### **RESEARCH ARTICLE**



# Networks of solidarity economy, tools for local development and social innovation

Carmela Guarascio 100

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#### **Abstract**

The article analyzes the capability of enterprises and social enterprises (as reported by Borzaga and Fazzi (Le imprese sociali, Carocci Editore, Roma, 2011); as reported by Drapery (Comprendre l'économie social, Dunod, Paris 2007)) in promoting local sustainable development, starting from the organization of alternative agro-food networks Renting et al. (Environ Plann 35:393–411, 2003). The analysis starts from a case study of 40 solidarity purchasing groups of solidarity economy in Italy. In particular, the article focuses on the solidarity economic network "*REES Marche*". Meanwhile, solidarity purchasing groups (SPGs) in the literature have been studied under the perspective of consumers, even those of the Marche Orazi (DES.so. Economia solidali e cittadini consapevoli, Cattedrale, Ancona, 2011), this article means to go ahead underlining also the perspective of producers.

The analysis of data raises up 4 types of possible organizations linked to solidarity purchasing groups, with different levels of social innovation in promoting a sustainable development. Results show that a sustainable local development is enhanced by a thick social cooperation among enterprises into a network, as, for example, that of SPGs. Moreover, it is promoted by a reorganization of the productive chain on local, ecological and ethical basis that directly impacts on production and consumption of fair products. Furthermore, the article shows that the direct relationship among entrepreneur and consumers stimulates a social innovation in solving problems.

We use a mixed method approach: a quantitative analysis of statistical data on the web site of REES Marche; a qualitative analysis based on participatory observation and on data collected through 34 in-depth interviews with network's members.

**Keywords** Networks  $\cdot$  Solidarity economy  $\cdot$  Embeddedness  $\cdot$  Sustainability  $\cdot$  Cooperation

JEL Classifications  $L31 \cdot O35 \cdot P25 \cdot Z13$ 

Department of Scienze politiche e delle relazioni internazionali, University of Palermo, Via Maqueda, 324, 90134 Palermo, Italy



 <sup>□</sup> Carmela Guarascio
 □ Carmela guarascio@unipa.it

# 1 Introduction

The market exchange, as a "form of integration" (Polanyi 1944, 1957, 1977), is regulating spaces that usually are inside other institutional structures, as the State and third sector (Cella 2008). It means that goods and services that need to be regulated by a specific form of integration, as, for example, the culture or the education, are instead regulated by the market exchange. This disagreement could create inequalities, raising questions about how it is possible to restore the equilibrium among regulatory forms and which are the actors of this action.

The socio-economic model of the solidarity economy, by proposing the "plural economy" (Arruda 2006; Aznar et al. 1997; Razeto 1984), introduces a way of integration among many regulatory forms. The plural economy in fact, is the concept of interdependence among the reciprocity (third sector), the redistribution (state) and the exchange (market) (Laville 2000, 2009). It means that an organization refers its sustainability to many resources (private, public and communitarian). The movement of M.A.U.S.S. (anti-utilitarian movement in the social sciences), groups these regulatory forms into three forms of economy: non-monetary, market and non-market. The non-monetary economy brings together domestic administration and reciprocity. The market economy includes the market, and the non-market includes the redistribution. This subdivision highlights the diversity of the exchanges where material and immaterial flows of private, public and community nature intersect. This restores the complexity of plurality to the concept of economy, and it challenges also the hybridization of resources (Gardin 2008), namely the use of multiple resources, in implementing a development action.

The study of these regulatory forms questions the nature of the society to be regulated (Bagnasco 2010), or at least some of its significant character or process, but it does not necessarily mean treating another economy, or more forms of economy, but rather an economy on different bases. Mingione (2009) explains that it would not be scientifically correct to identify other economies than today, but to highlight the regulatory logic to which the economy is subjected that differentiate the institutional and regulatory structures.

In this sense, it seems interesting to study how producers into the Solidarity Purchasing Groups (SPGs), as a part of the Alternative food Networks (AFN), put together more than one regulatory form in order to be sustainable. SPGs are groups of people or family that decide to purchase products together applying principles of critical consumption, as, for example, in order to choose producers in ethical way, aiming to a sustainable economy, reducing waste and favoring a local economy, as a short food supply (Marsden et al. 2000). In Italy SPGs are GAS, "Gruppo di Acquisto solidale". The term solidarity is strongly linked with the social movement of solidarity economy spread at national level. They have been studied under the point of view of consumers and the consumption culture (Vermeir and Verbeke

<sup>&</sup>lt;sup>1</sup> According to Polanyi, the forms of integration are: "The institutionalized movements connecting the elements of the economic process, elements ranging from material resources, work and transport, to storage and distribution of goods" (Polanyi 1983:61).



2006), and their political implication (Micheletti and McFarland 2009; Stolle et al. 2005). In Italy, the debate is strong around the implication of consumerism (Carrera 2009; Forno and Graziano 2012; Orazi 2011; Rebughini 2008). In contrast to the international supply chains inherent in the conventional food system, proponents of "alternative" food networks draw attention to the ability of these "new supply chains to *resocialise* or *respatialise* food, thereby allowing the consumer to make new value judgments about the relative desirability of foods on the basis of their own knowledge, experience, or perceived imagery" (Renting et al. 2003: p.398).

This work aims to explore the producers involved into the SPGs, analyzing their business project. The analysis of producers into the SPGs seems interesting in order to highlight their role and impact on local development.

The goal is to analyze how SPGs organize the economic transaction reorganizing the productive chain on local, ecological and ethical basis. It impacts on the concepts of enterprise, local governance and economic relationship, fostering a view of plural economy and social inclusion. In the network, there are a multiplicity of actors and yet the collaboration is not spontaneous. It is for this reason that the article wants to focus on the inside of the network to investigate the actors and flows that make up the network. The hypothesis is that plural economy impacts positively a local process of development, as long as members involved are based on an autonomous economic model, and they are members of a bigger network working for local governance.

Even if in solidarity economy, there are different types of organization, from non-profit to profit ones, the article focuses on enterprises, often social enterprises (Borzaga and Fazzi 2011; Draperi 2007) because the autonomous economic model and the capacity of proposing social innovation are strongly linked in order to enhance a virtuous development process, as shown in the typology presented in the article. It is necessary to underline the relevance of the relationship among enterprise and non-profit organization that weave the social cohesion. There are many studies on the relationship between social capital and social organizations, into the promotion of a stronger social cohesion. Nevertheless, the article wants better to focus on the implications of enterprises involved that seems more difficult involved into a solidarity framework and that are studied under the framework of corporate social sustainability and less under this perspective.

Firstly, the article analyzes the entrepreneurial characteristics of the producers involved in the alternative food network based in Italian region "Marche", called "REES", that sell to consumers of solidarity purchasing groups. The article shows that an enterprise of solidarity economy bases its sustainability on a multiplicity of resources, instead of only monetary one. This gives the opportunity to reinforce cooperation inside and outside the enterprise that otherwise could be lost in the traditional market mechanism. There are ten variables considered in the study, as, for example, the cultural horizon of entrepreneurs, the relations with human resources, the networks with the local territory and the activism.

Secondly, the article focuses on the capacity of plural economy in building a cooperative network among different types of members, impacting on local governance. Local networks enhance cooperation that is positive for local development,



creating virtuous economic exchanges, as, for example, shown from the relationships among consumers and producers in promoting critical consumption.

The paper is structured as follows: The first part is an analysis of data about members from the database of REES, the second part describes the indicators adopted to analyze the impact of producers on economy, and in the third part presents the results of the empirical analysis and the social implications.

The method is a mixed method. The quantitative analysis refers to data elaborated by the author on REES and producers. The qualitative analysis is based on 34 interviews and on a participatory observation in the board of directors of the REES network and in some public, formal and non-formal meetings of the SPGs and the network itself. Interviews are divided among 12 interviews to enterprises, 15 to SPGs out of 40 members of the REES database (one of this is an "Intergas", it means that groups together 8 others small SPGs), and 7 to responsible people. The contact with some SPGs was very difficult, as they were not willing to receive interviews, in others the consultation process within the groups to accept the interview was long, and sometimes it did not come to an end. Contacts were taken from the REES Marche site. The interviews submitted are of a semi-structured type. The sample represents all the provinces concerned. It does not aim to be a statistical figure related to the reality investigated, but it is useful in order to make some qualitative evaluations.

Results of the article show four different types of solidarity organizations, mixing some variables referring to social innovation and co-planning with local institution about social dimension. In the case in which there is this kind of relationship, it is more direct for an organization to relate itself to local development and to start doing actions linked to local development in according with others organizations, as, for example, non-profit organizations.

# 1.1 The cooperation among members into a solidarity purchasing group

The solidarity economy organizations intend to build a more inclusive plural economy, and it means that they try to mix different resources to be sustainable: public, private and voluntary. The economic action of these organizations is necessarily focused on individuals as a part of the context that exercise a socio-political dimension (Forno and Graziano 2016), promoting sustainable actions.

The cooperation among producers and consumers into SPGs is an example of how the economic relationship it is not based only on a market exchange, but they could occur different levels of interactions and tensions too. Into plural economy (Arruda 2006; Aznar et al. 1997; Razeto 1984; Roustang 1982, 2000), all actors involved in a transaction have the same responsibility in taking care of the relationship and the development process. Reciprocity is the institutional form by which exchanges are organized (Hillenkamp 2013). It could take the form of a gift, as explained by Mauss (1924), but generally it represents a form of exchange in which the currency is not usually present, and participants are bound by non-economic ties. There is a common building of consciousness of the political frame (Sassatelli and Leonini 2008) among producers and consumers that have the same goal of sustainability and critical consumption. For example, there could be a cooperative that



sells a fair and solidarity good to the classic distribution actors. It enters as a part of a structured value chain, with which it maintains instrumental relationships in order to promote a solidarity product. Into this value chain there is no co-production of values, there is no reciprocity among actors, but only an instrumental relationship. Co-production in the literature means the action through which the consumer participates in the orientation of the organization's policies by orienting the production. In this sense, it is usually identified as "prosumer" (Toffler 1980) or "consum-attori". Otherwise in a SPGs, consumers and producers work together in order to choose the most ethical products, cooperating in a common vision of critical consumption. Reciprocity in this sense assumes a strong institutional structure of values that supports relationships among actors.

REES was<sup>2</sup> a second level network of solidarity economy<sup>3</sup> that was born in 2004. It groups in fact other networks such as the "Pesaro Urbino RES", the solidarity purchasing groups (SPGs), the district of solidarity economy (DES). In the network "REES", there are different members: SPGs, together with public, private and public-private actors. They are also defined as actors of multilateral reciprocity, because members involved in the exchange have the same level of power in the relationship even if they are from different institutional forms and are not equal, as, for example, a public and a private structure. Multilateral reciprocity is different from the charitable association in which there is an unequal relationship among clients and organizations, or among cooperatives where the relationship is only among equals and members (Gardin 2008). This is a central concept and it means that solidarity economy, linked to multilateral reciprocity, tries to establish a symmetrical relationship among actors: workers, customers, clients. This idea links with an integrated development perspective as civic food networks claim (Rossi et al. 2013). It doesn't mean that everybody has the same power in acting the relationship, but the same responsibility of being in the process with different levels of power. This definition states a particular power relationship that needs to be analyzed in depth.

The REES network counts 395 members, including 59 associations, 292 companies, 40 solidarity purchasing groups (SPGs) and 4 public entities. The research takes into consideration producers and enterprises directly linked to solidarity economy district (DES) and solidarity purchasing groups (SPGs), intending to analyze the solidarity economy.

Among associations the 80% is based on an environmental theme, with a strong presence of the macrobiotic movement (42%). Among these to emphasize the importance of the organic sector in the network, we find AIAB<sup>4</sup> and AMAB<sup>5</sup> Marche that deal with the promotion of organic production in the region. Foundations are a minimal part; instead, there is a strong presence of social cooperatives, fair-trade shops,



<sup>&</sup>lt;sup>2</sup> Until 2018 and so also during the present research work, the REES network was an association. In 2018, members decided to close it. Some of explications of this situation could be found inside: Guarascio (2017), *Percorsi di economia solidale a confronto*, Roma: Aracne.

<sup>&</sup>lt;sup>3</sup> It means that its members are other networks instead of private and single members.

<sup>&</sup>lt;sup>4</sup> Italian association of biological agriculture.

<sup>&</sup>lt;sup>5</sup> Mediterranean association of biological agriculture.

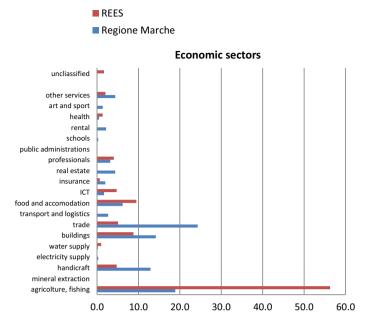


Fig. 1 Comparison of the economic sectors in Marche Region and in REES network Source: our elaboration on Istat

and self-management mutual. The associations are distributed uniformly throughout the territory, except for the province of Ancona.

The composition of the associations is rather voluntary, without employees. Among enterprises members of REES about 70% are profit-making companies, most of which are for farming and food production, most of which are organic. This peculiarity is due to the very origin of the movement: the environmental, ecological and biological networks. The rest are companies of other kinds, which cover all the legal statutes, there is 2% of big companies, around 21% of sole proprietorship, 41% as limited liability company and around the 4% of others. There are around 7% of social cooperatives, of which 21 are type B.<sup>6</sup>

Among the non-for-profit economic organizations, A and B cooperatives, agriculture is not the dominant sector. They focus more naturally on a service sector, particularly type A social cooperatives focus mainly on health and social services.

If we compare these data with the regional ones, the particular agricultural vocation of REES is very evident, with a strong prevalence of farms, and all that concerns the products or services related to this economic sector, such as educational farms, agritourist (Fig. 1).

<sup>&</sup>lt;sup>6</sup> The law n. 391/1991, divided social cooperatives into types A and B, the first is focused on social services depending on public structure, rather the B have a form of enterprise with a social but. The reform of Third Sector, law n.106/2016, transform all the social cooperatives into social enterprises.



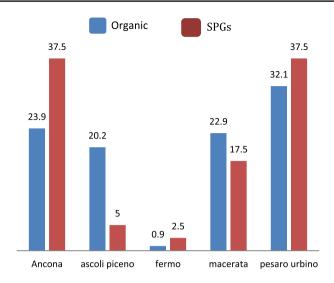


Fig. 2 Distribution of organic enterprises and SPGs in Marche region Source: our personal elaboration on REES database and Istat

As far as geographical concentration is concerned, the distribution of REES member organizations is fairly homogeneous in the region.

There are 13 company members that are not regional companies, but they come from Lombardy, Molise, Veneto, Tuscany, Umbria and Abruzzo. Rather, these are non-agricultural companies that supply products that Marche region misses. Pesaro Urbino is the province with the highest concentration of biological enterprises, and together with Ancona and Macerata, it has the greatest concentration also of non-agricultural companies. In these territories, in fact, the SPGs are more numerous, as the territories themselves are able of supplying an important range of products (Fig. 2).

Producers that adhere to SPGs are mostly small producers. The intention of the SPGs is, in fact, precisely to support organic producers who are unable to be sustainable on market.

Officially on REES database, there are 40 registered solidarity purchasing groups. Other researches (Orazi, 2011) talk about 70 SPGs, with a pool of 3350 families involved in collective purchases. This difference in numbers is given by the fact that many SPGs prefer not to formally adhere to REES, but aim to constitute informal groups that are autonomous from to the network. A network of solidarity economy, Des Macerata, also joins the network. It is an informal association that at this time does not play an active role in the area. In 2014, the Piceno District of organic agriculture was established, with the specific function of carrying out the proposals related to organic farming, and which brings together other enterprises in the province of Ascoli Piceno. There is also another network, the Res Pesaro-Urbino, with 14 SPGs, about 495 households and 10 farms. The widespread presence of SPGs in the area outlines an important productive autonomy of the REES network over the territory.



**Table 1** SPGs by year of foundation

Foundation	SPGs
Before 2003	1
2003–2005	3
2006–2008	6
2009–2011	5
2012–2014	0

Source our personal elaboration

Most of the SPGs in REES were all born from 2006 to 2011 (Table 1), a period during which the attention towards this type of purchase was growing. After this period, the growth was steadily decreased, and in fact in the sample there are no recently established SPGs. This is also due to the fact that often many SPGs, above all recently established, do not register on the web site and prefer to remain autonomous from the network.<sup>7</sup>

The products sold are mostly fresh, long-life food products. In the most numerous SPGs, orders are also made annually for non-food products, which cover the textile and hygiene sector.

Normally SPGs chose to be an association. However, it is important to note that almost 50% of the sample affirm that they do not want to set themselves up, but they prefer to remain an informal group. Among the most recent ones, three are already constituted in informal groups, and they chose to establish themselves only a few years later in association. This choice is motivated by many as a rejection of traditional aggregation mechanisms, for which a formal associative structure would turn into a difficult issue to manage. Moreover, this condition helps them to foster a familiar atmosphere.

On average, each SPG of the sample has 60 families, with around usually 20 families active in the order management. 20–30 members are the best option because this size allows a varied basket of products, and above all it allows the organization of many events, such as team building, excursions, shared meals, moments of shared training and leisure. This is perceived as necessary for the success of the SPGs, because it takes care of the solidarity part of the SPGs that is the base of the purchasing action. In public, discussion members usually state that it is important that a SPGs does not only become a buying group, but it invests on the solidarity part, that is made up of reciprocity among members. In many cases, non-active members were called to be an active part of the SPGs, working on orders and distribution.

On average, a SPG buys goods for a value of 53,000 thousand euros annually, and is supplied on average by 18 producers. Producers are often into agri-food sector, but there is a small part of them, around 7%, belonging to the textile and

<sup>&</sup>lt;sup>8</sup> Some SPGs has the accountant and it was easier to find these data; in others, it has been made only estimates.



<sup>&</sup>lt;sup>7</sup> For the statistical analysis, it was taken into account the year of constitution, even if some SPGs acted as informal groups before the formalization into a formal association.

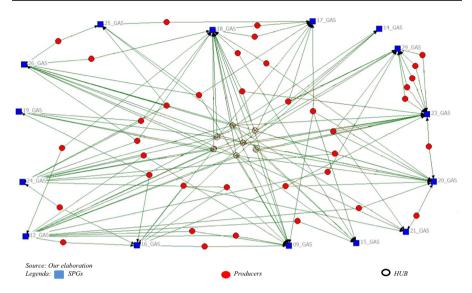


Fig. 3 Economic relationships among SPGs and producers Source: Our elaboration

clothing supply chain, and hygiene products. On average, it could be estimated that all the consumers groups belonging to the SPGs, 60 family units for each SPGs, spend about two million euros each year. This business volume involves in critical consumption practices around 4,200 consumers, 2100 families, along with a substantial number of producers, around 18 on average for each SPGs, for a total of 170 producers, 77% of whom are not members of the Rees network. According to Istat data, in 2013 the added value of all economic activity in the Marche Region was 34 million euros. The value produced within the solidarity economy circuits, only considering the SPGs, it can be estimated that it represents about 5.50%.

There are 292 companies that are members in the REES Marche. However, adding them all agricultural companies and small producers that supply their products to SPGs and that are not members of the REES, we can estimate a total database of 422 economic subjects. Moreover, if we include the suppliers of interviewed producers themselves, the total database has about 584 economic subjects that double the number of formal REES members. This means that beyond the formal adhesion to the Rees there are several small and medium enterprises that are involved in generating profit within the solidarity economy, especially in the field of organic production. Referring in particular to the world of SPGs, we can say that many small companies that do not have space in the traditional market, are able to build a sustainable economic model within the solidarity economy network. They do not participate in the political part of the REES network because they are too small, or because they are not interested. However, in our opinion it is interesting to analyze this network,



<sup>&</sup>lt;sup>9</sup> 130 producers.

**Table 2** Number of connections among producers and SPGs

N. of Connections	Producers
2	25
3	10
4	2
5	1
6	2
7	0
8	1
9	1
10	2
11	1

Source Our elaboration

because it highlights the flows exchanged thanks to the interaction among producers and consumers.

The following map (Fig. 3) is a current photograph of the interviewed SPGs. Only the organizations that have at least two relationships with the SPGs have been included in the scheme; it must be considered that every SPGs represents a vital world with a group of producers that sell exclusively to him. As we can see, each SPGs has its own relationships with some producers. Then, there are producers who weave relationships with several SPGs simultaneously, and therefore, they build their economic model mainly on SPGs sales, which we can identify as the hub companies that are at the center of the map. Among them there are seven producers that have from 6 to 11 links with SPGs (Table 2).

Among these seven companies, four sell food products, two deal with natural cosmetics and one with fair trade. Among these there are two that were founders of the REES. The first, established in 1980 as an organic farm, is very active in organizing cultural events in favor of the network on the nutritional value of organic products, critical consumption and environmental sustainability. 60% of sales are in Italy, and of these the majority in terms of turnover are dedicated to the sale to SPGs. The other one deals with fair trade and hosted the headquarter of REES.

Among the Hub companies, there is a so-called Start-up of the solidarity purchasing groups. The entrepreneurial idea it was, in fact, built on consumers' needs who have supported the entrepreneurial idea at the starting point, buying the product at the beginning of the year, and so supporting the first financial phase of the company anticipating money. The organization bases its entrepreneurship on natural cosmetics as required by consumers and on the reuse of waste such as used oil. This enterprise bases its sales mainly on the SPGs network, but today it also sells outside. In a reality of institutional weakness and fragmentation, the network has supported the process of creating a new organization that has entered the market, creating a sustainable economic model.

Other companies in the network are very different from each other. They are not all REES members. 14% (46 out of 340) are members, the rest are farms, or small



individual producers who are not members, but who sell an important part of their turnover to SPGs.

Only a few relationships are among members of the network; very often the relationships are with suppliers or customers outside the network. This presents an open network with different connections, but also very weak from a representative point of view. Members of the network share a concrete cooperation in projects, such as cultural events.

While as we have seen most of the companies that supply the product to the SPGs do not join the network, HUB companies, on the other hand, are all members except one. This confirms a political will to participate in the reality of critical consumption, as well as economic. This critical consumption is also strengthened by a transparent system of certification of product, among consumers and producers. As this consumer said:

«Since we were born, we have tried to create internal certification systems, we have formed a quality group that meets producers. We discuss and meet a lot with producers» (consumer of a GAS – Pesaro).

Even if in this part of monetary cooperation, it is relevant and it involves families in a solidarity circuit, in SPGs the non-monetary relationship is at the service of a more important monetary relationship that establishes the links between the organizations and the territory. In this sense, also enterprises involved can differentiate products, increasing economic power in a solidarity way (Becchetti et al. 2019).

Many companies are located outside the region, around 15%. The rest are all regional producers. In these relationship among consumers and producers, it is fundamental the presence of a contract that is established at the beginning of the year. The producers undertake to produce organically and without pesticides; in the same way, consumers undertake to pre-finance production at the beginning of the year, and, therefore, to ensure the sale to the producer even if part of the harvest is lost. This pre-financing condition is a consumer's participation in business risk. It is in line with a relationship of trust and reciprocity that is not tied only into a monetary relationship, but also to a non-monetary one. It guarantees an economic sustainability to an otherwise weak producer, and moreover, it promotes a continuous investment in organic production that is a point of connection with the environmental commitment of consumers.

In this way, REES network allows an economic sustainability to small local producers. The case of the start-up enterprise is a symbol of economic support for innovative structures. Support is also given to the definition of new products such as soap created from waste oil.

# 1.2 For a taxonomy of solidarity-based producers

The study confirms the existence of numerous types of organizations inside a network of solidarity economy. In identifying the different types of organizations, we have identified ten characteristics that if simultaneously present, outline different levels of social innovation and economic autonomy of organizations.



One of the main goal of solidarity-based economic organization is to access forms of political territorial participation, which intersect development issues. This participation is influenced by the space granted by the public institution, but also by the space that their network offers them to carry out a political action. Feeling part of a network is an important part of the relationship; the active participation strengthens the advocacy and it identifies a collaborative dimension.

The purpose of production for these organizations does not end in the product, but involves the whole process. The product, however, plays an important role; in almost all organizations there is a product or service related to the environment: natural cosmetics, organic food, reuse and recycling, natural packaging, fair trade. Raw materials are often chosen locally, and where this is not possible, "proximity products" are chosen in the sense of values of closeness to solidarity experiences. This is one of the important features for the analysis of innovation.

«A whole series of values attracted me, respect for human beings and the environment that the world of solidarity brings with itself. Therefore, it is not the maximization of profit, but maximization of something else, which is not easy to achieve but should be the goal of any economic organization. Social enterprises, in fact, are social subjects, even if financialization has made them lose this aspect. It means that they cannot ignore the territory in which they operate. The word "economy" in itself speaks about the care of the territory, about social and environmental impact» (Interview n. 31 - Social entrepreneur)

In almost all of the enterprise, we found incentives about a collaborative human resource management, in order to involve workers in the strategic governance of the enterprise. For example, in the majority of enterprises, there are many assemblies which are useful instruments to favor a collaborative dimension. Furthermore, training and worker's welfare is a key issue, with many hours on trainings spent into organizations.

Furthermore, a direct relationship with the consumer is envisaged. The client becomes a co-producer participating in the ideation of the product. Co-production links the two parts of the economic process, which in other contexts are unrelated.

«Speaking with the producers we said why don't we build a project together? and we held various meetings, trying to understand how we could be useful as a social cooperative to develop awareness of healthy and organic food, of non-food products made with material that did not pollute the soils, that were fair trade and that respected the people who worked there» (Interview n.1 – Social entrepreneur)

These organizations usually have a multifunctional economic model (Van der Ploeg 2006). This is a goal of economic sustainability, because it integrates different business within the production process, but it has also an environmental but, because the organization takes care to be into a solidarity supply chain, controlling the raw materials it uses, responding to sustainable standards. Even if the



Table 3 Dimensions of innovative solidarity economic organization	
Autonomous economic model	Social innovation
1 Access to local programming with institution, lasting over time	1. Care of human rights (workers' contracts, training)
2. Access to public funding, lasting over time	2. Internal horizontal governance
	3. Collaborative dimension into the network
	4. Links with organizations outside the network
	5. Direct relationship with consumers
	6. Products or services environmentally-friendly
	7. Care of environment into the business process
	8. Political activism
	9. Multifunctionality (Van der Ploeg 2006)
	10. Cultural dimension

Source our own elaboration

multifunctionality is a concept related to agriculture sector, we could intend the general tendency to diversify the core business in order to increase the flexibility.

Finally, organizations always take care of a cultural dimension. In order to do that, they participate in cultural events in the area, and they join informal networks with other local associations. This cultural action is designated as a "pedagogical function of change" (Interview n. 1—Producer), involving the whole territory around main issues. This dimension is an active adherence to the networks of solidarity economy in which they recognize, creating advocacy campaigns towards social claims. Cultural dimension is, in fact, useful to create a shared action together with others into the networks but also outside.

«Being part of this network creates awareness about fair trade and solidarity economy. For example, by filling the "Bilanci di giustizia" you work on the awareness of fair and healthy consumption. Moreover, one day we invited oil tasters to get used to a good olive oil, or a meeting on the ecologic insulation of buildings. In this way a shared awareness is created» (Interview n. 24 - A consumer of a local GAS)

There are therefore ten dimensions, through which assessing an innovative solidarity economy organization (Table 3).

A high innovation of the organization is considered when at least seven of these characteristics occur simultaneously, while those organizations presenting zero to two of these characteristics are not considered innovative. Therefore, four types of organization are outlined, based on the tension of the relationship between the two regulatory forms, the market and solidarity economy organizations. Therefore, there are two variables at stake for the study: the autonomy of the model, and the social innovation that they are able to propose. The autonomy of the model from dependence to public fund is essential for us, as it is the distinction for all those realities that present themselves with a non-autonomous economic model, based on public subsidies, and that are not included in the study (Table 4).



Table 4 Typology of organizations inside a network of solidarity economy

Autonomous economic model

Type B
Market organizations

Type B
Market organizations

Type D
Para-public Organizations

Type C
Voluntary or informal organizations

Social innovation

Source our elaboration

When the autonomy from public fund is low, the organization mobilizes a few economic resources and does not have the strength to propose itself as a reliable economic model along time. "Type D" identifies an organization that does not have an autonomous economic model, and often does not present important product or process innovations. The relationship with the network is difficult; they usually are not an active part of the network. They remain tied in a dependent way to public funding and are not part of territorial supply chains. In the sample, this type identifies para-public organizations, mostly small organizations.

"Type C" identifies voluntary organizations, informal and self-managed groups, that prefer to stay outside of market mechanisms. They realize cooperative actions at territorial and social level that, however, have a small impact, due both to their organizational dimensions, and above all to the degree of both political and economic interaction they reach. Indeed, they have a strong political activism, but they fail to produce an effective universal response to needs because they are often small groups, satisfying the needs of everyday life, but unable to answer to systemic challenges such as unemployment or environmental impact because they base themselves at the margins of the economic system. With the public regulatory form, they are not in antithesis, but they have no interest in building a lasting collaborative exchange relationship, because they perceive an important risk linked to institutionalization, and, therefore, many of them prefer not to mediate their needs through the network of solidarity economy. The relationship often ends in small requests as, for example, a room for a meeting. They are structured in a network, actively participating in the network of solidarity economy, and in numerous cultural and informative events on the territory. Their advocacy is often crucial, because they reinforce the social cohesion, and the contribution of volunteers makes these experiences unique.

"Type B" represents market organizations taking care of social issues, with important results and impacts on social inclusion. Their products are innovative, but mostly the entrepreneurial activity and the organization it is very classic. They usually are not a cooperative, and even with a business status, they do not organize general assembly among workers or with stakeholders. This typology could identify also all those enterprises that take up the definition of social enterprise of Yunus (2011), for which the figure of the entrepreneur is central, in which innovation is concentrated. The product is completely distributed on the traditional market, and the supply chain in which they work is not completely linked to solidarity economy,



even if their impact is strong. They hold an instrumental rationality for the purpose because the entrepreneur accepts a market transaction with "for profit" organizations because it is instrumental to his social but. Even if they belong to a network, they do not actively participate, because they find it more functional to participate in the federative and professional networks of which they are a part, such as, for example, fair trade shops, confcooperative, etc.; they are not usually involved in informal network experiences. In this sense, the network is seen as a tool to give visibility to their product. Network for them has a principal function of information and communication flows; in fact, the actions carried out by the organization are rather single and not shared on the net. The economic action itself does not involve directly beneficiaries or customers. To sum up, even if typeB is able to propose solutions to social claims, they remain anchored to a traditional governance inside and outside the organization.

Finally, the typeA identifies economic organizations, which are based on an autonomous economic model, which responds to mechanisms of innovation in response to social needs. They achieve a decision-making space within territorial negotiation. Starting from a micro-economic level they intend to link the economic actions to the needs of a particular territory and to intercept the supply chains in which there are actors of the solidarity economy. This action strengthens not only the social but also the economic perspective of the action. The relationship with the network is very interesting, because it is perceived as a social movement.

Nevertheless, they build relationship also outside the network, acting as an engine of an inclusive development, because they attract and promote innovation. Entrepreneurs are often activists who choose a certain economic activity for ethical and ideal choice. The majority of organizations are organic or offer an innovative and fair product and are recently established. In almost all of these companies, there is a need for reconstruction of the entire supply chain around the values of solidarity economy.

## 1.3 Fostering social inclusion rethinking economy

The solidarity economy is made of a complex set of experiences, sometimes very different from each other, and of plural regulatory form. Nevertheless, thanks to this diversity it is able to promote mechanisms of change.

The objective of the research was to analyze how the economic exchange in SPGs could impact on local development, investigating the economic relationship among solidarity network members and their concept of enterprise. The article analyzed the characteristic of enterprises with an autonomous economic model from public funds in order to be independent in proposing actions for local governance.

First of all, the economic relationship build by REES members has a direct impact on local development, because it influences and encourages the birth of inclusive experiences. This is made from a series of features. The action of the network, in fact, is useful in sustaining organic small peasants that otherwise in the traditional market would have no space. Moreover, these organizations try to reorganize the productive chain on local, ecological and ethical basis, and this



directly increases the production and consumption of fair products. Finally, new business linked to the idea of solidarity economy was born, the so called start-up of SPGs, thanks to a positive relationship among consumers and producers. This is strongly linked with an idea of social innovation in solving social claims, and it is directly linked with the promotion of a local and sustainable development.

Secondly being a part of a network is very important for these organizations, because thanks to this they are able to influence each other on the construction of social cohesion, an indirect impact essential for a sustainable development. For example, not every organization is from typeA, but surely the strong social and political activism of typeC positively influences the action of enterprises of type A, that maybe otherwise would have put at first place only the goal of profit, hiding the plural economy. The solidarity economy uncovers one of the constituent features of enterprise, and that is the production process aiming to respond to social needs.

Analyzing the organizations of typeA, in fact, we can affirm that when an organization bases its sustainability on plural economy it means that it perceives itself as interdependent with the system of which it is part, as a co-production action. Co-production is particularly explicit in SPGs. The economic principle of organized solidarity is conceived so that those who offer and those who demand jointly build the production of goods and services. It builds a symmetrical relationship among different actors. Consumers have the possibility of setting up new solutions to meet their needs and producers have the possibility to build a strong supply chain. Interactions among subjects, therefore, rise to a collective answer to needs, strengthening a social innovation approach.

Thirdly, the local sustainable development is indirectly enhanced by the relation-ship of co-production with local governance, accessing forms of political territorial participation, also thanks to the role of the network. As we have seen in the map the members that work as "hub companies" have the characteristics to be an engine of development in the local governance, and the strength to be connected with other members. Thanks to activism of this actors in being involved in network's actions, the network assumes a main role in the local governance, in order to manage issues linked to development, and to promote solidarity economy. These are not automatic processes, but the more the network can foster these relationships among hub companies and members of the network, the more it grows the opportunity of creating an inclusive social economy, building also supply chains based on values of solidarity economy. These company reorganize the technical space of the supply value chain, towards solidarity and fair rules. In this way, they have a political role in actions of advocacy towards social claims.

Finally, the organizations perceive the network not as a closed space, but as a part of a bigger movement, and as a node of a solidarity supply chain. This strengthens the promotion of political actions, and it allows organizations to structure themselves into a supply chain in order to propose a whole economic process based on regulatory principles linked to reciprocity, for a more inclusive economy.



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## **Declarations**

**Conflict of interests** The author declares that she has no conflict of interest.

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