

## **Definition and Measurement of the Social Economy: Continuous Construct or Dichotomous Variable?**

**Mike Gismondi, Lynda Ross, & Julia Affolderbach**

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### **Part 1: Updates on the BALTA Social Economy Survey**

- Responses ending in the Fall of 2008 = 211 (Affolderbach & Gismondi, 2008)
- Responses ending in the Fall of 2009 = 258 (Note: Data from 29 new social economy organizations from the Faith Based Survey of Alberta and BC were recently entered. Analysis presented here is based on data from the 229 organizations who were entered into the data set prior to November 1, 2009)
- Ongoing efforts to increase sample:
  - a. Hiring a graduate student, to begin in January 2010, who will work on increasing participation in the main Social Economy Survey with an emphasis on sectors not addressed by other survey efforts (see below); and
  - b. Subset of items from the main SE Survey are being added to other BALTA/SERC project surveys, including Social Economy Capital Providers (Rebecca P.); Housing in the Fraser Valley Survey (Ron); and Enterprising Non-Profits Survey (The Peters) (Note: Data collected from these surveys will provide a substantial amount of information to continue with our descriptions and analyses of social economy organizations in Alberta and BC.)
- Other projects/data resulting from Portraiture efforts: A number of case studies have already resulted from the project (List provided in Appendix I); more are planned. A priority for the Mapping group in the last two years will be to work with SERC members to develop a comprehensive analysis of cases studies that have been completed.

**\*\*\*Please note the data summaries and analyses in Part 2 are for discussion purposes only and are not intended for citation.\*\*\***

### **Part 2: Measuring and Describing Social Economy Organizations**

J. J. McMurtry (2010), in *Living Economics*, reviews the problem of definition of the SE in a fresh way, drawing our attention to the tension between a taxonomic approach and an approach that examines the normative aspects of what he calls the sectors' "socially focused economic activity." His work parallels some of the mapping groups' questions about values and organization practices in our survey

work. In this part of the discussion paper, we attempt to develop a continuum to measure social economy in a way that both quantifies and acknowledges the diversity of social economy organizations. Drawing from the BALTA project mapping discussion papers and to a lesser extent the extant literature, the core concepts identified as defining *Social Economy* included: (1) an explicitly stated social and/ or environmental mission; (2) achieve social/environmental purpose(s) by engaging, at least in part, in trade-related market activity; (3) accountability to a defined constituency; (4) reinvestment of surpluses back into the community or organization for the purposes of achieving social/environmental goals; and (5) engaging in democratic governance.

Questions from the BALTA Mapping Survey (See Appendix II) were selected as measures of these core concepts. The five core concepts and their relationship to questionnaire items are summarized below.

(1) *Explicitly stated social and/or environmental mission:* If respondents answered yes to one or both of the questions “Does your establishment have an explicitly stated social purpose/mission?” (Q13) and “Does your establishment have an explicitly stated environmental purpose/mission” (Q14) they were assessed as having an explicitly stated social and/or environmental mission. 200 (87.3%) of the 229 organizations currently in the database indicated that they did have an explicit social and/or environmental mission.

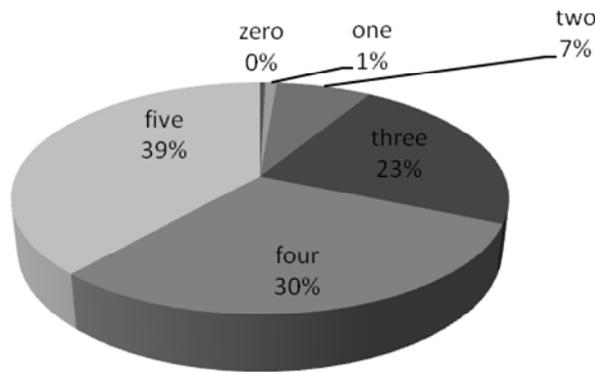
(2) *Engagement in trade-related market activity:* Respondents who answered yes to the question “Does your organization earn some of its income through a market-based or business activity (i.e., through the provision of goods and services)” (Q17) and/ or indicated income from “Service Contracts” (Q21c) and/ or income from “Sales of Goods/Services (Q21d), they were deemed to be engaging in trade-related market activity. 183 (79.9%) of the 229 organizations indicated involvement in a trade-related market activity.

(3) *Accountability to a defined constituency:* Bouchard *et al.* (2006) discuss accountability in terms of a voluntary association of persons. We used “legal form” as a measure of accountability. In response to the question “What is the legal form of your establishment/organization,” if respondents indicated that they were a “not-for-profit organization” (Q11a), a “society” (Q11d), or a “co-operative” (Q11e), the organization was assumed to be accountable to its constituency. 176 (76.9%) of the 229 respondents met the criteria as an organization accountable to their constituency.

(4) *Reinvestment of surpluses to achieve social/ environmental goals:* If in their answer to the question “Typically, if your organization generates a financial surplus or profit, how does it distribute most of the surplus earned?” respondents who indicated they “invested back into the organization” (Q19b) and/ or “donated to other community organizations” (Q19c) and/ or “held in reserve for community benefit/ community trust” (Q19d) and that they did not “distribute to individual members” (Q19a), then the organization was deemed to be reinvesting its surpluses in order to achieve its social/ environmental goals. Using these criteria, 194 (84.7%) of the 229 organizations indicated a reinvestment of their surpluses to achieve their social/ environmental goals.

(5) *Engagement in democratic governance:* For respondents who answered “yes” to the question “Does your establishment have a membership base” (Q9), their organization was deemed to engage in democratic governance. Using this question, 155 (67.7%) of the 229 organizations met the criteria for engagement in democratic governance.

## Number of Criteria Defining Social Economy Organizations (N=229)



### Creating the Social Economy Variable

Once the core concepts (above) were identified and quantified, we then created the continuous variable to reflect the level of each organization's overall engagement with the social economy. Each of the five core concepts made an equal contribution to the overall measure, such that each core concept was given a single point if it was present; a zero if it was not. All five (5) items were added together, creating a score with a possible range of zero through five. Lower scores indicated that an organization

met a fewer number of the criteria defining social economy organizations and a higher score indicated a greater number. The distribution of the number and percentage of organizations falling into each level of the continuum can be seen in the graph above. A more detailed description of the organizations at each level can be found in Appendix III. Interestingly, while we might theoretically assume that social economy organizations are characterized by an explicit social and/or environmental mission, trade-related market activity, accountability, reinvestment of surpluses for the purposes of achieving social/environmental goals, and engaging in democratic governance, not all organizations meet these criteria. While the majority of organizations in our sample met most (30%) or all (39%), there were a significant minority who met three or less (31%) of the criteria that we used to define social economy organizations.

### Using the Social Economy Variable to Describe Social Economy Organizations

After creating the measure described above, we wanted to look at how/whether the social economy organizations that fell into the different levels behaved in the same or different ways in relation to social and economic indicators. At this exploratory stage, we were primarily interested at looking at how organizations who are characterized by different SE criteria might reflect different practice in their number of years in operation, provision of employment and volunteer opportunities, contributions to the market economy, and finally their support to other organizations.

Before proceeding with these descriptive analyses, because our computed SE variable was skewed (i.e., few establishments at the lower levels) organizations with the lowest scores were first grouped together. Organizations meeting two or fewer of the criteria were assigned to group 1; those meeting three criteria were assigned to group 2; four criteria to group 3; and all five criteria to group 4. In this way four groups were created. The descriptive analyses described below is based on these four groups. These analyses were run as a first step in trying to describe differences and similarities in social economy organizations characterized by different levels of adherence to core concepts which, theoretically,

define economy organizations .

Table 1: Mean years in operation by SE level

SE Level	N	Mean years in operation (SD)
One	18	16.2 (15.9)
Two	48	21.1 (16.2)
Three	66	21.6 (20.3)
Four	85	27.5 (21.1)
Total	217	23.4 (19.7)

fewest criteria (i.e., level one) have been in operation, on average, just over 16 years whereas organizations defined by the greatest number (i.e., level 4) of criteria have been in operation almost 28 years.

*Relationship between SE Organizations and Number of Years in Operation:* Q6 asked respondents to indicate the year in which their organization was incorporated or constituted. The average length of operation reported was 23.4 years (N=217). The length of operation by the level of engagement in the social economy (as measured by the SE variable described above) is described in Table 1. The findings tentatively suggest a relationship between the number of criteria used to define SE organizations and the number of years the organizations have been operating. Those organizations defined by the

Table 2: Average number of employees/volunteers by SE group

SE Level	Employment Group				
	FT Mean	PT Mean	Seasonal Mean	Freelance Mean	Volunteer Mean
One	3.8	2.2	none	3.8	17.4
Two	18.6	4.8	.7	1.5	15.1
Three	51.2	10.9	4.2	10.2	71.6
Four	29.1	18.2	4.7	6.7	110.6
Total	30.8	11.4	3.2	6.3	69.0

Note: N's ranged for these analyses from a low of 204 (reporting of seasonal employment figures) to a high of 218 (reporting of full time employees).

and level of involvement in the social economy. The table suggests that organizations defined by the greatest number of social economy criteria (i.e., levels three and four) are also those organizations most likely to have a greater number of employees and are also more likely to involve a larger number of volunteers compared to those organizations who met fewer of the core (i.e., levels one and two).

*Relationships between SE Organizations and employment and volunteer opportunities:* Respondents were asked about the number of people working (paid and unpaid) with their organization. Table 2 describes the relationship between average number of employees (FT, PT, Seasonal, Freelance and Contract) and volunteers

Table 3: Financial data by SE group

SE Level	N	Financial Data				
		Operating Budget Mean \$	N	Sales of Goods & Services Mean \$	N	Government Grants Mean \$
One	13	470,000	6	84,083	7	116,625
Two	41	2,310,500	16	190,406	23	421,111
Three	65	1,139,000	43	5,862,894	46	252,145
Four	77	2,108,800	70	300,000	61	794,477
Totals	196	1,720,000	135	2,049,302	137	515,063

*Relationship between SE Organization and Actual Operating Budget and Market Activity:*

Respondents were asked to report their organizations actual operating budget (Q20) and to indicate sources of revenue from market based activity (Q21). In general, respondents seemed to have some difficulty with budget questions as evidenced

by the significant proportion of missing data. Only 196 respondents (86%) provided dollar amounts for their organizations actual operating budget. Table 3 above tentatively suggests that those organizations defined by the least number of social economy criteria (i.e., level one) also report the smallest operating budgets and the least amount of market and grant income compared to those who met a greater number of criteria defining SE organizations (i.e., levels 2, 3, and 4).

Table 4: Support to other organizations by SE level

SE Level	N	N (%) Providing Support to other Organizations
One	19	17 (89.5%)
Two	52	38 (73.3%)
Three	64	52 (81.3%)
Four	86	66 (76.7%)
Total	221	173 (78.3%)

*Relationship between SE Organizations and support to other organizations:*

Question 18 asked: Does your organization offer/provide support to other organizations? Table 4 provides a breakdown of the responses to this question by level. Overall, 173 (78%) of the respondents indicated that their organization provided support to other organizations. As the data suggest, a significant majority of all of the SE groups provide support to other organizations. However it would

appear that a slightly higher percentage of those organizations who meet fewer criteria of our definition for a social economy organization (i.e. level one) support other organizations, compared to those organizations who meet all of our criteria (i.e., level four).

**Where do we go from here?**

We invite critique and discussion about how we constructed the SE measure. Are we leaving anything out? How else might we conceptualize the SE? What are some of the advantages and disadvantages of conceptualizing SE on a continuum? Before proceeding further, we need to update our data files (with recent and incoming survey data) and deal with some of the challenges presented by missing and incomplete data (particularly in relation to financial information). We also need to develop strategies to manage skewed distributions that occur as a consequence of the variability in employment

opportunities and financial experiences between institutions before proceeding with further summaries and analyses.

## Resources

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- Moulaert, F., & Ailenei, O. (2005). Social economy, third sector and solidarity relations: A conceptual synthesis from history to present. *Urban Studies*, 42(11), 2-37-2053.
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- Quarter, J., & Richmond, B. (2001). Accounting for social value in nonprofits and for-profits. *Nonprofit Management & Leadership*, 12(1), 75-85.
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## Appendix I

### Case Studies Resulting from the BALTA Survey Mapping Project

#### Coded and Using BALTA CS Format

Mountain Equipment Coop (Ponto/Gismondi)  
The Fraser Valley Centre for Social Enterprise. (Perry)  
Alberta Environmental Network Society (Ponto/Gismondi)  
Edmonton Community Foundation (Ponto/Gismondi)  
Busy B Bargains (Ponto/Gismondi- Update by Karsten's colleagues)  
City Green Solutions Victoria (Ponto/Gismondi)  
Edmonton Bike Commuters (Ponto/Gismondi)  
Growing Food Security in Alberta (Ponto/Gismondi)  
Good Life Bike (Lee/Gismondi/Keough)  
Lite House Vancouver (Lee/Gismondi/Keough)  
Vastu Chair (Lee/Gismondi/Keough)  
CATCO Calgary's Car Sharing Coop (Lee/Gismondi/Keough)  
Alberta Wilderness Association ( Lee/Keough/Gismondi)  
Sunnyside Market ( Lee/Keough/Gismondi)  
Dairylane (Lee/Gismondi/Keough)  
Community Natural Foods (Lee/Gismondi/Keough)  
Babes in Arms (Lee/Gismondi/Keough)  
PlanNet Calgary ( Lee/Keough/Gismondi)

#### Done but not coded into BALTA format

Serenity Funeral Service (Anielski- Not Coded or complete using survey data from Faith Survey)  
Westlock Terminals (Cabaj et al. - not coded)

#### Other Potential Case Studies

- Faith Based ? could be developed. (Bob M.)
- Farmer's Markets/FOOD NGOS? Mary and Paul and group?
- Conservation Land Trust Interviews (Mike/Sean/Lorelei)
- Karsten's Podcast Studies
- Other

## Appendix II

### BALTA Social Economy Survey Questions (Abbreviated Format)

- Q1 – Q5: Organization name and contact information.
- Q6: Incorporation/Constitution year
- Q7: Web address
- Q8(a): Does your organization have more than one establishment in Alberta and/or BC?
- Q8(b): What geographic area does your establishment serve?
- Q9: Does your establishment have a membership base?
- Q10: How many persons are on your organization's board of directors?
- Q11: What is the legal form of your establishment/organization?
- Q12(a): Please identify the sector(s) that your establishment works in.
- Q12(b): Please specify the primary sector of your establishment.
- Q13(a): Does your establishment have an explicitly stated social/purpose/mission?
- Q13(b): Please identify the categories that apply best to your establishment's social mission or scope of activities.
- Q13(c): Please specify the primary category.
- Q14(a) : Does your establishment have an explicitly stated environmental purpose/mission?
- Q14(b): Please identify the categories that apply best to your establishment's environmental purpose/mission.
- Q14(c): Please specify the primary category.
- Q15: Please indicated the number of employees within your establishment during the last financial year.[full-time, part-time, seasonal, freelance and contract, volunteers]
- Q16: Does your establishment employ specific target groups (or intended beneficiaries such as persons with disabilities, homeless people, women, persons with mental illness, ethnic communities?
- Q17: Does your organization earn some of its income through a market-based or business activity (i.e., through the provision of goods and/or services)?
- Q18: Does your organization offer/provide support to other organizations?
- Q19: Typically, if your organization generates a financial surplus or profit, how does it distribute most of the surplus earned?
- Q20: What was your actual operating budget and actual capital budget for the last full accounting year?
- Q21: For the last fiscal year, please indicate your organization's total revenues from the following areas [government grants, loans, service contracts, sale of goods/ services, etc.].
- Q22: Are you a member of any networks, associations or umbrella groups?
- Q23: Please list other social economy organizations that you interact with (if you interact with multiple organizations please name the three most frequent).
- Q24-Q26: Follow-up questions and comments.

## Appendix III

### Detailed Description of Social Economy Continuous Variable

SE Score	# Orgs.	% Orgs.	Description Based on Variables Informing Index
0	1	.4	Met none of the criteria defining SE.
1	2	.9	Met 1 criteria defining SE: 1 organization met criteria only for explicit social/environmental mission; 1 organization met criteria only for distribution of profits
2	17	7.4	Met 2 criteria defining SE: 9 organizations met criteria for explicit social/environmental mission; 10 met criteria for market-based business; 5 met criteria for accountability to constituency; 8 met criteria for re-distribution of profits; 2 met criteria for democratic government.
3	52	22.7	Met 3 criteria defining SE: 42 organizations met criteria for explicit social/environmental mission; 36 met criteria for market-based business; 22 met criteria for accountability to constituency; 39 met criteria for re-distribution of profits; 17 met criteria for democratic government.
4	69	30.1	Met 4 criteria defining SE: 60 organizations met criteria for explicit social/environmental mission; 49 met criteria for market-based business; 61 met criteria for accountability to constituency; 58 met criteria for re-distribution of profits; 48 met criteria for democratic government.
5	88	38.4	Met all five criteria defining SE.
Total	229	100.0	