest and the interest of the organisation to contribute to the public interest?

Estado / State.

1. Entendiendo lo anterior, en dos categorías, acting for the public y acting as a public: ¿Cómo el estado favoreció el desarrollo de tu acting for the public and as the public? / Understanding the above, in two categories, acting for the public and acting as a public: How did the State favour the development of your acting for the public and as the public?
2. Desde lo anterior, ¿Cómo describirías tú las diferencias de este apoyo entre los dos períodos de gobierno que se están estudiando, por más pequeñas que éstas sean, respecto de favorecer las Empresas Sociales, particularmente en su dimensión de interés público? / From the above, how would you describe the differences in this support between the two periods of government being studied, however small, in favor of Social Enterprises, particularly in their dimension of public interest?

Pauta Entrevistas a Expertos / Interview grid for experts.

Experto1: Experto Economía Social. / Expert 1: Social Economy Expert

1. ¿Cómo entiende usted las Empresas Sociales? / How do you understand Social Enterprises?
2. ¿Cuáles son las características distintivas de las organizaciones socioeconómicas en cuanto a sus formas asociativas, business o cooperativas? / What are the distinctive features of socio-economic organisations in terms of their associative, business or cooperative forms?
3. ¿Cómo usted ve la posibilidad de existencia de una economía social ecléctica como la propuesta en esta tesis mediante el enfoque ABC propuesto? / How do you see the possibility of an eclectic social economy such as that proposed in this thesis through the ABC approach?
4. ¿En qué medida el ABC ha sido apoyado por las políticas públicas y si ha habido diferencias en los últimos 10 años? / To what extent has the ABC been supported by public policies and if there have been differences in the last 10 years?

5. ¿Existe algún espacio de interacción entre los sectores ABC y las instituciones gubernamentales? / Is there any space for interaction between ABC sectors and government institutions?

Experto 2: Representantes ABC / Expert 2: Representatives ABC

1. ¿Cómo entiende usted las Empresas Sociales? / How do you understand Social Enterprises?
2. ¿Cuáles son las características distintivas de las organizaciones socioeconómicas (preguntar por asociativas/business/cooperativas según sea el caso)? / What are the distinctive characteristics of socio-economic organisations (ask for associations / business / cooperatives as the case may be)?
3. ¿Cómo vio usted el Gobierno de Michelle Bachelet/Sebastián Piñera en términos de su acción en relación a la institucionalidad (marco legal y regulatorio; e instituciones), instancias de promoción e incentivos (instrumentos de fondos e incentivos) e instancias de visibilidad (informes, estudios y seminarios) relacionadas con las organizaciones socioeconómicas del mundo (asociativo/business/cooperativo)? / How did you see the Government of Michelle Bachelet / Sebastián Piñera in terms of its action in relation to the institutions (legal and regulatory framework and institutions), promotion and incentive bodies (instruments of funds and incentives) and instances of visibility (reports, studies and seminars) related to the socio-economic organisations of the world (associative / business / cooperative)?
4. ¿Cómo su sector ve la posibilidad de existencia de una economía social ecléctica como la propuesta en esta tesis mediante el enfoque ABC propuesto? / How does your sector see the possibility of an eclectic social economy as proposed in this thesis through the ABC approach?
5. ¿En qué medida su sector ha sido apoyado por las políticas públicas y si ha habido diferencias en los últimos 10 años? / To what extent has your sector been supported by public policies and if there have been differences in the last 10 years?
6. ¿Existe algún espacio de interacción entre su sector y las instituciones gubernamentales? / Is there any space for interaction between your sector and government institutions?

Experto 3: Policy maker ABC Bachelet/Piñera / Expert 3: Policy maker ABC Bachelet / Piñera

1. ¿Cómo entiende usted las Empresas Sociales? / How do you understand Social Enterprises?
2. ¿Cuáles son las características distintivas de las organizaciones socioeconómicas asociativas business y cooperativas? / What are the distinguishing features of socio-economic associative business and cooperative organisations?
3. ¿Cómo vio usted el Gobierno de Michelle Bachelet/Sebastián Piñera en términos de su acción en relación a la institucionalidad (marco legal y regulatorio e instituciones), instancias de promoción e incentivos (instrumentos de fondos e incentivos) e instancias de visibilidad (informes, estudios y seminarios) relacionadas con las organizaciones socioeconómicas del mundo asociativo, business y cooperativo? / How did you see the Government of Michelle Bachelet / Sebastián Piñera in terms of its action in relation to the institutions (legal and regulatory framework and institutions), promotion and incentive bodies (instruments of funds and incentives) and instances of visibility (reports, studies and seminars) related to the socio-economic organisations of the associative, business and cooperative world?
4. En específico, cuál cree usted que fueron los objetivos del marco legal y regulatorio/fondos/incentivos/informes, estudios y seminarios en orden de buscar promover la aparición y desarrollo de las organizaciones socioeconómicas relacionadas

con el enfoque ABC. / Specifically, what do you think were the objectives of the legal and regulatory framework / funds / incentives / reports, studies and seminars in order to seek to promote the emergence and development of socio-economic organisations related to the ABC approach.

5. ¿Cómo el sector público ve la posibilidad de existencia de una economía social ecléctica como la propuesta en esta tesis mediante el enfoque ABC propuesto? / How does the public sector see the possibility of an eclectic social economy as proposed in this thesis through the ABC approach?

Experto 4: Policy maker relacionado con los 3 casos / Expert 4: Policy maker related to the 3 cases

1. ¿Cómo entiende usted las Empresas Sociales? / How do you understand Social Enterprises?
2. ¿Cuáles son las características distintivas de las organizaciones socioeconómicas asociativas? / What are the distinguishing features of associative socio-economic organisations?
3. ¿Cómo vio usted el Gobierno de Michelle Bachelet/Sebastián Piñera en términos de su acción en relación a la institucionalidad (marco legal y regulatorio e instituciones), instancias de promoción e incentivos (instrumentos de fondos e incentivos) e instancias de visibilidad y legitimidad (informes, estudios y seminarios) relacionadas con las organizaciones socioeconómicas del mundo asociativo? / How did you see the Government of Michelle Bachelet / Sebastián Piñera in terms of its action in relation to the institutions (legal and regulatory framework and institutions), promotion and incentive bodies (instruments of funds and incentives) and instances of visibility and legitimacy (reports, studies and seminars) related to the socio-economic organisations of the associative world?
4. ¿Cómo su sector ve la posibilidad de existencia de una economía social ecléctica como la propuesta en esta tesis mediante el enfoque ABC propuesto? / How does your sector see the possibility of an eclectic social economy as proposed in this thesis through the ABC approach?
5. ¿En qué medida su sector ha sido apoyado por las políticas públicas y si ha habido diferencias en los últimos 10 años? / To what extent has your sector been supported by public policies and if there have been differences in the last 10 years?
6. ¿Existe algún espacio de interacción entre su sector y las instituciones gubernamentales? / Is there any space for interaction between your sector and government institutions?
7. ¿Tienen las Empresas Sociales la posibilidad de incidir en las políticas públicas? ¿Por qué? / Do Social Enterprises have the possibility of influencing public policies? Why?
8. ¿Cómo describirías esta capacidad de incidir desde Empresas Sociales tipo B? ¿En qué se diferencia de las B y las C? / How would you describe this ability to influence from Business type Social Enterprises? How is it different from B's and C's?
9. ¿Cree usted que hubo algún cambio en el perfil del servidor público del Gobierno de Bachelet y en el de Piñera? ¿Cree usted que esto afectó de alguna manera a su sector? / Do you think that there was any change in the profile of the public servant of the Government of Bachelet and Piñera? Do you think that this affected in any way your sector?

APPENDIX 2.3

Appendix 2.3: Interviewees for each organisation

29 Cases

N°	Social Enterprise	Interviewee
1	Fundación Nuestros Hijos	Marcela Zubieta
2	Fundación Casa de la Paz	Ximena Abogabir
3	Fundación Solidaridad	Winnie Lira
4	Gente Expresa	Hector Jorquera
5	Comparte	Genaro Winjnant
6	Apiunesexta	Christian Osorio
7	Relmu Witrál	Miriam Espinoza
8	Trekaleyin	Cristian Castro
9	Kaleidoscopio	Pablo Villoch
10	Upasol	Patricio Santander
11	Bicicultura	Amarilis Horta
12	Sindicato Folklorista	Iván Vidal
13	Late!	Pedro Traverso
14	Lumni	Matías Valdivieso
15	Triciclos	María Emilia Correa
16	Masisa	María José González
17	BCI	José Pablo Arellano
18	Cooperativa La Porteña	Hernán Quezada

19	Cooperativa Viña Crea	Natalia Marín
20	Cooperativa Socomade	Gueris Montenegro
21	Prymave	Edgardo Casajuana
22	Oriencoop	Carla Aravena
23	Asociación de Procesadores y Exportadores de Ciruelas Secas de Chile	María Paz Soto
24	Sociedad Mutual Union de Artesanos	Ariondo Torrealba
25	Fipasur (Pesca en línea)	Patricio Olavarría
26	Fepanav	Cecilia Masferrer
27	Colegio Alexander Flemming	Alejandra Retamales
28	Cerco	César Riffo
29	Pegas con Sentido	Nicolás Dell'Orto

Interviewees for the 9 cases

N°	Social Enterprise	Interviewee	Role
1	Casa de la Paz	Ximena Abogabir	Co-founder and Board's secretary
2	Bicicultura	Andrea Cortínez	President
3	Colegio Alexander Flemming	Alejandra Retamales	Director
4	Triciclos	Gonzalo Muñoz	Co-founder & CEO
5	Pegas con Sentido	Nicolás Morales	Co-founder & Managing Director
6	Cerco	Cesar Riffo	Founder & CEO
7	Prymave	Edgardo Casajuana	CEO
8	Pesca en Línea	Patricio Olavarría	CEO
9	Oriencoop	Carla Aranena	Santiago Head Office

Interviewees for the 3 cases

Social Enterprise	Interviewee	Role
Casa de la Paz	Pablo Valenzuela	Executive Director
Triciclos	Gonzalo Muñoz	Founder & CEO
Prymave	Manuel Lopez	President

Source: Author's own elaboration

Interviews for assessing the influence of public policy in the relation with Social Enterprises

Name	Group	Role
Mario Radrigán	Academic	Adjunt professor and Director of CIESCOOP at Universidad de Santiago de Chile
Mladen Koljatic	Academic	Professor from the Business and administration Faculty at Pontificia Universidad Católica de Chile and member of the SEKN network
Alejandra Pizarro	Social Enterprises: A	Executive Director of Comunidad de Organizaciones Solidarias
Juan Pablo Larenas	Social Enterprises: B	Executive Director of Sistema B International
Ignacio Parada	Social Enterprises: C	Director
Francisca Riveros	Representative from Bachelet's previous government	Former Head of FOSIS, Ministry of Social Development
Cristián Figueroa	Representative from Bachelet's previous government	Former high level executive at CORFO
Paola Posligua	Representative from Piñera's government	Former high level executive at CORFO
Carlos González	Representative from Piñera's government	Former director of the Cooperatives Division and the Ministry of Economy

Source: Author's own elaboration

APPENDIX 2.4

Appendix 2.4: Information Table About the 29 Case Studies

Name	Tradition A-B-C	Foundation year	Commitment to public interest
Casa de la Paz (Citizenship/environment)	A: Foundation	Before 2006	Strong
Colegio Alexander Flemming (Education)	A: Corporation	Before 2006	Medium
Bicicultura (Citizenship/wellness)	A: Community Functional	2006-2009	Strong
Triciclos (Environment/recycling)	B: B Corp	2006-2009	Strong
Cerco (Construction)	B: B Corp	2006-2009	Strong
Pegas con Sentido (Headhunter)	B: B Corp	2009-2013	Strong
Prymave (Green Areas)	C: Cooperative	2006-2009	Strong
Fipasur (Pesca en Línea) (Sustainable fishing)	C: Federation	2009-2013	Strong
Oriencoop (Credit access)	C: Cooperative	Before 2006	Strong
Fundación Nuestros Hijos (Health)	A: Foundation	Before 2006	Medium
Fundación Solidaridad (Entrepreneurship/fair trade)	A: Foundation	Before 2006	Medium
Gente Expresa (Citizenship/wellness/house consultancy)	B: B Corp	2006-2009	Medium
Comparte (Fair trade/crafts)	B: B Corp	Before 2006	Medium
Relmu Witrál (Mapuche clothes/entrepreneurship)	A: indigenous association	Before 2006	Medium
Trekaleyin (Ecotourism)	A: indigenous association	2006-2009	Medium
Kaleidoscopio (Kids workshops)	A: Community Functional	2006-2009	Medium
Upasol (Rehabilitation/Recycling/environment)	A: Community Functional	Before 2006	Medium
Sindicato Folclorista (Protection and diffusion of Chilean music)	C: Labour Union	Before 2006	Medium
Late! (Bottled water selling/profit donation)	B: B Corp	2006-2009	Medium
Lumni (Investment Fund/education)	B: B Corp	Before 2006	Medium
Masisa (Wood works/sustainability)	B: Traditional Bussiness	Before 2006	Medium
BCI (Bank/sustainability)	B: Traditional Bussiness	Before 2006	Medium
Cooperativa La Porteña (Trade/restaurant)	C: Cooperative	Before 2006	Medium
Cooperativa Viña Crea (Crafts workshops/wellness)	C: Cooperative	Before 2006	Medium
Cooperativa Socomade (Hardware selling)	C: Cooperative	Before 2006	Medium
Asociación de Procesadores y Exportadores de Ciruelas Secas de Chile (Honey/organics products)	C: Trade Unions	Before 2006	Medium
Sociedad Mutual Unión de Artesanos (Craftsmanship)	C: Mutual	Before 2006	Medium
Fepanav (Seafood/nutrition)	C: Federation	Before 2006	Medium
Apiunesexta (Honey/nutrition)	A: Professional association	Before 2006	Medium

Source: Author's own elaboration

APPENDIX 3.1

Appendix 3.1: List of certified B Corps in Chile

2013	
1.	TriCiclos
2.	Late
3.	Musuchouse
4.	Cerco
5.	Pegas con Sentido
6.	Comercial Epullen Ltda.
7.	LUMNI CHILE
8.	Britec Ltda.
9.	Route to Green SPA
10.	VOZ
11.	La Bicicleta Gestión de Desarrollo
12.	Green Libros
13.	Estudios y Consultorías Focus
14.	Needo
15.	LATITUD 90
16.	Advanced Innovation Center
17.	Cumplo
18.	Tools4Change
19.	IMPRESIONUNO
20.	Degraf Ltda
21.	Veomás
22.	Insamar
23.	Cultiva Empresa
24.	KarünShades
25.	SSC WOOD
26.	Ematris
27.	Gentexpresa
28.	CRIDEM
29.	Best Energy
30.	Bolsas Reutilizables
31.	Emprendejuven
32.	Cubiertosdemadera.com
33.	Emprediem

Source: Authors own elaboration

APPENDIX 4.1

Appendix 4.1: Laws of CSR practices

Body of Law	Law	Description
Entrepreneurial Ethics law and norms: the first legal definition related with the social responsibility of businesses.	DL211	From 1973, depicts the Free Market competition behaviour.
	Law 18,010	From 1981, limits the credit operations to the anti-usury ones.
	Law 19,300	From 1994, sets the general base law for environmental management.
	Law 19,911	From 2003, creates the Court for Free Market competition of businesses.
Related indirectly with CSR has been those regarding the commitment with the communities in which businesses deploy their activities and operations.	Law 18,955	From 1990, depicts the norms for the donation with cultural ends.
	Law 19,247	From 1993, focuses on donations with educational ends.
	Law 19,418	From 1997, over the relations and donations to community organisations.
	Law 19,496	From 1997, limits entrepreneurial behavior that harms the consumer.
	Law 19,712	From 2001, defines the donations with sport ends.
Other issues that can be related with CSR practices like the quality of labor laws and decrees.	Decree 1,046	From 1977, focuses on normalizing extraordinary hours of work.
	Decree 150 article 20 of 1982 and the Law 19,728 of 2001	The unemployment subsidies paid by the employer and the employee.
	Law 18,469 of 1985 and the Law 19,350 of 1994	Regarding social security payments.
	Law 18,611	From 1987, for the creation of the national fund for the family subsidies.
	Law 19,069 of 1991 and the Law 19,214 of 1993	For the creation of fund for training and labor union formation.
	Law 19,284	From 1994, regarding the inclusion of disability people.
	Law 19,404	From 1995, regarding the heavy works and jobs.
	Law 19,505	From 1997, creates a permit for job absence in case of

		health problems.
	Decree 1	From 2003, depicts the maternity protection.
	Law 19,988	From 2004, regarding temporary workers.

Source: Authors own Elaboration

APPENDIX 4.2

Appendix 4.2: Promotion Instruments during Bachelet's Government

Instrument	Type	Ministry	Budget	Objectives	Audience	Year of establishment
Fondo mixto de apoyo (Mixed Support Fund)	Associative	MIDEPLAN	\$125,555,513 (2008)	Support initiatives submitted by civil society organisations that directly benefit people living in poverty and/ or disability	Civil society organisations that directly benefit people living in poverty and/ or disability	2008
Fondo de tierras y aguas (Fund for indigenous lands and water)	Associative	MIDEPLAN - CONADI	-	Provides subsidies for the purchase of land by individuals or communities	Individuals or communities	1993
Fondo de Desarrollo (Programa de Fomento a la Economía Indígena y Programa de Apoyo a la Gestión Social Indígena)	Associative	MIDEPLAN - CONADI	\$4,010 million (2009)	Contribute to the development of people, communities and organisations, contributing to the consolidation of a Chilean society that respects equal rights and cultural values of indigenous peoples. Increase economic, cultural, environmental and political dimensions of the welfare of families, communities and organisations through the development, implementation and evaluation of programs and special projects (cultural, gender identity and relevance).	The beneficiaries of the Fund for Indigenous Development: persons, communities belonging to different native peoples of the country of different indigenous territories of Indigenous Development Areas declared users of the Land Fund and Water CONADI and belonging to groups of rural indigenous population and urban in extreme poverty and poverty.	1994
Fondo de Cultura y Educación (Culture and Education Fund)	Associative	MIDEPLAN - CONADI	\$482 million (2008)	Funds for educational and artistic projects that aim to support the development of	Institutions recognized by the Ministry of Education, dependent of	1995

				arts and culture in the formation of children and young people	the municipal system or private non-profit linked to the management of educational projects	
Fondo nacional del adulto mayor (National Fund of the Elderly)	Associative	MIDEPLAN-SENAMA	\$ 1,357 million(2006)	Funding for projects designed, produced and developed by organisations composed by older adults through competitions	Organisations formed by older adults.	2003
Fondo de fomento de medios de comunicación social (Funds to promote social media)	Associative	Ministry General Secretariat of Government	\$ 635,179,628 (2009)	Finance, in a complementary way , projects relating to the conduct , publication and distribution of programs or supplements, regional and local levels to strengthen the role of communication	Chilean social media of regional, provincial and communal character. It will be understood by social media, those eligible to transmit, disclose, disseminate or propagate, in a stable and regular manner, texts, sounds or images to the public regardless of the medium or instrument used.	2000
Fondo de fortalecimiento de organizaciones y asociaciones de interés público	Associative	Ministry General Secretariat of Government	\$1,046,752 (2009)	Strengthen the associative	Social organisations	-
Fondeporte	Associative	Ministry General Secretariat of Government. Instituto Nacional de Deportes	\$ 21,844,000	It is a financing tool for development and projection of sport and physical activity in the country. This Fund aims to finance all or part projects, programs, activities and incentive measures, implementation, practice and development of sport in its various forms and	Sports organisations	2001

				manifestations.		
Programa de Microemprendimiento (Pame, Then called Programa Yo Emprendo Semilla)	Businesses. Productivity, innovation and growth	MIDEPLAN-FOSIS	\$13.325.000 (2004-2007)	Help the beneficiaries of the program beneficiaries and improve their living conditions, seeking economic development through the improvement of their personal skills.	Unemployed or unemployed 19 to 59 years (women) and 19-64 years (men), members of the Bridge Program and / or Chile Solidario, which shall comply with Condition No. 1 bridge work (at least one member family regularly works with stable remuneration).	2004 – ends in the next period
Capital semilla (Seed capital)	Businesses. SMEs	Ministry of Economy, Promotion and Tourism	\$3,081,318 (2008)	Supporting entrepreneurs (as) in developing their business projects with high potential for growth	Legal for profit persons	2005
Fondo de Asistencia Técnica (Technical assistance fund)	Businesses. SMEs	Ministry of Economy, Promotion and Tourism	\$2,225,903 (2008)	Support recruitment consultancy specializing in management areas	Businesses with annual sales less than 100,000 UF	1992
Fondo Promoción para la Calidad (Quality Promotion fund)	Businesses. SMEs	Ministry of Economy, Promotion and Tourism	\$8,199,006 (2008)	Supports SMEs in the implementation of certificate standards related to improving management	Businesses with net sales up to UF 100,000.	2004
Proyecto asociativos de fomento (Associative Development Project)	Businesses. Productivity, innovation and growth	Ministry of Economy, Promotion and Tourism	\$6,482,040 (2008)	Support initiatives of a group of at least three businesses, seeking to realize a common business idea in order to improve their competitiveness	Businesses that individually have a taxable income or annual net sales of between 2400 UF and 100,000 UF	1992

Programa de Emprendimiento Local (Local entrepreneurship program)	Businesses. Productivity, innovation and growth	Ministry of Economy, Promotion and Tourism	\$ 2,461,270 (2007)	Support entrepreneurs in a locality to improve their management skills and gain access to new business opportunities	Entrepreneurs whose annual net sales or projections, are lower than UF 5,000.	2007
Fondo de Innovación para la Competitividad (Innovation fund for competitiveness)	Businesses. Productivity, innovation and growth	Ministry of Economy, Promotion and Tourism	\$ 52,759,310 (2007)	This is a financing instrument for the implementation of national and regional innovation policies aimed to strengthening the national innovation system	The institutions that implement the programs	2006

Source: Authors own elaboration

APPENDIX 4.3

Appendix 4.3: Summary of two reports on associative types during Bachelet's Government

Year	ABC organisation type	Title: Reports/ Studies/ Seminars	Thematic and main aims	Key words
2007	Associatives	Agenda Pro-participación ciudadana (Pro-citizen participation Agenda). Social Organisations Division. Ministry Secretaría General de Gobierno	The central theme focuses on strengthening the associative: government sought to promote these partnership initiatives of public interest, for which three core strategies of transfers of technical and financial resources to associations and civil society, so they are designed to from being strengthened in their management skills. Before Congress of the Law Partnership and Citizen Participation in Public Administration, which sought to facilitate and improve working conditions of association.	Associative / strategies / dialogue / regional / public policies governments / organisations / citizenship / strengthening / public interest
2007	Associatives	Estudio Comparativo del Sector Sin fines de Lucro Chile (Comparative Study of Nonprofit Sector Chile). 2007. Collaborate: MIDEPLAN, Ministerio Secretaría General de Gobierno, Fundación Minera Escondida, Compañía de Telecomunicaciones de Chile S. A. (C.T.C.), Fundación Andes, PNUD, SERCOTEC e INDAP.	This study creates knowledge about non-profit organisations in Chile, providing for the first time in Chile, to gauge the economic size of the institutions involved in this field and compare it with the present situation in this regard and in other developed countries process of development.	Nonprofit / organisations / tax / citizen participation / legal / foundation / association / Citizenship
2006	Businesses	Experiencia chilena en Políticas Públicas de promoción de la micro, pequeña y mediana empresa. (Chilean Experience in Public Policies to Promote Micro, Small and Medium Enterprise) Patricio Chellew S. SERCOTEC 2006.	Its scope is innovation and entrepreneurship as one of the three central axes of challenges to the president's program between 2006 and 2009: incentives for innovation, adoption of new technologies, development of productive linkages and creation of new export development poles. The types of businesses and public resources for productive development by ministries and budget years are characterised. Corfo operating model and the factors that contribute to the competitiveness of enterprises.	Social protection / promotion / innovation / entrepreneurs hip / description of chilean enterprises / public resources / productive development / business competitiveness / associativity
2009	Businesses	Seminario: "Innovación y crisis: desafíos y oportunidades para la Pymes". (Seminar: "Innovation and Crisis: Challenges and Opportunities for SMEs") Concepción.	Purpose: Addressing the economic situation and its impact on small and medium enterprises. Undersecretary of Economy, Jean-Jacques Duhart, spoke about the lines of support and public funding to encourage entrepreneurship in SMEs, boost	SMEs)/ innovation/ small enterprises/ incentive / entrepreneurs hip/ economic growth

		Undersecretary of Economy, Ministry of Economy. Junto a la Intendencia Región del Bio Bio	economic growth and strengthen their capacity to address current external financial turmoil. The activity was part of the plan of events 2009 "Chile 3.0 All to Innovate" that the Ministry of Economy developed in various regions to disseminate programs and credit lines specifically designed to boost the competitiveness of small and medium enterprises.	
2008	Businesses	Medidas pro pyme en tiempos difíciles. (Pro SMEs actions in difficult times) Ministry of Economy.	Action to encourage homeownership and financing of smaller companies In response to the tightening in credit conditions in our country, a result of the international situation, and affecting mainly smaller companies and middle-income families looking to purchase their homes, the government announced the implementation of a set of additional measures to stimulate the supply of credit to these families and businesses. Authorities announced a series of measures to inject liquidity into the financial market and facilitate access to credit for exporters and smaller companies.	Financing for SMEs / exporters / smaller companies / Trade Finance / Working Capital / Strengthen the National Financial Market
2008	Businesses	Informe final: Análisis sobre la creación de nuevos instrumentos regulatorios que protejan a las empresas de menor tamaño contra los abusos comerciales (Final Report: Analysis on the creation of new regulatory instruments to protect smaller businesses against commercial abuse). Prepared by Subsecretary of Ministry of Economy 2008.	It is an analysis of regulatory instruments to protect against potential SME companies trading abuses. Background on trade relations problems they are facing smaller companies are presented. Second, most relevant national jurisprudence and contractual competition linked to the problems identified in the previous section. Third, regulations and relevant case law of other countries, other than those on competition and contractual relations, aiming to mitigate the commercial and competitive pressure on smaller companies. Fourth, well, regulatory initiatives that have arisen in our país. Y finally, in the international context the issue of foreign law are.	Regulatory / SME / commercial / public policy / market failure / competition / law / jurisprudence abuse
2007	Cooperatives	Situación del cooperativismo en Chile y el rol Decoop en el fortalecimiento del sector cooperativo. (Situation of cooperatives in Chile and the role of Decoop in strengthening the cooperative sector). DECOOP. Subsecretary of Economy. Ministry of Economy, Promotion and Tourism. 2007.	Diversity of the cooperative sector, opportunities and strengths of the cooperative model. Focus on the promotion of the cooperative model in Chile and a model that is a cooperative government, partnerships with universities, international organisations and representation is presented, and includes a business management programs for joint efforts targeted at strengthening cooperatives. Also, necessary conditions for the promotion: legal body and supervision model. It poses challenges Where we see	Corporativism/ organisms/ Legality/ SME/ Partnership/O portunities/ Competitivity

			the possibilities for insertion and strengthen cooperative partnership model in Chile? What are the main contributions of the cooperative model and strengthening the competitiveness of SMEs in Chile? What are the challenges to further strengthening the cooperative sector in Chile and the countries of the region?	
2008	Cooperatives	Seminario Comercio Solidario y Estructuras Asociativas Cooperativas. (Seminar Structures and Associative Solidarity Trade Unions). World Vision con participación de Decoop	Its aim was to present the experience in the voluntary work of different organisations. DECOOP participation, aimed to present the forms of organization of cooperatives, specifically delegates and Cooperatives second floor, as a contribution to work in communities with productive organisations World Vision develops in areas VIII and IX Region.	Cooperativism /Local/solidarity
2008	Cooperatives	Seminario Economía Social y Empleo. (Social Economy and Employment Seminar). DECOOP	Its main objective was to present the impact of the social economy in employment and in their generation. Thus delivering key for social development in Latin America.	SocialEconomy/employment/ social Development
2008	Cooperatives	Seminario "Innovación en estructuras asociativas cooperativas y oportunidades de comercialización" (Innovation in associative structures and marketing opportunities). DECOOP	One of the main objectives of this seminar was to raise awareness of the need and relevance of new forms of cooperative partnership structures and opportunities through such structures can be exploited, given the needs of the European market.	Innovation/marketing
2008	Cooperatives	Estudio "Oportunidades de comercialización entre empresas cooperativas chilenas y Países del hemisferio norte". (Study "Marketing opportunities between Chilean cooperatives and northern hemisphere countries".) DECOOP	The overall objective of this study is to conduct a market study to beekeeping cooperatives and wine areas of Chile, characterizing the structure of supply and demand them (intermediary companies and the final consumer cooperatives) by countries Spain, France, Norway, England and Sweden. Thus, to establish the basic guidelines for a policy of marketing inter-cooperative among the countries studied.	Trade/inter-cooperativism
2009	Cooperatives	Empresas Cooperativas Agroalimentarias: Innovación en Estructuras de Gestión. (Companies Agrifood Cooperatives: Innovation in management structures) DECOOP	Its aim was to reflect, share and suggest new ways of seeing the "partnership", understood as establishing connections at certain stages of the chain, to generate volume and improve the terms of trade, ie very light structures either as a legal personality and behind a simple, flexible or through contracts "consortia" that increase the benefits for both parties consortium organization.	Innovation/Agrofeed/Asociativity/ Management

Source: Authors own elaboration

APPENDIX 4.4

Appendix 4.4: Instruments during Piñera's Government

Instrument	Social enterprise model	Ministry	Budget	Objective	Audience	Year of establishment
Concurso Nacional de Proyectos del Servicio Nacional de la Discapacidad (National Project fund promoted by the National Disability Service)	Associative	Ministry of Social Development	-	Financed in whole or in part, specific initiatives that promote the inclusion of people with disabilities throughout the country	Professional Associations, Foundations and Corporations, Cooperatives, Corporations of Canon Law, Public Services or other agencies of the Central Government, Unions, Federations of Trade Unions and the Trade Unions, among others.	2013
Fondo para la Juventud Promovido por el Instituto Nacional de la Juventud (National Institute of Youth fund)	Associative	Ministry of Social Development	\$1,254,715 M (2014)	Promote participation and social commitment of the Chilean youth, on the one hand, generating interest in taking part and, secondly, facilitating and providing the necessary conditions.	Natural person between 18 and 29 years of age, community organisations, territorial or functional, Corporation and Foundation, among others.	2011
Fondo de iniciativas locales para organizaciones sociales (Fund for Local Initiatives for Social Organisations)	Associative	Ministry General Secretariat of Government	\$ 697,359,696 (2014)	Fund local projects that fit the purpose of promoting the public interest in matters of civil rights, social welfare, education, health, environment, or any other of the common good.	<p>a) The neighbourhood councils and other community organisations and functional, regulated by Law No. 19,418.</p> <p>b) Partnerships and indigenous communities, regulated by Law No. 19,253.</p> <p>c) Corporations / Associations and Foundations of Chilean private law.</p> <p>d) Non-Governmental Organisations (NGOs) Development, controlled by the DS No. 292, the Ministry of Justice, 1993.</p> <p>e) Sports Organisations regulated by Law</p>	-

					No. 19,712	
ondo de Fortalecimiento de Organizaciones de Interés Público (Fund for the strengthening of Public Interest Organisations)	Associative	Ministry General Secretariat of Government	-	Finance national and regional projects that promote the public interest in matters of civil rights, social welfare, education, health, environment, among other	In this fund can participate neighborhood councils, community unions, community organisations, indigenous organisations and communities, foundations and any other organisation that has the quality of public interest.	2013
Programa Yo Emprendo (I entrepreneur)	Businesses. Productivity, innovation and growth	Ministry of Social Development-FOSIS	\$8.815.955.695 (2012)	That unemployed people, improve their living conditions, speaking specifically on the economic dimension of poverty through the development and use of their personal capabilities	Self-employed or unemployed who are vulnerable	2011
Programa Yo Emprendo En Comunidad (I entrepreneur in community)	Businesses. Productivity, innovation and growth	Ministry of Social Development-FOSIS	-	Seeks to facilitate the participation of families through the delivery of financial resources for the implementation of projects designed and directly executed by social organisations of the targeted communities.	Organized group of more than five people, who are over 18 and have applied Social Protection tab.	2011
Programa Yo Emprendo Semilla (I entrepreneur seed)	Businesses. Productivity, innovation and growth	Ministry of Social Development-FOSIS	\$1.716.474.180 (2012)	Search is to discover and enhance the skills of people to start their own businesses. Depending on the needs provides training, consulting, technical assistance, supplies and tools.	Person over 18 years with current social protection tab. Belong to low-income family and / or present situations of vulnerability. Preferably no education, basic education and / or average, incomplete or complete. Employment Status: Unemployed, unemployed and / or seeking work for the first time,	2011

					precarious and inactive busy. With a business idea.	
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Source: Authors own elaboration

APPENDIX 4.5

Appendix 4.5: Reports, Studies and Seminars during Piñera's Government

Year	Social enterprise model	Title: Reports/ Studies/ Seminars	Thematic and main aims	Key words
2012	Associative	Seminario: "Transparencia y Buenas Prácticas en Organizaciones Sin Fines de Lucro" (Seminar on Transparency and Good Practices in Non-for-profit Organisations). Chile Transparente in collaboration with Ministry General Secretariat General of Presidency	It analyze the current state of the accountability of these organisations, best practices will be reviewed in the matter and proposals and recommendations to be part of this global trend will be delivered. Besides exposing the Study on Transparency in Non-profit Organisations, developed by Chile Transparente.	Transparency/ Non for profit/
2012	Associatives	Seminario "Ley 20.500 Sobre Asociaciones y Participación Ciudadana". (Seminar "Law 20,500 on associations and citizen participation"). Social Organisations Division in conjunction with municipalities across the country.	The aim was to present the scope of Law 20,500 for institutions and organisations related pair.	Citizen Participation
2013	Businesses	Seminario "La nueva empresa: Un giro con impacto social y ambiental". (Seminar "The new company: A turn to social and environmental impact"). Legal Division Undersecretary of Economy and smaller companies. Ministry of Economy, Promotion and Tourism. Along with System B and the Faculty of Economics at UC	State and civil society has a fundamental role in changing to achieve sustainable and equitable growth. New way of doing business with companies in its definition established a commitment to its social and environmental surroundings. The focus of the seminar focused on new businesses, with an analysis of the success stories in Chile and vision on the international stage, both the world and in Latin America. The state's role in promoting the new company and differences of business a few years ago over existing today.	New enterprise/ Latin America/ Social/ Environmental / impact
2013	Businesses	Hacia una política pública en responsabilidad social para el desarrollo sostenible de Chile. Año 2013 Comisión de responsabilidad social para el desarrollo sostenible de Chile. (Towards a public policy on social responsibility for sustainable development in Chile. 2013 Commission on social	The focus is on the benefits of Social Responsibility: relationship between economic growth and social cohesion and environmental conservation. It also helps to improve long-term competitiveness of companies and industries, integrating best management practices and responding to the expectations	Social / Sustainability / development / competitiveness / gaps / RS policy / public policy / public / social cohesion / beneficiaries /

		<p>responsibility for sustainable development in Chile). Ministry of Economy, Promotion and Tourism / Ministry of Foreign Affairs.</p>	<p>of increasingly demanding markets. In the manual they identified five gaps for the successful implementation of a policy of RS from the state, and proposes actions: Structure. Strategy. International projection. Diffusion. Dialogue.</p>	<p>future liability management strategy</p>
2012	Businesses	<p>Mesa de trabajo de empresas del cuarto sector (Workbench fourth sector enterprises). Ministry of Economy, Promotion and Tourism, Fundación Probono Sistema B, Sebastián Gatica, Acción RSE, Gestión Social, Fundación Prohumana, Estudio Jurídico Peralta & Gutiérrez, Estudio Jurídico Claro & Cía Ministerio de Desarrollo Social, PNUD, FOSIS</p>	<p>Seeks to advance the discussion around a possible legal and regulatory framework for social enterprises in Chile.</p>	<p>Fourth sector/development/social economy</p>
2013	Businesses	<p>Consejo de Responsabilidad Social para el Desarrollo Sostenible (Board of Social Responsibility for Sustainable Development). Ministry of Economy, Promotion and Tourism</p>	<p>The Council is a forum for discussion and debate on the formulation of public policies and tools to ensure the effective integration of Social Responsibility in the growth strategy in Chile.</p>	<p>Social responsibility/development/environment.</p>
2013	Businesses	<p>Cumbre de Sustentabilidad Iberoamérica (Sustainability Iberoamerican Summit). Capital Magazine in conjunction with the Ministry of Foreign Affairs through ProChile.</p>	<p>Discuss and promote sustainable policies related companies for profit.</p>	<p>Innovation/Development/Competitiveness/Environment</p>
2010	Cooperatives	<p>Seminario Emprendimiento con perspectiva de género (Entrepreneurship Gender Perspective). SERNAM, SEREMI of Economy and the Municipality of La Serena.</p>	<p>The objective was to promote the cooperative business model as an opportunity to formalize business activities united women in the Region of Coquimbo.</p>	<p>Genre / Entrepreneurship / Skills</p>
2010	Cooperatives	<p>Políticas para el emprendimiento y la innovación (Politics for Entrepreneurship and Innovation). Sub secretariat of Economy</p>	<p>The objective of the seminar was to present by the representatives of the different divisions of the Secretariat own, the policies being developed in the field of innovation, smaller companies, partnerships, digitization and microfinance.</p>	<p>Entrepreneurship / Innovation</p>
2010	Cooperatives	<p>Mujer y Liderazgo Gerencial en Empresas Cooperativas. (Women and Leadership Management Cooperative Enterprises). Departamento de Cooperativas</p>	<p>The objective was to share experiences on leadership, teamwork and governance in cooperatives.</p>	<p>Genre / entrepreneurship</p>
2013	Cooperatives	<p>Congreso Nacional de Cooperativismo en Chile. (National Cooperative Congress in Chile). DECOOP</p>	<p>Focus on cooperative law and inclusive development. Table organized by cooperative Congress and International Labour Organization. It was an opportunity to share experience in the corporate world and social market economy. Issues and</p>	<p>Corporatism / Development / Social / Challenges / Business / Law</p>

			challenges in 2020, the cooperative difference and the cooperative business model as a successful and efficient form of management were discussed. It was the first conference on corporatism that has taken place in the National Congress, 2013.	
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Source: Authors own elaboration

APPENDIX 5.1

Appendix 5.1: Information about the three cases of the in-depth sample

Casa de la Paz: Associative

Founded	1983
Founders	Lola Hoffmann Ximena Abogabir
Founders' academic background	Lola Hoffmann was born in Latvia in 1904, she was a psychologist and psychiatrist. She came to Chile in 1934. Ximena Abogabir is a journalist for the Universidad de Chile, and is part of the directory of Casa de la Paz since 1992.
Work experience of the founders	Lola studied medicine in the University of Friburgo. When she came to Chile, she worked in the Instituto de Fisiología of the Universidad de Chile and then graduated as a psychiatrist, practising from a humanistic orientation. Ximena besides working in Casa de la Paz, is responsible for the chemical industry social audit. She is also member of the External Review Panel Access to Information of the Inter-American Development Bank - IDB, and the Mirror Committee of National Contact Point for the OECD.
CEO	Pablo Valenzuela: Abogado UC, con Master en Medio-Ambiente.
Mission	Educate, establish connections and articulate agreements between the communities, businesses and the government, to promote a healthy coexistence with environment.
Legal Form	Since 1992 legally constituted as a private non-profit foundation
Total sales	425 MM CLP 2009
Number of professional workers and volunteers	26

Source. Author's elaboration

Triciclos: B Corp

Founded	2009
Founders	Joaquín Arnolds Gonzalo Muñoz
Founders' academic background	Joaquín Arnolds studied Business Economics expert in non-conventional renewable energies. Gonzalo Muñoz studied agronomy and became expert in food and packaging
Work experience of the founders	Joaquín before founding Triciclos worked as CEO in Energías Industriales. Meanwhile his job in Ticiclos, he joined the Desafío Levantemos Chile. Gonzalo before founding Triciclos, worked as CEO of the Bulk Port of Mar del Plata, then in the same role in Juan Bas Alimentos, part of the Group ICB and finally he headed the Pacific Nut Company.
CEO	Gonzalo Muñoz
Mission	Triciclos work for a world without garbage, where sustainability becomes a common value to all people.
Legal Form	Anonymous society
Total sales	1,4 M USD in 2012
Number of professional workers and volunteers	60

Source: Author's own elaboration

Prymave: Cooperative

Founded	2008
Founders	Prymave was founded by 77 partners
Founders' academic background	All of the founders are gardeners
Work experience of the founders	Before foundin the cooperative, the founders work for the Municipalidad de Maipú, in Santiago de Chile. When faced against a massive layoff they organised and formed the cooperative, as an attempt to keep their jobs.
CEO	Edgardo Casajuana is the only member of the cooperative with a professional title.
Mission	PRYMAVE's mission is the environmental conservation through construction and maintenance of green areas, gardens and sports fields. Their work is based in the universal principles of cooperativism as the priority given to the worker above economic gain.
Legal Form	They are legally form as a work cooperative.
Total sales	1MM de USD aprox.
Number of profesional workers and volunteers	At this time, Prymave has a total of 130 members

Source: Author's own elaboration