



NRE

THE NEW RURAL ECONOMY

The Social Economy in Rural Canada: Exploring Research Options

A report to the Concordia Section of
CRISES

*(Centre de recherche sur les innovations sociales
dans l'économie sociale, les entreprises et les syndicats)*

Sara Teitelbaum and Bill Reimer
October 7, 2002

Concordia University
sara.teitelbaum@sympatico.ca
reimer@vax2.concordia.ca

www.crrf.ca
nre.concordia.ca

Table of Contents

1. Introduction	1
2. The Social Economy	1
2.1. Definitions of the Social Economy	2
2.2. The Social Economy and Rural Canada	5
3. The New Rural Economy	6
3.1. The NRE Project	7
3.2. Research Activities	8
3.3. The NRE Definition of the Social Economy	11
4. Measuring the Social Economy in rural Canada	14
4.2. Site-level analysis	15
4.3. Household-level analysis	18
5. Exploring the Social Economy in rural Canada	21
5.1. How large is the social economy in rural Canada – is it growing or shrinking?	22
5.2. What kinds of people participate in it – and what forms does this participation take?	24
5.3. In what ways does the social economy intersect with the private economy? .	25
5.4. In what ways does the social economy contribute to rural revitalization? ...	28
6. Discussion and Proposals	30
6.1. How large is the social economy in rural Canada – is it growing or shrinking?	31
6.2. What kinds of people participate in it – and what forms does this participation take?	32
6.3. In what ways does the social economy intersect with the private economy? .	32
6.4. In what ways does the social economy contribute to rural revitalization? ...	33
References	35

The Social Economy in Rural Canada: Exploring Research Options

1. Introduction

This project grew out of the happy coincidence of two large research projects: the Social Economy project of the *Centre de recherche sur les innovations sociales dans l'économie sociale, les entreprises et les syndicats* (CRISES) and the New Rural Economy Project (NRE) of the *Canadian Rural Revitalization Foundation* (CRRF). The former focuses specifically on the social economy and the latter inclusively – as part of its analysis of rural Canada. Both of them recognized the importance of the social economy for social and economic development in all regions of Canada.

Inspired by the work of CRISES, the NRE group proposed an investigation of their data sources to identify where they might make a contribution to the academic and social objectives of CRISES. This document outlines the results of this investigation. It identifies some of the perspectives and assumptions that drive the analysis, describes the data sources and frameworks that are used as part of the NRE project, conducts selected analyses of that data to test the utility of the data, and suggests directions for future research and collaboration to investigate the social economy. In the process, it will introduce the reader to the rich data sources and infrastructure of the NRE project in the hope that they may be seen as useful resources for other researchers in CRISES.

2. The Social Economy

Our examination of NRE data requires some consideration of the conceptual bases for understanding and measuring the social economy. For this, we rely heavily on the work of CRISES

in order to ensure close correspondence in our respective projects.

2.1. Definitions of the Social Economy

The social economy, though it has roots in early 20th century economics, has recently arisen as an important concept in Canada, especially in Québec. It has not only been the focus of theoretical debate, in Québec it has also given rise to a number of government, academic and non-governmental associations that work to support its development. European countries, such as France, Belgium, and Spain have also given the social economy unprecedented attention recently.

What is meant by the social economy? Many proponents of the social economy take as a starting point the opinion that mainstream economics places undue emphasis on profit-making and individual gain over more collective social dimensions of the economy (Fasenfest et al., 1996; Lévesque and Mendell, 1999). Further to that, is the belief that employment conditions are deteriorating as a result of neo-liberal policies, leaving many people either unemployed, underemployed or working under inadequate conditions. The social economy, therefore, is oriented towards those economic activities which have a wider social benefit and which include democratic participation.

Cooperatives and mutual associations are often used as examples of social economic activities because they are explicitly designed to redistribute surpluses equally among their members and they embody social principles such as democratic decision-making. Social economy organizations are often described as being neither strictly private nor strictly public. They function within the

market, but must often rely on other sources of support such as volunteer labour or public funding to remain competitive (Quarter, 2000). Furthermore, they are often initiated by civil society, and are therefore more focussed on local development than more large-scale and globalized business (Neamtan, 2002).

There are a wide number of definitions of the social economy. Here are a few examples of definitions and descriptions stemming from Europe and North America:

Vaillancourt (2000)(translated from French)

“The social economy is made up of enterprises and organizations whose goal it is to bring together a group of people (association) rather than shareholders and a business (or organization) producing goods and services, to satisfy the needs of the members of this association.

Levy (2000): Now generally understood as the intermediary sector between public and private sectors, which is not subordinated to the profit-maximizing imperatives of the market, but remains in a close and complex relation with the market economy. A wide variety of co-operative, mutual and not-for-profit projects, enterprises and organizations are seen to fall into this category, from daycare centres to farm coops to libraries.

Perhaps the most-used definition in Québec is the one of the Chantier de l'economie sociale. This definition is inspired by the Conseil Wallon de l'économie sociale and the economist Jacques Defourny. It has also been adopted by the Social Economy Development Fund and the Québec Minister Responsible for Regional Development (Ninacs, 1998; Ninacs, 2000).

Chantier de l'Economie Sociale (1996):

Collection of activities and organizations issuing from collective enterprises following these principles: 1) a primary goal of serving the members of its collectivity or the community rather than profit-making, 2) management autonomy vis-à-vis the state, 3) democratic management structures which includes workers 4) revenues or surplus distributed among its members 5) founds its activities on the principles of participation, empowerment and individual and collective accountability.

As can be seen from these definitions there are commonalities that can be discerned. Social

economy organizations and activities must serve a social purpose either to their members or to wider society. Unlike private business, they do not have shareholders who must be satisfied, instead surpluses are either redistributed among members or re-invested in the service.

Service provision has become an important focus of social economy activities. These organizations often take responsibility for activities that are marginal to government and private sector domains, at least at the present time (e.g. social housing, home-care, and funeral services). Since they tend to be closely connected to the community sector, this provides an advantage for such community services. However it raises other important questions which are currently under scrutiny and debate, such as, can the social economy, while operating within the private sector, provide the sustainable jobs that the movement advocates (decent wages, democratic participation, etc.), or will it result in lower-paying less stable service-oriented jobs than when these same services are offered by the public sector? There are fears, that the social economy will become a replacement, or a convenient way for government to offload services on an under-financed community sector (Browne, 2000; Levy, 2000). According to Shragge and Fontan (2000), there is also the danger that social economy organizations will remain locally oriented, especially given the lack of resources characterizing the community sector. He claims that "development of the social economy has to be linked to a vision of social change that works to create new democratic social institutions and takes part in wide mobilizations for social and economic justice making claims on the state and the private sector".

2.2. The Social Economy and Rural Canada

There is very little literature pertaining directly to the social economy in the rural context. There is however, ample evidence that much like in urban areas, the social economy is an important part of the rural landscape. The original credit union, the Caisse Populaire Movement in Québec, was initiated by Alphonse Desjardins in a rural area in order to provide affordable credit and savings to the working class and the social excluded. In linking his efforts with the clergy, Desjardins managed to implant the credit union movement throughout many rural Québec parishes and eventually in Ontario and the United States as well. Today the Caisses Desjardins is the largest financial institution in Québec.

One area where the social economy has and continues to have a strong presence is in the natural resource sector, through such things as agriculture and forestry cooperatives and tourism. In Québec for example, 50-odd forestry cooperatives situated around the province provide a viable alternative to what has become a highly centralized and mechanized corporate industry. These coops have the advantage that they are managed locally and workers have a direct role to play in decision-making.

Saucier and Thiverge (1999) undertook a study to assess the contribution of the social economy to local development in the Bas-St-Laurent region of Québec. Basing their analysis on the Chantier de l'économie sociale's definition of the social economy, they found that over 90% of membership was in cooperatives while less than 10% of membership was found in non-profit groups.

Interestingly, most of these organizations had a long history in the area. The average age of the

organizations participating in the study was 43.6 years for cooperatives and 12 years for non-profits. Furthermore, the cooperatives tended to be large, with an average of 1867 members. While the cooperatives tended to be concentrated in the areas of agriculture, forestry, savings and credit, the non-profits were most often in childcare, social services and job re-integration.

Since there is relatively little discussion of the role of the social economy in rural Canada it means that much work is required. To some extent it will be conceptual and theoretical in order to articulate the special circumstances of the rural context for the social economy, but it will include considerable effort to develop the appropriate data and indicators as well. To this end, our analysis will focus on the following type of questions.

- What is the social economy?
- How large is it – is it growing or shrinking?
- What kinds of people participate in it – and what forms does this participation take?
- In what ways does it intersect with the private economy?
- In what ways does it contribute to local community development?

3. The New Rural Economy

Rural Canada is undergoing significant changes. As a result of new technology, new global economic relations, market concentration, and new policies, rural people and communities have experienced dramatic changes. Populations are decreasing in some locations and increasing in others, mobility has become a common feature of rural life, natural resources are under threat, local access to those resources has diminished, and opportunities for political influence have declined from rural places. These changes have affected all aspects of the rural economy – including the social economy.

*The Canadian Rural Revitalization Foundation (CRRF)*¹ was established to better understand these changes and to build the capacity of rural people to respond to them. Over the 15 years of its existence, it has used research, education, gatherings, and collaboration at all levels to advance these objectives. As a result of this work, became clear that there was a significant need for more accurate and appropriate information about those changes than was available thorough the usual channels: census data was often limited in its scope, and much of the survey materials were unable to tell us much about small geographical places. As a result, we designed and launched the New Rural Economy Project.

3.1. The NRE Project

The New Rural Economy Project is a 5-year (1997-2002) collaborative research project involving academic researchers, rural residents, policy-analysts, business people and municipal and non-governmental agencies from across Canada. Its overarching goal is to identify and understand the realities of a changing rural Canada, through research in the areas of the economy, communications, services, demographics, governance, and the environment. Research is conducted at the national level with historical and statistical data analysis, and at the local level with case studies involving community and household surveys. It is extended to an international level through formal and informal collaborations with researchers from over 10 countries. Through collaboration with rural residents, the project also has a mandate to develop alternatives to address some of the challenges being faced by rural communities. Through CRRF, the NRE has organized annual workshops and conferences which bring together the diverse actors involved in the project.

¹ CRRF is a registered charitable organization (cf. <http://www.crrf.ca>).

These gatherings are an opportunity for rural residents, researchers and policy-makers from different parts of the country to share experiences and to engage in discussions around research findings.

Since its inception, the case study aspect of the project has been an important focus of the NRE, not only to access current examples of the issues at hand but also to foster collaboration with rural residents. Early in the project, a sampling frame was designed to select sites based on specific theoretical and empirical criteria. It enables strategic comparisons among sites that incorporates the concerns of policymakers, researchers and local citizens (Reimer, 2002b). The five criteria within the sampling frame include:

- the degree of connectedness or to the global economy;
- the relative stability of the local economy;
- the adjacency or distance from metropolitan centres;
- the level of institutional capacity; and
- the extent to which the community is leading or lagging on a number of socio-economic characteristics.

The list of 32 sites was chosen not only to reflect different poles of these five dimensions but also to represent the different geographical regions of Canada. They now form a type of `Rural Observatory` that continues to provide a framework for ongoing research in rural Canada.

3.2. Research Activities

In the summer 1998, NRE researchers visited 25 of the 32 field sites in order to develop `site profiles` for each community—basic data on the socio-demographic, historical, administrative and service composition of each community. This was also an opportunity to begin initiating working

relationships with local leaders and other community residents in these communities. These visits were done in conjunction with a Rural Secretariat-funded initiative to profile access to government services in rural Canada.

In 1999, a project was undertaken looking at voluntary organizations and their relationship to government services. A survey instrument was developed and key informant interviews were conducted in 9 field sites. This resulted in the production of a literature review and educational document on the voluntary sector as well as a major report entitled “The Role of Voluntary Organizations in Rural Canada: Impacts of Changing Availability of Operational and Program Funding”.²

2000 was an active year for the NRE. In conjunction with the Independent Working Group on Rural and Remote Canada (IWG), the NRE undertook an in-depth analysis of how third sector organizations (small and medium sized business, cooperatives, etc.) contribute to community capacity. Seven survey instruments were developed and administered in 20 sites with key informants. The seven surveys included: “The Role of Cooperatives and Entrepreneurship in Rural Canada”; “The Role of Community Events as Institutions in Rural Communities”; “Key Informant Impressions of Community” (including networks, leadership, youth issues, community action), “Site Profile Update” (to identify distance and travel time to services outside site boundaries). “Role of the Voluntary Sector in Rural Canada” and “Role of Key Institutions in Rural Communities”. This work led to the preparation of two major reports (one comparing lagging and

² NRE documents and information are available on the web at: <http://nre.concordia.ca>

leading locations and a second examining small and medium sized enterprises and cooperatives), two statistical summaries (one examining self-employment and a second comparing lagging and leading locations) and three literature reviews (dealing with leading and lagging differences, small and medium sized enterprises, and cooperatives). These documents are available via the NRE web site.

That same year, the NRE initiated a Natural Resources Canada-sponsored project focussed on community capacity. The objective of this project was to do an in-depth study of local community capacity processes in the NRE sites. In 2000, in conjunction with the IWG surveys, key informant interviews were done in 9 of the field sites. An additional 3 sites were included in 2001-2002. This project will result in the publishing of a series of academic papers as well as a workbook for practitioners.

Two other projects were also initiated in 2000. One was an OECD-sponsored initiative to compare leading and lagging sites in Newfoundland and Ontario. The other was a Canadian Agricultural Rural Communities Initiative project to look at the impact of agricultural changes on rural communities.

In 2001, the NRE implemented a broad-based household survey in 20 of its sites. This survey was based on face-to-face interviews with randomly selected adults from 1995 households. The households were selected in such a fashion that we can confidently generalize to each of the sites.

Information was collected regarding such topics as:

- the socio-demographic and labour force characteristics of all household members;
- employment changes (with a special emphasis on employment in the natural resource sectors);
- major changes affecting the households (with additional information regarding the trade-offs that households made in response to those changes);
- sources of support and services, including formal and informal services (with a special focus on home care);
- evaluation of those services;
- use of the Internet and other types of media;
- participation in voluntary organizations (with some information about those organizations);
- opinions and perceptions regarding the local community (including the Buckner social cohesion scale);
- exchanges of food, goods, and services at an informal level (informal economy); and
- several questions regarding their judgements about the community and its needs.

This data has been integrated with information from census sources and the NRE site-level surveys to produce a multi-level database for analysis. It provides a unique source of information combining census, survey, historical, and case study materials.

3.3. The NRE Definition of the Social Economy

For the purposes of this study we concentrated on the social economy as it is reflected in various types of organizations. We looked at five characteristics of organizations that are very similar to those proposed by the *Chantier de l'économie sociale in Québec*. They are:

- (#1) the organization engages in the sale of goods/services at a rate of 20% or more

- (#2) democratic decision-making is a formal part of the organization
- (#3) the activities of the organization has some social benefit
- (#4) the organization has a formal legal structure either as a non-profit organization or enterprise
- (#5) the organization is independent from the State

In order to maximize our flexibility we chose to work with two definitions of the social economy: one narrow and one broad. The narrow definition follows the more formal administrative definition used by many of the institutions working on the social economy in Québec such as the *Chantier de l'Economie Sociale*. It includes all five characteristics described above including the requirement that the organization must be involved in the sale of goods and services at a rate of 20% or more. This 20% must not include membership fees.

For the broad definition, we removed two of the requirements: the 20% economic imperative and the formal legal structure imperative. The inclusion of a broad definition was made in recognition of the important relationship between the formal social economy and its more informal variations found among voluntary organizations. Through NRE research we have come to appreciate the contribution that more informal organizations make to the local economy and society (Bruce et al., 1999). We were therefore interested in exploring the question: “What is the relation between the formal and informal social economy, the formal economy, and the informal economy?” Given that the social economy is driven in part by the voluntary sector we felt it would be useful to include an analysis broad enough to account for the contribution of these informal groups.

The literature on the social economy raises many questions which are relevant to an analysis of the social economy in rural regions. First, we are interested in exploring how the social economy contributes to rural revitalization. Does it make up a large part of the economic activities in rural Canada? Are there characteristics of social economy activities in rural Canada which are different from those in urban areas, for example in the types or consequences of the activities? Are these activities economically viable and are they providing meaningful and well-paid employment to people characteristically left out of the job market? We are also interested in the relationship between the formal economy and the informal economy. Are most social economy activities in the NRE communities highly structured and bureaucratized or are they smaller grassroots initiatives? If we look at the analysis done by Saucier and Thiverge (1999) we see that in the case of the Bas St-Laurent region most activities were of an older and more formalized nature. Is this true in other parts of rural Canada as well? What will we find if we open the definition of the social economy up a bit - are there many other community organizations that are also contributing to the revitalization of the economy? If so, how are they doing this?

In summary, some of the key research questions for analyzing the rural social economy are the following. In keeping with the objectives of this report they are formulated with respect to the NRE data.

- What forms does the social economy take in rural areas?
- How might it be measured using NRE data?
- How large is it in rural areas – is it growing or shrinking?
- What kinds of rural people participate in it – and what forms does this participation take?
- In what ways does it intersect with the private rural economy?
- In what ways does it contribute to rural revitalization?

4. Measuring the Social Economy in rural Canada

There are two primary NRE data sources that can be used for the analysis of the social economy.

The first is found in the material collected in the summer of 2000 for the analysis of businesses, co-operatives, and voluntary associations in the field sites. In each of the field sites, researchers were requested to identify four businesses in the site, each one randomly selected from within four different lists:

- manufacturers employing 50 or fewer people;
- businesses that export to another country;
- businesses that conduct e-commerce; and
- all businesses together.

The owners or most senior managers from the enterprises selected were contacted and interviewed.

Second, all co-operatives were identified so long as they were located in the site, provide services to residents of the site, or have a significant membership base of persons in the site. Both the manager and one board member from each co-op was interviewed.

Third, all voluntary organizations in the site were identified and sorted into the following eight types:

- Social Service
- Health Service
- Local Economic Development
- Youth and Seniors
- Service Clubs
- Sports and Recreation
- Religious
- Political

One organization was randomly chosen from each list and a senior leader or support staff from the

organization was interviewed.

Much of this information has been prepared for use with SPSS although a considerable amount remains in the form of textual descriptions from interviews with key local people. It is also linked with the full range of census data for Census Subdivisions (CSD). Our analysis for the purposes of this report will focus on the coded responses although the assessment of potential uses for the data includes reference to the textual materials. We refer to this data set as the **site-level data**.

The second source of data is the 1995 household surveys collected from 20 of our field sites in the summer of 2001. This information has been coded for computer analysis. It can be linked with the previous site-level data as well as census information to provide a database that allows multi-level analysis at the household, field site, and regional levels. We refer to this data as the **household-level data**.

4.2. Site-level analysis

Our analysis of the data from the site-level surveys revealed that there were 295 organizations examined in-depth among the results. Details about these organizations was solicited from leaders and other responsible persons. It includes information regarding the following issues.

- the number of members
- changes in the number of members
- changes in sales and services
- market coverage
- financial and non-financial contributions to the local community
- local and extra-local networks of senior personnel
- perceptions of the impact and relations with local community
- strategies and plans

In order to ascertain how many of these organizations exhibited characteristics closely aligned to our two social economy definitions, we applied the 5-fold classification identified above. Using the information from the interviews, each organization was coded with respect to this classification.

Researchers had the option of coding them into five categories:

- they fit the characteristic in an unequivocal fashion (yes);
- they probably fit the characteristic, but there was some uncertainty (probably);
- they probably didn't fit the characteristic, but there was a possibility they might (probably not);
- they clearly didn't fit the characteristic (no); and
- it was impossible to tell (don't know) – usually because of inadequate information.

The organizations are distributed in the manner outlined in Table 1.

Table 1: % of Types of Organizations and Enterprises in NRE Site-level interviews (N=295)

Responses	> 20% from sales	Democratic	Service Ethic	Legal Structure	Non-government
Yes	7.8	25.4	12.2	52.2	48.8
Probably	28.1	72.5	25.1	11.9	8.1
Probably Not	16.3	1.4	7.5	11.5	16.3
No	46.4	0	54.6	22.7	26.8
Don't Know	1.3	0.7	0.7	1.7	0

Since this sample includes private enterprises, we find a relatively high proportion receiving more than 20% of their revenues from sales and many operating without a service ethic.

Most of our analysis will consider each organization with respect to the pattern of criteria they

meet on these 5 conditions, however. For that reason, we considered the extent to which organizations that met one criteria also met the others. Since there are a large number of possible combinations among the 5 conditions, we conducted a contingency analysis to identify possible data reduction possibilities. To meet the structure of the data, we calculated gamma values for each of the pairs of conditions, excluding those organizations with missing data. Table 2 shows the results of that analysis.

Table 2: Gamma values for the relationship between organization conditions - Site-level (N=295)

	Democratic	Service Ethic	Legal Structure	Non-government
> 20% from sales	-.68**	0.07	.62**	.76**
Democratic		-0.08	.37**	-.76**
Service Ethic			0.03	0.04
Legal Structure				0.1

** p<0.01

The strongest relationship in this table is the one showing a negative association between revenue from sales and non-government status. This is what we expect given the separation of private enterprise from government associations in Canada. The negative association with a democratic organization reinforces this since most of the private enterprises will be organized with one or two people in charge.

In order to focus on the social economy, we classified organizations into three main types. The first were those that meet all 5 criteria. These meet the most narrow definition of social economy

organizations – one that is closest to the official definition of the Québec government. A second type of organization is represented by those that meet the broad definition outlined above. These organizations have a democratic organization, a service ethic, and are non-government. The third type of organization is all those that do not meet these 3 criteria. The results are shown in Table 3 below.

Table 3: Types of Organization in Site-level Interviews by Social Economy Classification (N=295)

Narrow definition	14.2%
Broad definition (excludes above)	10.2%
Other organizations or groups	75.6%

Of the 295 organizations and enterprises examined, 42 fit the narrow definition of social economy enterprises that we have developed. Although not a high percentage, it is sufficient to provide us with some basis for comparison both with respect to their internal organization and with respect to the economic and social context in which they operate. Using both narrow and broad definitions, we find that almost 1/4 of the organizations (72) can be considered part of the social economy. Given that our interviews provide considerable information about each of them, the NRE data promises to be a valuable source of data regarding their organization and changes. The comparative framework in which they are located greatly enhances this case study material.

4.3. Household-level analysis

As part of the household interviews, we inquired about the types of organizations and voluntary associations in which people were involved. This yielded a list of 1363 organizations over the 20

field sites, some of which can be considered part of the social economy from both a broad and narrow point of view. Using the same procedures as those from the site-level list, we coded these organizations with respect to the five social economy dimensions. Table 4 provides a summary of the distribution of those organizations.

Table 4: % of Types of Organizations in NRE HH survey (N=1363)

Responses	> 20% from sales	Democratic	Service Ethic	Legal Structure	Non-government
Yes	3.4 (47)	53.7 (732)	85.3 (1163)	51.1 (696)	68.5 (933)
Probably	2.9 (39)	21.7 (296)	0.4 (5)	19.6 (267)	2.1 (29)
Probably Not	3.8 (52)	7.2 (98)	0.1 (2)	7.9 (108)	2.7 (37)
No	74.0 (1008)	0.5 (7)	0.2 (3)	1.8 (25)	6.6 (90)
Don't Know	15.9 (217)	16.9 (230)	13.9 (190)	19.6 (267)	20.1 (274)

These data show considerable variation depending on the type of characteristic considered. For example, only a small proportion of the organizations meet the condition that more than 20% of their revenue is from sales of goods and services (6.3%), whereas most of them meet the condition of the service ethic (85.7%). This is consistent with the nature of the question that was asked of the respondents:

Do you currently participate in any organization as a member? Include unions, religious, and professional organizations, as well as organized but unregistered groups such as a bridge club or a coffee club.

Since it primarily addresses voluntary organizations, there are few private enterprises, unlike the list generated from the site-level survey. In addition, this list is likely to underestimate the more formal social economy enterprises such as the Caisse Populaire since few of them will be considered to be voluntary associations by our respondents.

As with the site-level analysis we calculated gamma values for the association between each of the organization characteristics. Table 5 provides the results of this analysis.

Table 5: Gamma values for the relationship between organization conditions - HH-level

	Democratic	Service Ethic	Legal Structure	Non-government
> 20% from sales	.09 (1108)	-.95** (1141)	.28** (1071)	.35** (1059)
Democratic		.94** (1130)	.96** (1084)	-.59** (1045)
Service Ethic			.88** (1092)	-.17 (1077)
Legal Structure				-.66** (1013)

** p<0.01

The results reveal how the 5 criteria are interrelated, but not in a simple fashion. Those organizations that receive more than 20% of their proceeds from the sales of goods and services, for example, are negatively related to those with a service ethic, positively related to legal and non-government structures, and unrelated to those with a democratic structure. In general, those with a democratic organization are most likely to have a service ethic and a formal legal structure. Some caution is required when interpreting these data, however, since there are relatively few cases that meet the sales criteria.

A comparison of these results with those from the site-level data reveal some important differences. Most of these differences are a consequence of the larger representation of private enterprises in the former list. Data from the site-level organizations, for example, show a negative relation between receiving more than 20% of their income from sales and having a democratic structure. The household-level list shows no such relationship. On the other hand, the latter data show a strong negative relationship between receiving more than 20% of their income from sales

and having a service ethic. The former list show no such relationship. The implications of these differences remain unexplored at this point, but they signal important directions of inquiry where these two data sets are utilized.

As with the site-level analysis, we divided these organizations into three types according to their relationship to the social economy. Table 6 identifies the distribution of these 3 types.

Table 6: Types of Organization by Social Economy Classification

Narrow definition	4.8% (1131)
Broad definition (excludes above)	73.1% (1043)
Other organizations or groups	23.5 (1363)

Clearly, the narrow definition is even more restrictive with this data. However, since the total number of organizations is larger, it still includes 54 organizations across the 20 sites. This should provide sufficient basis to explore the characteristics of such organizations for comparative purposes and will allow us to examine household characteristics related to the social context in which they exist.

5. Exploring the Social Economy in rural Canada

This part of our analysis will examine some of the research questions we have posed above, but it will do so in a cursory manner. Since our objective at this stage is exploratory, the analysis will be used only to demonstrate the potential utility of these data.

5.1. How large is the social economy in rural Canada – is it growing or shrinking?

This question cannot be addressed without considering the many ways in which the social economy is manifested. Our emphasis above has been on the existence of social organizations that meet various criteria of the social economy. From this point of view, the NRE data is limited since we have selected those organizations using a quota-based approach for each of the field sites. We are therefore, not claiming that our list from the site-level surveys is exhaustive of the social economy organizations in those sites. Rather, it provides a selection of the most prominent of them in each site. On the other hand, the list of co-operatives is more complete, since we attempted to identify all of the co-ops in which local people were involved.

To estimate the size of the social economy from the number of organizations, we would have to design a more extensive survey of our field sites. It would require us to reconsider the list of organizations and enterprises in each site, verify its completeness, then fill in the gaps regarding social economy organizations. If we wished to add new organizations to the list with the same level of detail in our current database, this may include site visits to speak to key members of those organizations. The result would be a complete census of the social economy organizations in our field site sample. Generalizations could be made to the dimensions on which the sites were sampled, not directly to all rural locations.

The number of organizations is not the only way that we can determine the size of the social economy. We could also consider the **use** of those organizations as a better indicator of its relevance. From this point of view, the NRE household survey results provide an excellent source

of information. Since it begins with an inventory of the types of organizations in which the local people are involved, it promises to give a more complete representation of the level of participation. It is limited only by the normal problems of respondent recall and thoroughness. Some of them can be offset by the site-level information however, since the latter may provide us with an opportunity to check whether important organizations were missing from the household inventory.

Using this approach, we find that of the 1995 households surveyed the respondents in about 92 of them (4.6%) had participated in at least one of the social economy organizations using the narrow definition (cf. Table 7). Using the broader definition, just under half of the respondents had participated.

Table 7: % of respondents who have participated in at least one of the following types of organizations (N=1995)

Narrow definition	4.6%
Broad definition (excludes above)	47.3%

There are other ways in which the extent of the social economy might be measured. For the 72 organizations that meet the narrow and broad definitions in our site-level data, we have extensive information regarding their activities and structure. A cursory examination of this data reveals, for example, that those organizations meeting the narrow definition of the social economy tend to have more members (average 2600 vs. 77 for those under the broad definition) and more national and international markets.

Since the NRE organization data was gathered at one point in time (summer 2000), it is not possible on its own to answer the question of growth or decline, however. The closest we can come to it are the respondent judgements regarding the increases or decreases in sales and employment over the previous five years. More precise information would require a follow-up survey.

5.2. What kinds of people participate in it – and what forms does this participation take?

The site-level information regarding social economy organizations provides some information on the members and employees, but it is limited to simple counts and in some cases general evaluations of the nature of the relationships established. On the other hand, the household survey can contribute a great deal to answering these questions.

By focusing on those respondents who participate or use social economy organizations, we are able to examine many aspects of their personal and household characteristics. Table 8 provides some indication of the potential in this analysis. It reports some significant correlations between selected household characteristics and participation in the two types of social economy organizations.

Table 8: Correlation coefficients between selected household characteristics and types of social economy (N=1995)

Household Characteristic	Narrow Def.	Broad Def.
Young adults in HH (20-34)		-.13**
Seniors in HH (65+)		.10**
At least 1 person employed FT or PT		-.06**
Volunteer within site	.19**	.72**
Volunteer outside site	.06**	.33**

Household Characteristic	Narrow Def.	Broad Def.
Household income		.09**
Education of respondent	.07**	.12**
Respondent took political action	.12**	.26**
Use local community services	-.09**	
Level of local social cohesion (perceived)	.08**	.22**
Level of local social cohesion (behaviour)	.14**	.41**

** p < .01

These results suggest there is much to be gained by a closer examination of the relationship between participation in social economy organizations and the household characteristics from the NRE survey. First, we find that the relationships differ when we examine the narrow or the broad definitions. This implies that the role of the social economy is different depending on how it is viewed. Second, the details of these differences give us some clues regarding these different roles. Participation under the narrow definition, for example, appears negatively related to the use of local services and unrelated to age and income. Households participating in a narrowly defined social economy are also less likely to be politically active and less cohesive with the local community – both with respect to perception and behaviour. Third, these are only a few of the variables contained in the household survey. Many of them address issues of direct relevance to the role of the social economy in the broader activities and relations of the rural context. In this respect, it will contribute answers to the next set of research questions.

5.3. In what ways does the social economy intersect with the private economy?

As with the previous questions, this one may be addressed at a number of levels. The NRE

databases allow it to be done at the level of the field sites, by means of the activities of household members, and through consideration of the interrelationship between the sites and the individuals within them.

The NRE sample frame provides considerable opportunity for comparison between sites. In this way, it is possible to compare those sites with relatively high levels of social economy activities with those having relatively low levels. At the same time, it is possible to examine the relative nature and extent of private economic activities within the sites. Table 9 shows, for example, that comparisons between sites with some social economy organizations and those without are possible using both the narrow and broad definitions. It will be possible, for example, to examine in detail the economic structure of the sites in order to identify some of the ways in which the social and private economies are integrated.

Table 9: NRE Field Sites by presence of social economy organizations

	Narrow Def.	Broad Def.	Both Types
At least 1 SE organization	13	12	15
No SE organizations	7	8	5
Total Sites	20	20	20

Using the household survey provides another way to explore the integration of the private and social economies. For example, we can examine the characteristics of people and households that participate in one, the other, or both. This is likely to give us some idea of the extent to which they are related and the nature of that relation. Table 8 (above) indicates that households with at least

one person working part or full-time are less likely to participate in broadly defined social economy organizations. This may be due to constraints on their time. There is also a slight positive correlation between income levels and participation in the social economy (broadly defined). This suggests that the relationship between the private and social economies is not simple. A more detailed study of the results will help to clarify what lies behind these general findings.

The sample frame from which the sites were selected provides a basis for exploring the role of the private economy at both the site and household-level analysis (Reimer, 2002b). Three of the dimensions have a direct relationship to the structure of the local economy:

- whether they are integrated or not with the global economy;
- whether the local economy fluctuates a great deal or not; and
- whether they are leading or lagging with respect to employment and incomes.

The two others have an indirect relationship to the private economy:

- whether they are close to or far away from a major metropolitan area; and
- whether they have a high or low level of institutional capacity.

By comparing sites on these dimensions, it is possible to explore the extent to which the social economy is related to these broader economic conditions. Correlations between the organizations at the site-level and the five NRE dimensions reveals no significant results. If we consider the use of social economy organizations (site-level), however, the findings are different. A preliminary analysis of the household survey, suggests that there are important differences between the sample frame characteristics and the extent to which the respondent is involved social economy organizations (cf. Table 10). In addition, the type of involvement shows important variations.

Table 10: Significant correlation coefficients between NRE sample frame dimensions and social economy status of organizations (N=1995)

	Narrow definition	Broad definition
global exposure	-.06*	.05*
stable economy		-.13**
metro adjacency	.11**	
institutional capacity	.07**	
leading economic status		.06*

* p < .05

** p < .01

Sites that are highly exposed to the global economy, for example, are less likely to have respondents who use social economy organizations under the narrow definition, whereas they are more likely to have respondents who use those under the broad definition. Closer analysis of the data is required before we can be confident about these results or understand the bases for the relationships.³

5.4. In what ways does the social economy contribute to rural revitalization?

The NRE data provide opportunities that go beyond economic issues to those regarding the broader social and political processes relevant to rural revitalization. This includes the analysis of relations between social economic organizations and the global context, the local context, and the household relationships. This is hinted at in the table above where we find some relationship between leading and lagging status. A more extensive analysis using existing data could be conducted using both census and NRE site-level data. This could include analysis of the interview transcripts regarding

³ Hierarchical linear analysis is necessary to deal with the statistical significance of some of these relationships, for example.

community capacity as well as the extensive historical material that we have collected for most of the sites.

More detailed analysis of the relationship between household options and the role of the social economy could also be included. Since our survey includes detailed information regarding the labour force characteristics of the household members, it is possible to investigate the links at this level, but there are several other options as well. For example, we have extensive information regarding the use of social capital by households along with their involvement in the informal economy. Several of these indicators are provided in Table 11 below.

Table 11: Indicators of the use of social capital, and involvement in the informal economy by participation in types of social economy (N=1995)

	Narrow definition	Broad definition
use of market-based social capital	.06*	.13**
use of bureaucratic-based social capital	.05*	.23**
use of associative-based social capital	.19**	.57**
use of communal-based social capital	.05*	.13**
number of non-HH persons shared with - food		.09**

* p < .05

** p < .01

Social capital has been divided into four types reflecting the types of social relationships that are involved (Reimer, 2002a). Market-based relations are those most often found in commercial, labour, or housing exchanges where contacts tend to be contractual, short-term, and specific.

Bureaucratic-based relations are found in the use of government or corporate bureaucracies where

the contacts are role-based, formally-defined, and rational/legal. Associative-based relations are those found in the use of voluntary and special-interest groups, where the contacts are specific to specific shared interests, and communal-based relations are those found in family and close friendship groups where complex reciprocity and identity prevail.

Although the relationships are not strong, the evidence suggests that participation in social economy organizations is linked to several of these types of social capital. The details of these relationships can be explored by a more detailed examination of the household characteristics and social economy organizations. Such an analysis is likely to be valuable when examining the relative abilities of households to respond to and build on their personal and local assets. This is an important aspect of the local ability for revitalization.

6. Discussion and Proposals

In general, this review of the NRE materials indicates considerable potential for investigating the social economy. Although the number of organizations matching the narrow definition is relatively small, it is consistent with our expectations about such organizations – particularly with the condition that they produce more than 20% of their goods and services. With this strict definition, there are 42 organizations about which we have considerable information and 13 of the 20 sites that include at least one of them. This provides many opportunities for detailed case study analysis at both the organization and site levels.

This report is based on a classification of the social economy characteristics of organizations from

two different sources. The classification of site-level data is more reliable since we have more detailed information from each of the organizations. The classification of household-level data, on the other hand, could require verification with site people in order to ensure that the nature of the organization is clear and our classification is appropriate. This would require site contacts or visits with the list of organizations.

To identify some of the possibilities for future research, we will consider each of the general research questions posed earlier in this report. They are not meant to be exhaustive, but suggestive of the types of issues that can be addressed along with the limitations.

6.1. How large is the social economy in rural Canada – is it growing or shrinking?

In general, there is some potential for the NRE data to be used to answer aspects of this question. The site-level information regarding organizations is limited since it was not a census of all local groups, but it does reflect some of the major ones and about those, it gives considerable information. Using the detailed information about each of these organizations, it would be possible to explore their impact through such features as employment, networks, sales, services, judgments regarding community relations, and their use of local facilities and resources. Some of the information about growth and decrease is included in the interview materials, but it rests on the judgements of the informants. Verification would require additional data collection.

The household survey provides information regarding the use of the social economy and opens up numerous options for exploring its impact at the household level. It is limited with respect to this

research question, however, since it was conducted only in 2001. Longitudinal analysis would not be possible without considerable expense.

6.2. What kinds of people participate in it – and what forms does this participation take?

These questions can be relatively easily answered by using the NRE data. The site level interviews provide broad information regarding membership and membership issues, but it is the household survey that will provide the most useful data. It focuses on the activities of one household member, so may miss some of the participation, but the size of the sample is large enough in each site to pick up most of the patterns. As our preliminary analysis indicates, there are several individual and household characteristics that are related to participation in the social economy, lending credibility to both the sensitivity of the data and the promise of the theory. What is required for this analysis is the development of our understanding about the relationships between individual behaviour and the social economy, the identification of hypotheses based on this understanding, and the analysis of the existing data to verify those hypotheses.

6.3. In what ways does the social economy intersect with the private economy?

The analysis related to the question above is likely to contribute to answering this one as well. What it requires is the development of a framework to understand the relationship between the social economy and the private economy before the empirical analysis can begin. Once this is done, the NRE data is likely to be very useful for testing derived hypotheses.

This may be accomplished with data from the site or household levels depending on the framework

developed. Our exploratory analysis above provides some examples of possible approaches at both levels. It also indicates that the data is, for the most part, appropriate and useful. It makes strategic sense to proceed with the examination of this question as a basis for identifying more specific proposals regarding the relationship between the two types of economic systems.

6.4. In what ways does the social economy contribute to rural revitalization?

The NRE data provides a powerful basis for examining this question. By combining the site and household-level information with the extensive field work that has been conducted over the last five years, we will be in an excellent position to make the rich comparisons that are necessary to answer it. The NRE framework locates each site in its national and global context so that we can compare them on a number of critical dimensions. In turn, each site has been examined for a considerable length of time, so that we are highly familiar, not only with the standard indicators of community life, but with the details of that life that comes with first-hand and repeated collaboration with the local people. In this respect, we are able to consider revitalization as it is reflected in both the general indicators and the perspectives of the local people. Finally, with the availability of systematically gathered information from site households, we are able to examine the representativeness of our findings and insights.

In general, then, it appears that further investigation using this data and infrastructure is likely to be very valuable for understanding the role of the social economy. In order to maximize this opportunity it is necessary to identify the specific types of questions that need to be answered.

These questions can arise from any of the researchers in the broader network and it is for this

reason that we suggest the wide dissemination of this report to other researchers. We welcome the collaboration it may foster and look forward to the insights that are bound to result.

DRAFT

References

- Browne, P. L. (2000) "The Neo-Liberal Uses of the Social Economy: Non-Profit Organizations and Workfare in Ontario." In *Social Economy: International Debates and Perspectives*. E. Shragge and J. M. Fontan (eds.). Montreal: Black Rose Books, pp. 65-80.
- Bruce, D., P. Jordan, and G. Halseth (1999) *The Role of Voluntary Organizations in Rural Canada: Impacts of Changing Availability of Operational and Program Funding*. Montréal: The New Rural Economy: A Project of the Canadian Rural Restructuring Foundation.
<http://nre.concordia.ca>.
- Chantier de l'économie sociale (1996) *Osons la solidarité: Rapport du groupe de travail sur l'économie sociale*. Montreal: Chantier de l'économie sociale.
- Fasenfest, D., P. Ciancanelli, and L. Reese (1996) *Value, Exchange and the Social Economy: Framework and Paradigm Shift in Urban Policy*. Great Cities Institute Working Paper. Chicago, Ill.
- Lévesque, B. and M. Mendell (1999) "L'économie sociale au Québec: éléments théoriques et empiriques pour le débat et la recherche," *Revue internationale d'action communautaire* No. spring, pp. 105-118.
- Levy, A. (2000) "Reflections on Work, the Social Economy and the Dangers of Carefare." In *Social Economy: International Debates and Perspectives*. E. Shragge and J. M. Fontan (eds.). Montreal: Black Rose Books, pp. 81-96.
- Neamtan, N. (2002) *L'économie sociale et solidaire et "l'autre mondialisation"*. The Carold Institute, Vancouver.
- Ninacs, W. (1998) *The Social Economy in Quebec*. Caledon Institute of Social Policy.
- Ninacs, W. (2000) "Social Economy: A Practitioner's Viewpoint." In *Social Economy: International Debates and Perspectives*. E. Shragge and J. M. Fontan (eds.). Montreal: Black Rose Books, pp. 130-158.
- Quarter, J. (2000) "The Social Economy and the Neo-Conservative Agenda." In *Social Economy: International Debates and Perspectives*. E. Shragge and J.-M. Fontan (eds.). Montreal: Black Rose Books, pp. 54-64.
- Reimer, B. (2002a) *Understanding Social Capital: Its Nature and Manifestations in Rural Canada*. Toronto, ON, Presentation at the CSAA Meetings.
- Reimer, B. (2002b) "A Sample Frame for Rural Canada: Design and Evaluation," *Regional Studies* Vol. 36, No. 8.

Saucier, C. and Thiverge, N. (1999) *Un portrait de l'économie sociale au Bas-St-Laurent*. Rimouski, CRCD/CRES-BSL/GRIDEQ/UQAR.

Shragge, E. and J. M. Fontan (2000) *Social Economy: International Debates and Perspectives*. Montreal: Black Rose Books.

Vaillancourt, Y. and L. Favreau (2000) *Le modèle québécois d'économie sociale et solidaire*. Montréal: Université du Québec à Montréal.

DRAFT