Work integration social joint-ventures between incremental and transformative change.

Overcoming multi-scale tensions via core SSE principles to achieve SDG goals.

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Implementing the Sustainable Development Goals: What Role for Social and Solidarity Economy?
Abstract

This paper looks at the potential for Work Integration Social Joint-Ventures to take part in implementing SDG 8 (decent work) and 17 (partnerships for the goals). Based on a two-year action-research, this paper looks at the historical genesis of such partnerships thanks to a short history of the organizations studied, and at the valuation tensions within such partnerships. Facing these, it draws a few conditions to which Work Integration Social Joint-Ventures may achieve transformative sustainability.

Keywords

work integration ; cross-sector collaboration ; social joint-venture

Bio

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1. Introduction: Social Joint-Ventures as an arising phenomenon

This short paper intends to shed light on a relatively new form of cross-sector collaboration, Social Joint-Ventures (SJVs), as possible new means of achieving transformative change in line with the sustainable development goals, especially SDGs 8 (decent work) and 17 (partnerships for the goals).

A Joint-Venture is a well-known form of strategic alliance between two or more economic partners. In a nutshell, such a joint creation is generally justified by the possibility to create economic value that none of the shareholders would have been able to create by itself (Hudson et al 1999). A Social Joint-Venture is an alliance of this type. However, as a cross-sector collaboration, its prime purpose is to solve a social or societal issue. In general, SJVs are created by a capitalist enterprise and a SSE organization – mostly nonprofits. As emerging forms of collaboration, they have tended to develop for the past twelve years in France under the impulse of Work Integration Social Enterprises (WISEs). These WISEs in France do their best to promote and defend decent work, defined by the ILO with “four elements – employment creation, social protection, rights at work and social dialogue” (Uttig 2018). As concerns cross-sector collaborations such as joint-ventures, the proponents and entrepreneurs that are at their roots in France consider that, as the most embedded form of cross-sector alliance, they are fit (i) for NPOs to develop their economic sustainability since most NPOs must address the continuous downsizing of public subsidies, and (ii) for commercial companies to make their models more inclusive since it allows for transcending internal brakes and heavy processes that may hinder innovation.

This model may enjoy a bright future: its promotion is part of the Presidential Program of current French President Emmanuel Macron for Social and Solidarity Economy (SSE) and in 2017 President of the Ile-de-France region (Paris and suburb) Valérie Pécresse has named it one of her priorities for SSE and to develop decent work1. However, the Social Joint-Venture model has never been empirically and systematically studied and, to date, to our knowledge, there is not any scientific paper that takes Work Integration Social Joint-Ventures as focus.

Within SJVs, the conceptions of value are potentially dissonant (Stark, 2009), between on one side monetary market value principles and, on the other, pluralistic socio-economic logics (monetary and non-monetary, market and non-market) that foster hybridization towards solidarity. Behind these principles, different conceptions of what is valuable and tensions of valuation power, management methods and policies, are at play. Considering that collaborating may be more efficient than acting alone and recognizing each other’s complementarity, capitalist and social organizations create SJVs that try to shape compromises between these logics to foster decent work and collaboration.

In this paper, we explore valuation dynamics within the Work Integration Social Joint-Ventures model in France. First, we expose our interdisciplinary theoretical approach that combines

1 “I want an innovative and ‘leading’ region, including for SSE. Therefore, we shall support the creation of Social Joint-Ventures, allowing for work integration social enterprises to partner with major companies in order to provide better answers to call for tenders and we shall support SSE champions for them become economic leaders”, authors translation for: « Je veux une région innovante et « leader », y compris en matière d’ESS. C’est pour cela que nous allons soutenir la création de Joint-Venture sociales permettant à des structures d’insertion de s’allier à des grands groupes pour mieux répondre aux appels d’offre et que nous allons accompagner des champions de l’ESS pour qu’elles deviennent des acteurs économiques de premier plan. » Valérie Péresse, september 2017. https://www.iledefrance.fr/sites/default/files/ess0917.pdf
cross-sector collaboration theory, polanyian socioeconomics and economic sociology of valuation. Then, after shortly explaining the methodology, we draw the landscape of work integration SJV in France, their valuation tensions and tentative lessons towards achieving transformative inclusive change.

2. Theoretical approach to valuation tensions within social joint-ventures

We articulate two theoretical frameworks that are often used separately: management theory on hybrid organizations and cross-sector collaborations; polanyian socioeconomics (linked to the question of hybridity) together with economic sociology of valuation.

2.1. Social Joint-Ventures as cross-sector collaborations

On the functionalist side – that looks at the main motivations for the collaboration, the framework of analysis of the collaborations developed by Austin and Seitanidi (2012) sheds light on a “collaboration continuum” which “helps us to systematically analyze and understand how value is defined, created, balanced, and renewed in an alliance in each of the stages on the collaboration continuum”. They name the two last stages of the collaboration continuum the integrative and transformational stages: they match with what we call a Social Joint-Venture in this paper. These stages are highly difficult to create and manage, as showed by the dialectical analyses – that look at tensions and power balances.

Facing the possibility of unbalanced compromises, Di Domenico et al (2009) consider that only a compromise where the market interests are in line with those of the community may stabilize the relations and the operations. But such “syntheses are rare and frequently unbalanced when they do exist” (Austin & Seitanidi, ibid.). Moreover, Semenowicz (2014) addresses the threat of loss of legitimacy through the definition of organizational legitimacy built by Suchman for whom these are shared impressions that the actions of the organization are desirable or fit in comparison with the socially constructed system of norms, values of social beliefs (1995, p. 572). Semenowicz shows how actual of a threat it is for nonprofits to lose their legitimacy, based on research by Herlin (2013) or Di Domenico et al (2009, op. cit.). As explained by Battilana et alii (2015), such hybrids are fragile by essence and the tendency of social enterprises to further they hybridization through institutional trajectories showed by Defourny et al (2014) reinforces such fragility.

2.2. Social Joint-Ventures through the lens of polanyian socioeconomics and economic sociology of valuation

The approach in terms of exchange principles completes the cross-sector collaboration approach if one considers that any organization may mobilize different exchange principles conditioned by different approaches to value. Therefore we make the hypothesis that these Social Joint-Ventures will not be balanced and stabilized until the partners do not adopt a renewed conception of value that both a polanyian socioeconomics perspective and an economic sociology of valuation perspective may address. This would allow transcending the mainstream conception of value that considers that value is what is revealed, in monetary units, by the market forces when a supply and a demand meet.
The polanyian heritage allows distinguishing between three types of socioeconomic principles: the market principle, the redistribution principle that is nonmarket and linked to the central public power, and the reciprocity principle that is nonmarket non-monetary and relies on the relationships between different groups of people or structures. Laville and Nyssens explain that “if one draws on this pluralistic conception of the economy, [...] the consolidation of the social enterprise is conditioned by its ability to articulate over time these three economic pillars” (2001). The strength of the social enterprises is based on this permanent process of balancing hybridization which, we argue, means balancing valuation principles.

The hybridization of these social enterprises carries a widened vision of value. Simply put, if values are what matters and what is counted then what is valued is the sustainability and the quality of what Renouard calls the social and ecological link (Renouard, 2015).

However, we must underline that this approach in terms of hybridization of socioeconomic principles does not resolve the issue of knowing how to build such equilibrium between these principles. As far as solidarity economy is concerned, the stakes are to find a balance in which the market, redistribution and reciprocity principles are conditioned to a solidarity aim.

Economic sociology of valuation is of great help via the work of economic sociologist François Vatin’s approach to economic practices as management acts (2008), and economist François Eymard Duvernay’s approach to enterprises in general as being architectures of power of valuation (2011). Combining these approaches helps us to articulate both polanyian socioeconomic valuation principles and sociopolitical valuation dynamics within enterprises and, therefore, social joint-ventures, since, in the words of Stark (2009), valuation powers within these enterprises are dissonant. As a consequence, understanding how social joint-ventures form a balance and can form a transformative strategic partnership can be achieved by linking a certain type of valuation power dynamics and a certain composition of hybrid socioeconomic resources.

After shortly explaining the gist of our methodology, we draw a few conclusions from our action-research on the extent to which work integration social joint-ventures may achieve transformative equilibrium via explaining how their cofounders (capitalist enterprise and nonprofit organization) articulate various valuation practices over time.

### 3. Methodology

This is the first systematic study of SJVs; therefore the methodology is interdisciplinary (economic sociology, socio-economics, critical management, valuation studies) and qualitative. This study has been conducted by a researcher with dual affiliations: he is a R&D Manager at two partnering nonprofits and a PhD Candidate in socioeconomics and management. The first nonprofit is a Group of French Work Integration Social Enterprises (WISE) called Ares, which is the largest one in the Paris region. The second one is a nonprofit organization called SocialCOBizz. It was cofounded by three other organizations: Vitamine T (main French WISE), Ares and Investir &+ (impact investing structure). SocialCOBizz is dedicated to analyzing the SJV model and accompanying organizations in undertaking the creation of social joint ventures. The directors of these two NPOs serve as advisors, the current director of SocialCOBizz being first technical advisor.

A 22-months ethnography using participant observations has been conducted, mainly within the NPO Ares and SocialCOBizz’s three founding partners.
A total of 8 SJVs are studied (this short paper is based on the results of 4 of them). These observations (internal / external / public / informal meetings, all with a variety of actors) are combined with 40 semi-structured interviews and the analysis of confidential (by-laws, internal notes, financial statements, non-published statistics, etc.) and public (notes, web and internal communication, etc.) documents.

4. Social Joint-Ventures: landscape, tensions, lessons

4.1. Landscape of work integration social joint-ventures in France

In order to study SJVs, we need to know what we mean by such a term. Cross-sector collaborations are so intrinsic to the social and solidarity economy sector that it is like a nebula, hard to identify its contours. This is why Austin (2000) uses the term continuum of collaboration. Therefore, we propose a minimalist three-fold definition.

A Social Joint-Venture:

(1) is a proper enterprise that is jointly created by two distinct mother companies, generally a nonprofit and a for-profit. These two entities share their capital and their core complementary skills and resources within a common project, for example: entrepreneurial, social, financial, technical, etc. Beyond daily processes, by-laws and shareholder’s agreement insure fluent governance in line with main management principles and decision-making processes.

(2) has a social or societal purpose and practices that are clearly stated in the shareholders’ agreement and the by-laws. Work integration is a common example of such a purpose and practices.

(3) operates a sustainable economic model that is hybrid.

There are more characteristics than these three that could be taken into account but these appear to be the most general possible without being unprecise.

To date eight Work Integration SJVs are identified, as showed in the following table, most of them being created by Ares and Vitamine T. Our focus is on four of these six SJVs: Log’ins, Acces Inclusive Tech, La Petite Reine, LIVA, Soluval and Envie 2e Nord.
4.2. Social Joint-Ventures: a genesis within major French groups of WISE

When we look at the SJV landscape in France, one cannot but realize that the vast majority of the ones that exist have been structured by major Work Integration Social Enterprises. It is necessary to understand why. In order to do so, we have tried to understand and reconstruct the roots, history and DNA of such groups of WISE: Ares and Vitamine T.

As far as the Vitamine T Group in concerned, there is a four-step history, decade by decade.

In the 1980s: the history starts with La Sauvegarde du Nord, a NPO that is both social and medical; this NPO created its first work integration structure in 1978, had four by 1987 and these four where gathered in 1987 under the NPO structure that was named Vitamine T (T for “travail” – meaning “work” in French).

In the 1990s: Vitamine T starts its life within the world of social work. The founder, Pierre de Saintignon, former head of La Sauvegarde du Nord, and André Dupon, were both educators for youngsters encountering social hardships. Both of them are still present in the current governance. André Dupon explains that “the first decade was a quest in the fashion of Nuit Debout². Social work had reached its limits, young people kept on facing more and more difficulties, they were broken by their life and we were trying to find disruptive employment and training solutions because this youngsters where fragile both psychologically, cognitively and behaviorally, and what we had learned so far as educators was not sufficient to end their employment and training issues”. Progressively, this

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² a French activist movement that took place in 2015
is the story of social workers who, step by step, get closer to the world of capitalist enterprises in the North of France – rich and powerful families such as the Mulliez family or the Dutilleul family. Dupon, well aware, explains that “at best we were a moral legitimation for the market economy. Very fast we were confronted to the economic reality because without these capitalist enterprises on our side from the start, we would not be here today, with these kids who were stealing, going to jail, being unproductive, etc.” This decade was the one of the confrontation between pure social work, excluded youngsters with destroyed life histories, and companies that wanted to help.

In the 2000s: Vitamine T came to the conclusion that they must deepen their collaboration with the private enterprises from the region and go beyond simple collaboration, so that “we switch on to a model that would deeply be interesting for the for-profit enterprises at the heart of the economic system”. This decade is the one where the vision became more strategic. The board was then essentially made of major CEOs who all comforted André Dupon, executive head of Vitamine T at the time, to move towards a more hybrid model between the market economy and the public economy. Vitamine T got closer to the companies for three main reasons. First, they wanted to draw on the mastery of specific skills and professions within major enterprises that are leaders in their respective markets, in order to learn faster; scale up; duplicate the model of work integration.

In the 2010s: this decade not being over yet, we shall not try to propose too precise statements. But what we can say is that it is qualified by Dupon as the decade of the reward because the growth of Vitamine T is fast-paced and the structure gets financially stable.

As far as the Ares Group is concerned, their history started in 1991 at Gare de l’Est train station with: a top executive of the SNCF (French national railway company), Patrice Leroy, who wanted to do something for the homeless people who used to sleep in the station and who he was required to ask to leave every morning; a social worker, Patrick Gagnaire, who was helping these same homeless people on a daily basis; the financial director of Saint-Gobain, Philippe Crouzet, who volunteered as a social worker at times. Leroy, Gagnaire and Crouzet met together and came to the conclusion that the best way to sustainably help homeless people was to support them in finding a job. They decided to launch Ares together. During its first few years, Ares developed without handling its finances very well which led to the closing of two structures that they had launched within Ares. The following years, Ares had a more rigorous financial management but faced a mission drift. Since 2006, Ares makes its best efforts to balance between an efficient social mission and a healthy financial situation over time. The DNA of Ares that can be isolated from current operations therefore draws on five pillars:
- No-one is unemployable. Every person, whatever her situation, can restore her life and dignity through economic and social exchange.
- Work as a spine: a paid work is the main leverage for integration and allows beneficiaries to progressively become autonomous from monetary public support and assistance, to progressively develop new skills and to get prepared for the job market.
- The balance between “the economic and the social”: an efficient social mission cannot be deployed without a healthy financial situation, and well-managed finances does not have any sense if it is not meant to support the social mission
- Co-construction with private sector companies: it is the only way to connect people who encounter difficulties with the real life and the job opportunities
- Innovation: the WISE is not meant to manage structures and apply schemes in an off-ground fashion but to start with the actual situation of the person, to make the process of social support more efficient and to co-construct innovative models to fight against exclusion.
The reasons why these Groups of WISEs are at the root of Social Joint-Ventures is now obvious. They both share a certain vision of what integration is. For them, work integration social enterprises must prepare excluded people to work within capitalist companies who are the norm of the economy. Therefore, getting closer to them can only be beneficial if well handled. The whole question is: how can this kind of collaboration be well handled, what valuation tensions arise and how can they be managed best, especially in line with SDG 8 and 17?

4.3. Valuation tensions within Work Integration Social Joint-Ventures

First of all, let us recall that the primary goal leading to the creation of a SJV is, as their shareholders put it, “the creation value for all the stakeholders: private companies, social/solidarity actors and society”. If the SJV project does not create value for the stakeholders, it is understood that it will not be a long term sustainable model. Yet, such value is subject to tensions and negotiations. Once launched, our action-research reveals five valuation tensions within the SJVs: tension between what is referred to as “the economic and the social” by the actors; managing the double organizational culture; internal power; quality of social and professional support; the raison d’être. These tensions, it seems, are part of what conditions SJVs action to be incremental or transformative.

Tension between the economic and the social: one of the most structural tensions is related to the structuring of the activity in terms of balance between time allocated to the social support and time allocated to the economic production. The production team has to deal with changing planning due to problematic rates of absenteeism, social emergencies and a significant turn over. It is key to create an excellent communication channel between production team and social team to insure the quality of the social support (social teams need information from the production teams on the behavior and day-to-day progress and difficulties encountered by workers in the work integration program) as well as the quality of the service level (production teams need to have sufficient workforce to deal with the daily workload).

The amount of time allocated to social work may be reduced in time of economic difficulty or when a high level of productivity is required. Second, there is often a need to use temporary workers, so much so that at times temporary workers have come to represent 60% of the total workers. Third, the public collectivities (in France, the “DIRECCTE”), provide lower amounts of public grants year after year to support the social purpose which forces structures to further develop their commercial market activities.

Managing the double organizational culture: people who work in SJVs need to know what their culture is: do they belong to the social shareholder or to the capitalist shareholder? What is their specific culture? It is decisive for the SJV to create its own culture and identity, in harmony with the culture and the identity of each stakeholder and not against them. What is more, there is a strong need in terms of HRM to have key resources that can understand and talk to each side –in other words, hybrid profiles for hybrid enterprises. We can find this need in both the teams of the shareholders of the SJV as well as within the structure itself. Lastly, “spaces of negotiation” (Battilana and Pache 2014) are necessary for both the production part and the social part to talk to each other and coordinate their actions.

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3 DIRECCTE is the acronym for « Direction régionale des entreprises, de la concurrence, de la consommation, du travail et de l'emploi » meaning “Regional direction of enterprises, competition, consumption, work and employment”.
Internal power: the NPO almost always holds the majority of shares of the SJV and when it has not been the case, there was a mission drift. Moreover, linked to the previously-mentioned need to have spaces of negotiation and the first tension mentioned, it is necessary that the head of social work and the head of production be at the same hierarchical level in order to balance power between economic and social. From strategic level, before launching any project, it is essential to clarify the SJV roles and the scope of each stakeholder in the SJV. Then, it is necessary to establish regular steering committee including employees of the SJV and both stakeholders in order to guarantee high communication quality. Balance the power is important: it means respecting expectations and limits from each stakeholders, sharing risks, power and responsibilities.

Quality of social and professional support: before launching the SJV, it is essential to set up the key social indicators that will be followed up on a regular basis, as well as the targets for each of them. Each WISE has its own conception of what a good social worker to beneficiary ratio is; it conditions the level of quality and is linked with the way a social worker conceives her own role. Second, the integration path within the WISE must allow for a progression and empowerment over time which means that finding the adequate technical profession is key. The balanced tasks allocation/assignment and the definition of a skills development track are key factors to guarantee that integration workers can accessibility the scheme. Thus, the profession has to be reconsidered from a different point of view. It can be source of innovation and also efficiency improvement. For example, home delivery probably is not the right profession for integration without being adapted to a work integration mission. Indeed, the high productivity required makes it so that it is not the most excluded ones who can be hired, coupled with the fact that home-delivery means that the workers are alone and not integrated to a team, proves that finding the right profession is a thorny issue. But if you adapt tools and identify other missions than the home delivery, it can be considered (adapted and consistent training, an increased rate of managers to runners, etc.).

The raison-d’être: As said at the beginning of the section, value creation is necessary to make a long lasting project. But the partners may have different perceptions and interests for the SJV. For the NPOs engaged in the creation of SJVs, we can identify three main interests: to reach a new social target, to scale up, or to secure its economic model. Concerning the for-profit entity, the motivation is to find a solution to a strategic stake, such as the acquisition of new markets, or to find a solution to a recruitment issue. Therefore, it is necessary to go further these interests to create a common vision, shared and approved by both sides. This vision is key to draw the SJV future path. For example, stakeholders must agree on the size they want to give to the SJV: for example, would it be a unique facility or several?

4.4. Building sustainable processes for cross-sector social joint-ventures: first lessons

Facing these tensions, the purpose of the action-research is to determine conditions to which a Social Joint-Venture may achieve sustainability conditioned to a high quality social service. Together with the field actors, we have identified two major milestones – (1) inception and (2) launch, with specific recommendations.

4.4.1 During inception

First, the grounds must be solid and inception is obviously a key step. So far we have identified two different contexts of creation among the 6 SJVs:
- For one type, they start from scratch, two entrepreneurs meet, recognize that there is both a market opportunity and a social need, consider the SJV to be an adequate means of scaling up (especially as concerns the partnering NPO) so want to work together: it is the case of Log’ins, Acces, Lemon Aide and Janus

- For another type, two structures meet to protect and existing company from bankruptcy or from just stopping its activities and there is a market opportunity: it is the case for Envie 2e Nord, La Petite Reine and Soluval

In any case, there is first a need to have every party convinced by the project and the benefits each can gain via a JV, and by “each” we mean the two mother entities as well as the other stakeholders and especially the beneficiaries.

Second, internal and external sponsors are mandatory: they believe in the project, carry its cause internally, and insure balance in the relationship between the two entities.

Third, the choice of partner has to be carefully made. A social enterprise like Ares makes sure that the skills, de jobs that the other company has are well fit for the social mission.

Fourth, contacts and discussions must be constant to insure common motivation and commitment.

4.4.2. During launch and throughout the lifetime of the SJV

We have identified three crucial elements:

- First, on the project manager / future head of the SJV: hybrid organization means hybrid profile with sound experience

- Second, during the elaboration of the contracts, and specifically the shareholder’s agreement: there is not any long standing commitment if terms are not clear for each other, the respective contribution, the level of or absence of profitability, etc.

- Third, as far as the business administration functions that are “non-productive” are concerned: the partners must address the question of which mother entity takes care of accounting, HR, legal issues, etc. This allows preventing high transaction costs.

Lastly, during management throughout the lifetime of the SJV, three conclusions:

- Maintaining the commitment and balance between the two partners in the long run, via specific committees, meetings, minutes, discussions, etc.

- Communicating and reinforcing the links between headquarters and the SJV in the long run

- Targeting the efforts according to the life cycle of the SJV

5. Conclusion

First, it is noteworthy that the vast majority of SJVs were launched in France by major work integration social enterprises groups who claim to have a DNA close to the one of classical private corporations. Nonetheless, they all face the same issues in order to achieve sustainability. Mainly, they all face the issue of balancing between different conceptions of value in order for the quality of the social work to be high and to protect themselves from mission drift. This was revealed by the five specific tensions that we have identified. Our action-research conducted together with the field actors led us to propose a few recommendations in order for SJVs to achieve sustainable compromises. Such compromises, and the quality of the management of the partnerships in line with SDG 17, have allowed the work integration SJVs studied to achieve decent work as, it is to be noted, the quality of work integration within SJVs and within other structures of the Ares Group and of the Vitamine T
Group, is equal, and both groups are amongst the most looked upon when it comes to work integration.

However, as Uttig (2018) puts it, “government initiatives to promote employment and work integration often take place within a macro-policy environment that simultaneously promotes labour market flexibilization and de-regulation that can undermine labour standards and labour rights. In such contexts there is a risk that jobs rather than the more encompassing objective of decent work become the prime policy objective”. Therefore, our recommendations need to be further challenged during the next year of action-research within both the same and other structures as well as other institutional contexts. For example, given the inherent tensions displayed within work integration SJVs in an institutional context such as the French context, it is worth wondering whether transformative change may be achieved in less favorable institutional contexts, which may largely increase the tensions.
Main references


