Social Enterprise in Chile:
Concepts, Historical Trajectories, Trends and Characteristics

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As intermediary products, ICSEM Working Papers provide a vehicle for a first dissemination of the Project’s results to stimulate scholarly discussion and inform policy debates. A list of these papers is provided at the end of this document.

First and foremost, the production of these Working Papers relies on the efforts and commitment of Local ICSEM Research Partners. They are also enriched through discussion in the framework of Local ICSEM Talks in various countries, Regional ICSEM Symposia and Global Meetings held alongside EMES International Conferences on Social Enterprise. We are grateful to all those who contribute in a way or another to these various events and achievements of the Project.

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INTRODUCTION

All enterprises are generally seen as problem-solving devices that address unsatisfied needs through the production of various types of services and goods. In the last decades, due to the fact that for-profit and public enterprises were either unwilling or unable to address a number of specific societal needs, new, non-conventional forms of enterprises with specific social aims have started to emerge in different settings and in different countries; the characteristics of these enterprises are shaped by the specific context in which they emerge.

Against this background, it is relevant to analyze the existence of these types of entities as solutions to community problems from different perspectives, and to study the reasons for their existence, their mode of operation, and the beneficial impact they have on their communities.

Having said that, the main objectives of the ICSEM project are:

- To identify and characterize the various sets of social enterprises in each country: fields of activity, social mission, target groups, operational models, stakeholders, legal frameworks, and so on.
- To analyse the relations between these models and major external driving or supporting forces that are likely to explain and shape their development: public policies fighting unemployment or promoting social services through quasi-markets, foundations setting up new philanthropic tools, incubators and development agencies, supporting structures, etc.
- To examine the specific roles and contributions of such social enterprises in the overall socio-economic landscape.

ICSEM (2013)

In this framework, the aim of this working paper is to analyse the main concepts employed in Chile to identify those organizations located between the public and the private for-profit sectors, to present the historical background of civil society organizations in Chile, and to identify and characterize the organizations that can be considered as social enterprises in such a context.

The paper is structured as follows: First, we present a conceptual approach to the phenomenon of social enterprise in Chile; this phenomenon was influenced mainly by the European concept of social economy, the Anglo-Saxon approach to the third sector, the social and solidarity economy (hereinafter SSE) approach, deriving from the Latin American conceptual tradition, and the concept of popular economy, which was frequently employed in Chile. In section 2, we then focus on the historical context for the emergence of civil society organizations in Chile. The third section is dedicated to the analysis of the legal approach, with the specific objective of evaluating which of the different legal forms provided for by the Chilean law comply with the EMES approach to social enterprise. We then try to synthesize these different approaches, and we propose a possible framework of analysis of the different models of SSE organizations that is specific for the Chilean context. Finally, some concluding remarks and possible future scenarios for the SSE in Chile close the paper.
1. CONCEPTUAL APPROACH: POPULAR ECONOMY, SOCIAL ECONOMY, THIRD SECTOR, OR SOCIAL AND SOLIDARITY ECONOMY?

In Chile, similarly to what happens in other countries, several terms are employed to identify civil society initiatives taking the form of organizations that aim to address unsatisfied societal needs, arise from civil society and are independent from the government and distinct from the for-profit sector.

From a conceptual point of view, four main trends have influenced the denomination of these civil society initiatives in Chile: 1) the “popular economy”, a concept utilized to refer to the so-called informal sector; 2) the “social economy” concept, which mainly derives from the European (especially French) school of thought; 3) the “third sector” or “nonprofit” concept, influenced mainly by the US stream of thought; and 4) the “social and solidarity economy” concept, an original contribution that was initially coined in Latin America.

As the variety of these denominations confirm, conceptualization is rather problematic, and common definitions, making it possible to draw a clear delimitation among the different concepts, remain to be agreed upon.

The concept of “popular economy” is employed to refer to those informal experiences that arise from the civil society in order to face necessities of income generation, generally without any margin of accumulation. These autonomous, community-based initiatives address needs of subsistence, and social relations appear crucial in this context, because of these relations’ potential to support the search for appropriate solutions in terms of actual living conditions. The concept of popular economy has been widely employed in Chile to refer to a phenomenon that has emerged in the country, as well as in other contexts in the global south, since the end of the 19th century. However, it is in the 1970s that it really started to assume a specific character; this is particularly true if we look at those experiences of popular economy initiated by pobladores (the inhabitants of popular urban neighbourhoods) that survived, and even increased in number, in the years of the dictatorship (Nyssens 1997).

Even though the “social economy” concept was not frequently employed in the past in Chile (Radrígán et al. 2010), the Chilean government has recently incorporated this term by establishing the “Associativity and Social Economy Division” (División de Asociatividad y Economía Social, or DAES), which belongs to the Ministry of Economy, Development and Tourism. This recent development implies a certain institutional recognition and representation of the organizations belonging to this sector. The DAES considers that the following organizations are part of the social economy: cooperatives, consumer associations, professional associations (asociaciones gremiales), fair trade organizations, B Corporations, and other social enterprises (with no further specifications so far).

In the last 25 years, terms that have been largely employed in Chile are those of “third sector” or “nonprofit sector”; their use was spread by a study carried out by the Johns Hopkins University on the third sector in about 40 countries, including Chile. The Johns Hopkins University developed a structural operational definition according to which non-profit organizations share
five main features: they are organized, private, non-profit-distributing, self-governing, and voluntary (Salamon and Anheier 1997). The part of the Johns Hopkins study carried out in Chile highlighted the importance of the Chilean non-profit sector, which counts a considerable number of employees and volunteers. The services delivered by non-profit organizations in the country concentrated in four main sectors of activity: healthcare, education, community development and social services, and the main source of revenues for these organizations was the government, through subsidies and reimbursements to the organizations for the services delivered (Irrázaval et al. 2006).

At the Latin American level, the term “social and solidarity economy” (hereinafter referred to as SSE) was coined with the aim—among other reasons—of differentiating the sector from traditional cooperatives, which were becoming more and more similar to traditional for-profit enterprises, especially in the case of large agricultural cooperatives. The SSE concept benefited, among others (Coraggio 1999, 2011; Gaiger 1999; Singer 2000; Guerra 2003; Arruda 2003), from the theoretical and conceptual contributions of the Chilean scholar Luis Razeto, who started to employ the term “economia popular de solidaridad” in the 1980s (see Razeto 1986). The material and relational assets on which the abovementioned popular economy initiatives are based can constitute a fertile ground on which more developed organizations of the SSE can build (Razeto 1993; Coraggio 1998). The SSE (a concept that started to appear in the 1990s) departs from the mere adaptation to circumstances that was characteristic of the popular economy and focuses on the economic activity as a vehicle capable of bringing about change. The entrepreneurial economic logic that emerges is based on cooperation and exploits the potential of social relations, based also on traditions and personal ties (Gaiger 2009).

The SSE sphere includes cooperatives, cooperative banks, mutual organizations, and more generally associations of people who freely join to develop economic activities and create jobs on the basis of solidarity and cooperative relations, both among themselves and in society at large. The main drive is to ensure the material conditions for the survival of people, fighting against poverty in order to create short and medium-term socio-economic alternatives.

The analysis proposed in this paper relies mainly on the term SSE, since this concept was born in the Latin American context and it was not imported from distant contexts in the global north. Moreover, this term seems to be the best adapted to grasp the specific characteristics of this sector in the Chilean context and its transformative logic. The term SSE has been employed in Chile mainly in activist circles, but it is now more and more frequently used also in institutional contexts, such as government and universities.

2. HISTORICAL APPROACH

After having analysed this conceptual variety, it is interesting to understand the reasons for the emergence of SSE organizations as well as the reasons why they have increasingly become an important part of the Chilean society and economy. The origins of SSE organizations in Chile in a modern perspective are to be found in the colonial period (1598-1810), when charity organizations based on solidarity principles started to develop, mainly supported by the Catholic Church (Irrázaval et al. 2006). Due to the process of economic and political consolidation that the country underwent at the beginning of the independency period, in the early 19th century, all charitable, assistance, and solidarity activities were carried out by these organizations.
Approximately from 1850 onward, SSE organizations started to gain greater attention, and non-profits were legally recognized for the first time (Irarrázaval et al. 2006).

This period also witnessed the emergence of the cooperative movement, under the influence of the European experience: the first cooperative, a consumer cooperative called La Esmeralda, was founded in 1887. The cooperative movement was also influenced by the trade-union movement, which emerged in this period mainly due to the spontaneous effort of miners in the northern part of the country (Del Campo and Radrigán 1998), and by mutual societies, whose first expression was linked to typography workers, who supported the replication of the mutual model until the beginning of the 20th century (Martini et al. 2003).

During the 20th century, a phenomenon of greater diversification of civil society organizations started, with the development of voluntary organizations, mutuals, workers' organizations, unions, and political parties. A wider legal framework for SSE organizations was developed, in particular for cooperatives: the first cooperative law was enacted in 1924. A slow but steady development of this sector then began in Chile.

Inspired by Radrigán et al. (2010), who followed the approach proposed by the abovementioned “Comparative Nonprofit Sector Project”, we analyse here the historical background of the SSE in Chile. However, while Radrigán and his colleagues focused only on non-profits, we aim to include in our analysis, as table 1 shows, all SSE organizations. The table describes six main periods or historical phases of SSE development, together with salient political, economic, and sociocultural events that marked each phase.

The first phase was marked by the incidence of pre-Columbian economic practices, which were characterized by reciprocity and non-monetary and solidarity-based exchanges, and were often based on free collective work to the advantage of the whole community. These principles and practices have survived through centuries, and they adapted to the new political, military and commercial relations imposed by the conquerors. They have been incorporated into the indigenous conception of *buen vivir*, which describes a collective approach to well-being based on respectful exchanges between humans and the natural environment, on the promotion of collective rights, and on a community-based model of production (Gudynas 2011; Acosta 2013).

The second phase was characterized by a process of economic, political, and social emancipation that followed the independence from the Spanish crown. From the economic point of view, in this period, the beginning of the industrialization process was marked mainly by the mining boom. From the political point of view, power was concentrated in the hands of the conservative sector. As far as civil society is concerned, several processes of civic organization started in this phase; the most notable experience for the SSE was the emergence of the first mutual-aid societies, that appeared in Chile around 1840: they were closely linked to the nascent industrial working class and aimed to guarantee protection to the workers and their families in case of accident, invalidity, disease or death.
Table 1. Historical phases of SSE development in Chile

<table>
<thead>
<tr>
<th>Phase</th>
<th>Society and political economy</th>
<th>SSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Origins: from pre-Columbian period to the War of Independence (1810)</td>
<td>Indigenous communities based on reciprocity, non-monetary exchanges and collective work.</td>
<td>Embryonic forms of SSE: indigenous peoples have organizational structures similar to the SSE logic, which is maintained throughout history.</td>
</tr>
<tr>
<td>2. Pre-industrial period and beginning of the Republic (1811-1850)</td>
<td>External economy, mainly focused on the export of saltpetre. Societal, political and economic changes after the process of independence and against the previous colonial model.</td>
<td>First mutuals start to emerge, closely linked to the labour sector; development of several charities linked to the Catholic Church and of informal productive organizations (popular economy).</td>
</tr>
<tr>
<td>3. Industrialization and beginning of the welfare state (1851-1945)</td>
<td>Promotion of the national industry to replace the imports. Emergence of a renewed vision of the government’s role: necessity of generating social participation through societal channels of organization. Strong role of Catholicism.</td>
<td>“Golden age” of mutualism, parallel to the rise of the labour movement. Emergence of the first cooperatives. First law on cooperatives.</td>
</tr>
<tr>
<td>5. Dictatorship (1973-1990)</td>
<td>Military coup, rupture of the democratic tradition. Neoliberal economy. Two main transformations: 1) switch from a national closed economy to an open liberal economy, and 2) end of the welfare state and privatization of social services.</td>
<td>Worst period for the SSE: most SSE organizations go bankrupt or are forced to cease their activities due to political/ideological repression under the dictatorship. However, many popular economy (informal) organizations survive; their number even increases.</td>
</tr>
<tr>
<td>6. Return to democracy (1991-present)</td>
<td>Restoration of democracy. Switch from an authoritarian exclusionary neoliberal economic model to an inclusive democratic neoliberal economy.</td>
<td>Return to democracy, restoration of the SSE, although in a neoliberal context that is not very favourable to associative arrangements. New wave of SSE organizations in the last decade, revived also by social movements.</td>
</tr>
</tbody>
</table>

Source: Adapted from Radigrán et al. (2010), Pizarro (2004).
The third period was characterized by a strengthened role of civil society organizations in the search for fundamental rights, as has occurred in other countries since the beginning and during the consolidation of the industrial revolution. This period saw the emergence of charities and advocacy organizations for basic social rights, especially concerning labour issues. The state began to implement social policies, which resulted in a series of social laws. Regarding more specifically the SSE, this period can be considered as the “golden age” of the mutual sector. In 1924, there were over 500 mutuals in Chile, with more than 100,000 members. The mutualist movement was responsible for several innovative social measures, such as the full integration of women (mutuals were the first Chilean organizations to recognize the equality of rights between men and women), the first experiences in the field of adult education, cultural activities and prevention of harmful behaviours (e.g. alcohol and problem gambling).

In the same period—more exactly in 1887—, the first Chilean cooperative was founded, in Valparaiso; as explained above, it was a consumer cooperative called La Esmeralda (Del Campo and Radrigán 1998). The emergence of cooperativism was, like in other Latin American countries, linked to the social and labour movements that developed in reaction to the consequences of industrialization, and it was influenced by the European experience brought by migrants. In 1925, the first law on cooperatives was approved, thus supporting a subsequent slow but constant development of the cooperative sector. The law provided for the creation of the Department of Mutuals and Cooperatives within the Ministry of Work and Social Security; this Department was formally constituted in 1927. The Department supported the creation of cooperatives in several sectors: agriculture, drinking water, housing, electricity. However, a structured support to the cooperative sector was still lacking, and the state mainly sustained single and isolated initiatives.

The fourth phase saw the consolidation of the state as a resource provider, using SSE organizations as a way to provide social services or meet social needs. The 20th century witnessed a progressive growth and differentiation of organizational types in the SSE sector. The general Law on Cooperatives was elaborated in the 1950s, during Jorge Alessandri’s government. This law was then modified in 1963 by the Agrarian Reform. President Eduardo Frei Montalva (1964-1970) made an important contribution in terms of support to the cooperative sector: a coherent program was still lacking, but cooperatives became in this period an instrument supporting the reformist policies of the government. In this phase, the number of cooperatives grew constantly, and their action expanded towards new and differentiated sectors of activity, with the creation, for example, of worker, housing and user cooperatives.

The fifth phase was marked by the breakdown of civil society movements and organizations, as well as by the repression of individual freedoms. The military coup marked the rupture of the process of organization of civil society, which had already been threatened by the democratic breakdowns of 1891 and 1924-25, that had limited the expansion and autonomy of civil society organizations. During the dictatorship that followed the military coup of 1973, SSE and all civil society organizations suffered their worst period; they were affected by the neoliberal economic system, which also impacted their internal structure. Many of the existing organizations were forced to cease their activities and many cooperatives went bankrupt, also due to the economic crisis at the beginning of the 1980s. However, it is worth noting that several popular economy organizations survived through the dictatorship, and even registered an increase in their
workforce, from approximately 15 percent of the country’s total workforce in 1970 to 20 percent in 1982. Moreover, popular economy strategies multiplied and qualitatively changed, with initiatives engaging in new activities that were able to address needs left unsatisfied in the new regime (Nyssens 1997).

Finally, with the return to democracy, civil society and SSE organizations were also restored, with the aim of addressing new and differentiated societal needs. Since the beginning of the 1990s, the country has been experiencing a process of cultural transformation, whereby ordinary people began to assume the charge of solving the problems affecting the community, instead of presenting their claims to the state (Rodriguez and Quezada 2007). This process has resulted in the emergence of several initiatives by civil society, some of them belonging to the SSE.

However, the national constitution is still the one that had been inherited from the military regime, and it has a strongly neoliberal character. The restoration of democracy brought about a resurgence of civil society initiatives and a review of the legal framework for SSE organizations, but there is no clear-cut breakaway from the period of the military regime. In 2015, the former Department of Cooperatives (founded in 1927) was incorporated into the newly created Associativity and Social Economy Division (División de Asociatividad y Economía Social, or DAES). Until this date, no real effort had been made at the institutional level to recognize the importance of and support the sector. It is still too early to judge if this Division will have an impact on the SSE in terms of promoting public policies and specific legislative measures, but at least its setting up is a first step in the direction of giving more visibility to the sector.

According to Rodriguez and Quezada (2007), Chile has traditionally left the solution to community issues in the hands of the government. According to these authors, this situation is reflected, for example, in the fact that the industrialization process was promoted at the governmental level, with the objective of modernizing the country. However, in the late 20th century, the government abandoned its protective function (Rodriguez and Quezada 2007; Radrigán et al. 2010). According to this interpretation, the SSE sector in the Chilean context has been developed within a framework of political and economic transformation, where the government has changed its role from a welfare model (“modelo asistencialista”) to a neoliberal model where the satisfaction of societal needs is left to the private sector (“modelo subsidiario”) (Hernandez et al. 2003).

3. LEGAL APPROACH

In Chile, as in many other contexts, a plurality of economic and social organizations coexist. SSE organizations, different from classical capitalist firms or government institutions, include various types of activities and structures. For the purpose of this paper, the main types of SSE such as they are provided for by the Chilean law will be identified and briefly defined, following the approach proposed by Radrigán and Barria (2005). These organizations will then be analysed applying the EMES approach to social enterprise, with the aim of identifying types of SSE organizations that can be considered as social enterprises.
<table>
<thead>
<tr>
<th>Type of organization</th>
<th>Definition</th>
<th>Neighbourhood associations (juntas de vecinos) and other community organizations (organizaciones comunitarias)</th>
<th>Cooperatives</th>
<th>Trade associations (asociaciones gremiales)</th>
<th>Indigenous organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of organization</td>
<td>Definition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual societies</td>
<td>The purpose of mutual benefit societies is to achieve public interest benefits on a reciprocal basis among their members. Mutual societies can be of three types: 1) mutual aid societies; 2) mutual protection societies; 3) mutual insurance companies.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-profit corporations</td>
<td>Non-profit corporations are made up of a number of associated individuals who pursue a common objective and determine the foundation and the mission of the organization. Corporations have an “ideal” object—i.e. development or social progress, welfare, culture and education—with the limitation that they cannot pursue trade-union-like or for-profit objectives, or objectives that the law determines as corresponding to other types of entities.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-profit foundations</td>
<td>The foundation is a patrimony administered by agents according to the will of the founder(s), which also determines the organization’s goals, that must be directed to general interest objectives. Foundations are not comparable to a corporate legal person. Most relevant in the figure of the foundation is the patrimony for the pursuit of a given objective set by the founder(s). People involved in the foundation are not owners of the organization and must follow the objective determined by the founder(s), which has to be a general-interest, permanent and non-profit objective.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration, based on Radrigan and Barria (2005); DECOOP (2007); Ley 19.253 sobre protección, fomento y desarrollo indígena; Ley 19.832 sobre Cooperativas; Ley 19.418 sobre juntas de vecinos y demás organizaciones comunitarias; Ley 2.757 sobre asociaciones gremiales.
We hereby analyse the legal provisions that can refer to SSE organizations in Chile, identifying the following types: 1) neighbourhood associations and other community organizations; 2) cooperatives; 3) trade associations; 4) indigenous organizations; 5) mutual societies; 6) non-profit enterprises; and 7) non-profit foundations. Table 3 provides a brief definition of each of these types of organization.

Not all the organizations reviewed can necessarily be considered as social enterprises, because each of them may show different logics of action. Employing the welfare triangle as a tool (and thus following Pestoff 1998 and 2005) enables us to recognize the combination of actors (the state, private for-profit companies, and communities), logics of action (householding, market, redistribution and reciprocity) and resources, and to understand that the set of organizations considered as social enterprises may be understood from different points of view. Figure 1 shows this combination, allowing to graphically represent the situation. Following this graphic representation, it is possible to position each of the organizations described in Table 3 inside the triangle. For instance, indigenous organizations and community organizations would be positioned out of the circle, in the left vertex of the triangle.

Figure 1. Location of SSE organizations within the welfare triangle representation

![Welfare Triangle Diagram](image)


However, in order to identify the set of organizations considered as social enterprises following the EMES approach, it is necessary to evaluate whether these organizations display the three main characteristics put forward by the EMES Network, i.e. whether they have 1) an economic project, 2) a social mission and 3) a participatory governance. Table 4 analyses the organizations presented in table 3 according to these characteristics.
### Table 4. Chilean SSE organizations (legal definition) and EMES definition of social enterprise

<table>
<thead>
<tr>
<th>An economic project</th>
<th>Neighbours associations and other community organizations</th>
<th>Cooperatives</th>
<th>Trade associations</th>
<th>Indigenous organizations</th>
<th>Mutuals</th>
<th>Non-profit corporations</th>
<th>Non-profit foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Some of them</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>A continuous production</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Some of them</td>
<td>No</td>
<td>Some of them</td>
<td>Some of them</td>
</tr>
<tr>
<td>Some paid work</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Some of them</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>An economic risk</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Some of them</td>
<td>No</td>
<td>Some of them</td>
<td>Some of them</td>
</tr>
<tr>
<td>A social mission</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>An explicit social aim</td>
<td>Yes</td>
<td>Some of them</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Limited profit distribution, reflecting the primacy of social aim</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Some of them</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>An initiative launched by a group of citizens or a third sector organization</td>
<td>Yes</td>
<td>Some of them</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Some of them</td>
</tr>
<tr>
<td>A participatory governance</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Some of them</td>
<td>Some of them</td>
</tr>
<tr>
<td>A high degree of autonomy</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>A participatory nature, which involves various parties affected by the activity</td>
<td>Yes</td>
<td>Some of them</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Some of them</td>
</tr>
<tr>
<td>A decision-making power not based on capital ownership</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Can they be considered as social enterprises?</td>
<td>No</td>
<td>Some of them</td>
<td>No</td>
<td>Some of them</td>
<td>No</td>
<td>Some of them</td>
<td>Some of them</td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration.
Following the legal approach, it appears that only some types of cooperative, some indigenous organizations, some non-profit corporations, and some non-profit foundations comply with the indicators of the EMES definition and can thus be considered as social enterprises. However, the legal approach is not sufficient to grasp the full array of organizational forms that belong to the SSE sector and that can be considered as social enterprises, but are not yet regulated as such by Chilean law.

4. MIXED APPROACH (EMPIRICAL, LEGAL, CONCEPTUAL)

Having said that, it seems more useful, with a view to identifying SE models in Chile, to adopt a mixed approach, combining the legal approach with an empirical as well as a conceptual one. This permits to identify four main types of organization that correspond to the EMES ideal-typical social enterprise:

1) Traditional cooperatives—at least those that have an explicit social aim and/or are directed towards the welfare of the community in which they are embedded and do not only aim to serve the interests of their members. In such perspective, the majority of agricultural and fishery cooperatives, worker cooperatives and credit cooperatives are excluded from this category. On the contrary, this category comprises water and energy cooperatives, school cooperatives, and open housing cooperatives. Interesting initiatives belonging to this type are rural water cooperatives. These are all the more interesting that, in Chile, water provision was privatized during the military dictatorship (1981, Código de Aguas) and, to date, it remains private. Nowadays, water cooperatives—some of which have been active since the 1960s (when they were founded thanks to the direct intervention of the state)—represent an actual alternative to the private model of water provision. Moreover, these organizations are also providing a plurality of complementary services (such as public libraries or spaces that the community can use for celebrations or other activities) to the communities within which they operate.

2) Non-profits (corporations, foundations, some NGOs). This category includes those organizations that, using the legal form of foundation, non-profit corporation or NGO, aim to develop a common interest activity. According to the EMES definition of SE, this category includes at least those organizations that explicitly state a social goal which goes beyond a mutual objective of satisfying the needs of their members. In this group, different sub-types of organizations working as NGOs but under diverse legal forms (foundations, corporations, NGOs) can be found, for example: non-profit foundations (e.g. Fundación Las Rosas, Fundación un Techo para Chile, Fundación de Ayuda al Niño Limitado [COANIL]), non-profit associations (e.g. Corporación Nuestra Casa, Corporación Red de Alimentos), and NGOs with development-related activities (e.g. ONG de Desarrollo al Menor en Riesgo Social un Rincón de Alegria, ONG de Desarrollo Corporación de Beneficencia Jesús Niño).

3) B Corps or “empresas B” (e.g. Actua360, Algramo, Greenclass). Generally speaking, organizations of this type operate with a top-down approach, adopting a welfare model of assistance. A B Corp (“Empresa B”) is a type of organization whose main purpose is to attempt to solve social and environmental problems employing a market-oriented approach. The initial impulse comes from B Lab, a US-based non-profit organization that gives a
certification to for-profit companies committed to social and environmental standards. In order to receive the certification, companies must achieve a minimum score in a “B Impact assessment” for “social and environmental performance”, satisfy the requirement that the company integrate B Lab commitments to stakeholders into company governing documents, and pay an annual fee, ranging from $500 to $50,000. “Sistema B”\(^1\) is the Latin American regional organization for B Corp certification; it has given certification to companies operating in Argentina, Bolivia, Brazil, Chile, Columbia, Costa Rica, Ecuador, Mexico, Paraguay, Peru and Uruguay. In Chile, more than 80 companies have already received the status of Empresas B.\(^2\)

4) Community enterprises. The Chilean law provides for the legal form of neighbourhood associations (juntas de vecinos) and other community organizations, but these cannot perform a stable economic activity (see table 3). However, the category of community enterprises appears appropriate to include other types of organizations, which can be considered as social enterprises but operate under different legal forms. “New cooperatives” (Vieta 2010), based on self-management (autogestión) and “horizontalized” labour processes and decision-making structures, can be included in this category; they have started to emerge in the last decade in Chile.

5. TOWARDS A SYNTHESIS OF THE DIFFERENT TYPES OF SSE ORGANIZATIONS

The various approaches analysed so far all shed light, in a complementary way, on several aspects of SSE organizations and social enterprises. As explained in the previous section, we have chosen to integrate the conceptual and the legal approaches, without forgetting the historical trajectory of SSE organizations, in order to better understand the complexity of the SE phenomenon and to include in our analysis all the forms that appear compatible with the EMES definition of social enterprise.

As anticipated, from the conceptual point of view, the term SSE has to be preferred over other concepts, as this term is an original Latin American contribution, able to highlight the specificities of the phenomenon in this geographic area. Moreover, the SSE term is able to include also those informal experiences that have not been officially recognized as social enterprises by Chilean legislation, like collective organizations belonging to the popular economy (Nyssens 1997; Razeto 1990). Even though the number of these grassroots organizations has been decreasing over the years (Bauwens and Lemaitre 2014), they remain a phenomenon worthy of attention. By contrast, the legal approach has highlighted the lack of specific recognition and support for SSE organizations.

An analysis of existing literature and the observation of new phenomena emerging in the area make it possible to grasp the specificities of SSE organizations in Latin America. These can be summarized as follows:

\(^{1}\) http://www.bcorporation.net/become-a-b-corp/how-to-become-a-b-corp/make-it-official

\(^{2}\) http://www.sistemab.org/espanol/comunidad-empresas-b/busqueda-de-empresa-b/empresas-b-chile
1. SSE organizations are influenced by the indigenous culture that derives from pre-Columbian economic non-monetary practices (for instance the minga, i.e. collective free work in favour of the community, which is still present in some communities in Chile) and the indigenous attachment to land and natural resources.

2. SSE initiatives are characterized by a precise political connotation, which derives from their connection with social movements. The primary aim of SSE is to build new social and labour relations that do not reproduce inequalities and constitute an actual alternative to the capitalist economic system, questioning the existing socio-economic structures (Guerra 2003; Coraggio 2005).

3. SSE initiatives are characterized by the presence of the “C factor” (Razeto 1998), intended as an organizational category, that is to say a factor that should be integrated in economic models and analyses together with work, capital and technology. The “C factor” (where C stands for community, cooperation, collaboration, and so on) involves several aspects, like cooperation in the labour environment, knowledge sharing, collective decision-making and additional non-monetary benefits for workers. A crucial aspect in this sense is self-management, intended as a revolutionary practice that questions the neoliberal system, to the extent that SSE initiatives are not based on the exploitation but on the free association of workers (Singer and Souza 2000; Vieta 2014).

As a consequence, SSE organizations are characterized by the pursuit of a plurality of goals, including also environmental, political and community objectives. Therefore, we propose to base our analysis on five major dimensions of these organizations, namely the social, economic, community, political, and environmental aspects. Each dimension can be evaluated qualitatively on a scale ranging from low to high. It is worth underlining that we consider social enterprises as specific organizational types within the broader SSE sector.

In the table below, the five dimensions mentioned above are reported; for each dimension, the table highlights the beneficial impacts it can provide; the risk that the organization might face, should this dimension come to prevail over the others; and the protection mechanism that allows to keep a balance among all the dimensions. If one of the five dimension prevails, then the organization can be still considered as belonging to the SSE sector, but it is not a social enterprise: for instance, if the environmental dimension is too strong, while the economic one is very weak or absent, we will talk about an advocacy environmental organization (such as an environmental NGO), but not about a social enterprise.
Table 5. SSE organizations characterized by different goals

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Beneficial impacts</th>
<th>Risks</th>
<th>Protection mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Provision of goods and services to address unsatisfied needs</td>
<td>Inefficiency</td>
<td>Managerial tools consistent with the social goal pursued</td>
</tr>
<tr>
<td>Economic</td>
<td>Production of goods and services according to efficiency criteria</td>
<td>Predominance of profit-seeking behaviours</td>
<td>Participatory governance model</td>
</tr>
<tr>
<td>Community (“C factor”: collectivity, cooperation, collaboration…)</td>
<td>Reinforcement of social cohesion and economic democratization</td>
<td>Creation of closed or “exclusive” organizations</td>
<td>Exchange with external stakeholders</td>
</tr>
<tr>
<td>Political</td>
<td>Creation of alternative modes of production</td>
<td>Predominance of advocacy action</td>
<td>Stable and continuous production of goods and services</td>
</tr>
<tr>
<td>Environmental</td>
<td>Provision of environmentally sustainable goods and services</td>
<td>Predominance of advocacy action</td>
<td>Stable and continuous production of goods and services</td>
</tr>
</tbody>
</table>

Source: adapted from Giovannini (2014).

Traditional cooperatives score low on the political dimension and high on the economic dimension; some of them—depending on the specific cooperative considered—also score high on several other dimensions.

Non-profits score high on the social and community dimensions, while the other dimensions vary according to the organization considered.

B Corps score very high on the economic dimension; the social and environmental dimensions are of an average level and vary according to the corporation considered, and the political and community dimensions are very low.

Community enterprises score very high on the political, social and community dimensions, while the importance of the environmental and economic dimensions vary according to the type of good or service provided. In any case, the accent in these enterprise is on collective governance, consensus decision-making, creation of alternatives to the capitalist system thanks to the relation with social movements, and impact on the community.
CONCLUSIONS

This article, which follows a legal, historical as well as conceptual approach, has identified four main types of social enterprises in the Chilean context: traditional cooperatives, non-profit organizations (corporations and foundations), B Corps, and community enterprises.

In spite of the relative importance of the SSE in Chile and of its apparent organizational variety and complexity, it is worth mentioning that the level of visibility and recognition of this sector remains insufficient, and national studies on this sector are still very few in number (Gatica 2011). In 2005, Radrigán and Barria proposed three possible scenarios for the future prospects of the SSE sector in Chile.

The first scenario considered the fragmentation of the SSE sector, with a scarce support by public policies. The development model pursued, based on private capitalist enterprises, left no space for the integration of SSE actors into a private economic sector characterized by a low level of trust and rivalries among actors.

The second scenario hypothesized the development of interactions and the creation of common spaces by SSE actors. Through various emerging leaderships and processes of convergence between different actors, especially among market and non-market actors, a slow but systematic process of dialogue and consensus for SSE actors could be generated. In the medium and long term, this process would generate platforms for collective action, especially directed towards policy makers and national opinion leaders.

The third scenario foresaw the support and integration of SSE actors by public policies. As has happened in other stages of the country’s history, in this scenario, the state would play an active role in seeking the consolidation of a third actor, through the active promotion of spaces and mechanisms for collective action directed to the actors of the SSE.

More than ten years after these hypotheses were formulated, the SSE sector in Chile still receives only timid support by public policies and remains characterised by scarce integration of SSE actors.
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Hopkins University.
APPENDIX: LAWS RELATED TO CHILEAN ORGANIZATIONS THAT CAN BE CONSIDERED AS SOCIAL ENTERPRISES

<table>
<thead>
<tr>
<th>Organizations</th>
<th>Laws</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit corporations</td>
<td>La Corporación se regirá por las normas del Título XXXIII del Libro Primero del Código Civil, por el Reglamento sobre Concesión de Personalidad Jurídica del Ministerio de Justicia y por el Estatuto Social de la entidad.</td>
</tr>
<tr>
<td>Non-profit foundations</td>
<td>Libro I, Título XXXIII, del Código Civil; Reglamento sobre Concesión de Personalidad Jurídica a Corporaciones y Fundaciones (DS 110 del Ministerio de Justicia, de 1979)</td>
</tr>
</tbody>
</table>

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