Glossary
Ariadne project – WP4

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Social economy

Social economy has to be understood as the « third sector », largely distinct from the private and public traditional sectors. It gathers mainly associations, co-operatives, foundations and mutual benefit societies. In Europe, two ways of understanding social economy are possible. On one hand, the legal/institutional approach outlines its organizational forms which can be grouped into three major categories: co-operative enterprises, mutual societies, and those organizations which might generally be described as associations, whose legal form may vary considerably from one country to another. On the other hand, the normative approach emphasizes the principles that social economy's organizations have in common. In this sense, social economy can then be described as all economic activities conducted by enterprises (that produce goods and/or services), primarily co-operatives, associations, foundations and mutual benefit societies, whose ethics convey the following principles:

1. Placing service to its members or to the community ahead of profit;
2. Autonomous management;
3. A democratic decision-making process;
4. The primacy of people and work over capital in the distribution of revenues

(Defourny & Develtere, 2000)[1]

Social enterprises

In Europe[2], social enterprises have been defined by the EMES Network as organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. They place a high value on their independence and on economic risk-taking related to ongoing socio-economic activity. The EMES definition distinguishes more economic/entrepreneurial criteria from social indicators. To reflect the economic and entrepreneurial dimensions of initiatives, four criteria have been put forward: a continuous activity, producing and selling goods and/or services; a high degree of autonomy; a significant level of economic risk; and a minimum amount of aid work. To grasp the social dimensions of the initiative, five criteria have been proposed: an explicit aim to benefit the community; an initiative launched by a group of citizens; decision-making power not based on capital ownership; a participatory nature, which involves the various parties affected by the activity; and limited profit distribution (Defourny, 2001). "*These elements describe an "ideal-type" that enables the researchers to position themselves within the galaxy of social enterprises*" (Defourny & Nyssens, 2006). Social enterprises are organizations that implement a "way of doing business" that is different from the one

[1] Completed by the updated definition used by the Center for Social Economy – HEC Management School of the University of Liège (available on www.ces.ulg.ac.be)

[2] See especially the work of members of "EMES", the European Research Network (www.emes.net), which includes the principal research teams in Europe that are concerned with social businesses and social entrepreneurism.

traditionally observed in "classic" private businesses. They pursue a social objective rather than attempting to maximize profit, and decision-making power is not solely related to the amount of capital contributed (principle of democratic governance). Social enterprises are active in many different sectors of activity (waste recycling, production of renewable energy, home care services, work integration & training, development cooperation, fair trade, alternative banking/finance, etc.) and present in certain cases a very market oriented profile (the bulk of their production is financed through the market) while in other cases, they appear to belong to the nonmarket sector (most of their resources come from subsidies or private donations).

Social entrepreneurship/social entrepreneur

Linked to the aforementioned definition, two main understandings of social enterprises are possible: the European comprehension of the concept which has been developed above, and the US conception of social entrepreneurship/social entrepreneur. In the US, the conception of social entrepreneurship covers very different understandings (Mair & Marti, 2006). Indeed, social entrepreneurship may be understood as underlining the market-oriented strategies of NPOs (Boschee, 1998; Weisbrod, 1975; Dart, 2004; Austin et al., 2006; etc.) or the figure of the social entrepreneur as a change agent, giving like this a central place to social innovation (Dees, 1998; Dees & Anderson, 2006; etc.). In this European project, we mainly focus on the prevailing vision in Europe.

Governance

In a perspective of internal and external accountability, organizational governance refers to a set of principles, practices and mechanisms that are governing not only the modes of coordination, interaction and distribution of power among the actors within an organization (internal dimension), but also the relationships between the organization and its stakeholders and environment (external dimension) (Rijpens, 2010). Governance is usually conducted through the Board, which is elected by the General Assembly.

Stakeholders

The stakeholders can be understood as "*any group or individual who can affect or is affected by the achievement of an organization's purpose*" since they have some rights to participate in decisions that substantially affect their welfare or involve their being used as a means to another's ends (Freeman, 1984). The idea of the multi-stakeholder nature of organizations can be found in several parts of the literature on the third sector. The innovation embedded in the multi-stakeholder approach consists in the 'internalization' of stakeholders, which focuses on the participation of these subjects as internal components (Pestoff, 1995, as cited in Campi *et al.*, 2006). Various categories of stakeholders can be identified, even if they are not necessarily internalized: workers, managers, volunteers, donors, consumers or users, public authorities, local community, unions, other social enterprises, private firms, or any other category having specific interests or relations with the organization (Campi *et al.*, 2006). But all the stakeholders do not have the same rights: some have participative rights in the decision making, while others do not have voting rights and are there because of the form of the social enterprise.

Manager

According to Gomez-Méjia *et al.* (2004: 3), the manager is the person who is in charge of others and is responsible for the timely and correct execution of actions. He (or she) works with and through other people, allocating resources, in the effort to achieve goals (De Cenzo & Robbins, 1994). It is a person with an executive or supervisory function within an organization. In a social enterprise, the manager is the person who is paid to manage the social enterprise; he (or she) is usually not the elected representative (Malo, 2001; Henaff, 2007).

Management

Management is *"the process of efficiently getting activities completed with and through other people*" (De Cenzo & Robbins, 1994: 5). This process can be conducted by various persons within an organization. This means that the knowledge, skills and behaviors do not have to be held by one single person, the manager, but rather by the entire management team. The management team should not be confused with the Board or the General Assembly; those are distinct entities which have different roles.

Competence

The concept of competence is increasingly used and becomes essential in many organizations. Despite its importance, the term has been defined in lots of different ways. There is no clear theoretical framework for that notion of competence and finding a consensus on that topic is really hard (Finch-Lees *et al.*, 2005 ; Stoof *et al.*, 2002). Many authors yet agree to say that the competence is contextual. The concept is socially constructed and has meaning only according to a situation of work. This shows the importance to take the context into account (notably the social economy in our case). But it also reminds us that we have to be careful with the application of the concept of competence to such a large scope as the "management of social enterprises". Here are a few examples of definitions of "competence": "*a validated operational knowhow*"[3] (Meignant, 1995, as cited by Pichault & Deprez, 2008), "*composed of technical and managerial knowledge and 'personal dimensions'* " (Cadin, Guerin & Pigeyre, 2004: 171). Tardif, a Canadian professor working on the evaluation of the competencies, defines it as "*the complex capacity to act which takes support on the mobilization and the effective combine of various internal and external resources inside a family of situation*" (Tardiff, 2006). Woodruffe (1993 as cited in Finch-Lees et al., 2005) widely quoted definition sees the competence as "*the set of behavior patterns that the incumbent needs to bring to a position in order to perform its tasks and functions with competence*". But, in order to perform a job successfully, specific knowledge, skills and behaviors are necessary (Gomez-Méjia et al, 2004: 63). Competencies can thus be simply defined as "*demonstrable characteristics of a person, including knowledge, skills and behaviors, that enable performanc*e" (Dessler, 2005: 412). Actually, this definition is aligned with ECVET which defines competence as "*the proven ability to use knowledge, skills and personal, social and/or methodological abilities in work or study situations and in professional and personal development*" (Aribaut, 2009).

[3] This definition has been translated from its French original version.

Knowledge (to know…)
Knowledge are the elements a manager has "to know" in order to efficiently manage an organization. ECVET (Aribaut, 2009) defines knowledge as the outcome of the assimilation of information through learning, as the body of facts, principles, theories and practices that is related to a field of work or study.

Skill (to be able to…)
The skills are the elements a manager has "to be able" to do. According to ECVET (Aribaut, 2009), the skills are the abilities to apply knowledge and use know-how to complete tasks and solve problems.

Behaviour (to behave with...)
This category concerns the way a manager should behave. The specific goals of a social enterprise require a leadership style which emphasizes participation and identification with the mission (Borzaga & Solari, 2001). "*The feature common to all social enterprises is the necessity to maintain a close relationship among values, mission, and organization*" (Borzaga & Solari, 2001: 339). The manager will thus have to behave in accordance with the values of the social enterprise.

The competence model
The aim of a competence model is to point out the competences the management should handle. The objective is to give an overview of the important and crucial competences in the practice of a function. It's a sort of inventory of the different tasks and activities of the management, specified here for the social enterprise's context. In that way, this model has to be understood as an ideal type in the sense of Weber so as a point of comparison to which the management of a social enterprise can compare itself to and position within the galaxy of the possibilities.

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