



International Comparative Social Enterprise Models

## Social Enterprise in Mexico: Concepts in Use in the Social Economy

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## PREFACE AND ACKNOWLEDGEMENTS

This paper is part of a series of Working Papers produced under the International Comparative Social Enterprise Models (ICSEM) Project.

Launched in July 2013, the ICSEM Project ([www.iap-socent.be/ICSEM-project](http://www.iap-socent.be/ICSEM-project)) is the result of a partnership between an Interuniversity Attraction Pole on Social Enterprise (IAP-SOCENT) funded by the Belgian Science Policy and the EMES International Research Network. It gathers around 200 researchers—ICSEM Research Partners—from some 50 countries across the world to document and analyze the diversity of social enterprise models and their eco-systems.

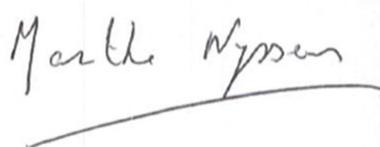
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First and foremost, the production of these Working Papers relies on the efforts and commitment of Local ICSEM Research Partners. They are also enriched through discussion in the framework of Local ICSEM Talks in various countries, Regional ICSEM Symposiums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

ICSEM Working Papers also owe much to the editorial work of Sophie Adam, Coordination Assistant, to whom we express special thanks. Finally, we gratefully acknowledge the role of our Supporting Partners, who are listed at the end of this document and presented on the Project's website.



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Conde, C. (2015) "Social Enterprise in Mexico: Concepts in Use in the Social Economy", *ICSEM Working Papers*, No. 22, Liege: The International Comparative Social Enterprise Models (ICSEM) Project.

## **ABSTRACT**

*In Mexico, many types of organizations engaged in social entrepreneurship coexist; they correspond to various legal forms: ejidos, communities, cooperatives, workers' organizations, civil associations and societies, private welfare and charitable institutions as well as social groups (not constituted under a specific legal form). These types of organizations differ in many ways (in terms of objectives, characteristics, process of constitution, structure, requirements, legal records, etc.) and are regulated by different laws.*

*For some time, several of these types of organizations were integrated into a group called the "social sector of the economy". They were then considered as belonging to the third sector. Later on, they were regarded as civil society organizations; nowadays, they are viewed as being part of the social economy. It is not just a matter of names or fashion, though: each of these terms includes some types of organizations and excludes others.*

*Therefore, this paper intends to analyse each of the concepts used in Mexico in relation to the concept of social enterprise or which include social enterprises, as well as the sets of organizations that correspond to each one of them, in order to determine if these concepts constitute different models of social enterprise and which legal attributes facilitate or hinder the fulfilment of their social mission.*

*The methodology consisted of extracting, from the respective laws, the main features of each legal form, with a view to drawing up comparative tables of the various forms based on the EMES dimensions and indicators, referred to within the International Comparative Social Enterprise Models (ICSEM) Project.*

*Some of the requirements specified by law are true only "on paper"; in practice, there are organizations that work differently, so—based on empirical knowledge of many of them—an assessment was made of the actual presence of the indicator in any, some, many or all organizations of every type.*

*The identification of the legal forms that tend to comply most fully with these indicators has primarily academic consequences and consequences for the development of public policy proposals, but it will also constitute a basic input for the design of the field work of the ICSEM Project.*

**Key words:** *social sector of the economy, social economy, organizations of civil society, cooperatives, third sector.*

## INTRODUCTION

In Mexico, many types of organizations engaged in social entrepreneurship coexist; they correspond to various legal forms, such as *ejidos*, communities, cooperatives, workers' organizations, civil associations and societies, private welfare and charitable institutions as well as social groups (not constituted as legal entities). These types of organizations differ in many ways (in terms of objectives, characteristics, process of constitution, structure, requirements, legal records, etc.) and are regulated by different laws.

In the Mexican context, though, the concept of "social enterprise" is little used; the concept which is most frequently used in relation to these organizations is that of "social economy". Generically speaking, it is possible to divide the taxonomy of the social economy in two: i) on the one hand, the government refers to the "social sector of the economy" (*sector social de la economía*, or SSE)<sup>1</sup>, based on current legislation and ii) on the other hand, in the academic sphere, the social economy is sometimes included within other concepts, such as civil society organizations or the third sector.

The first section of this paper reports on the two historical moments that are important to understand the emergence of the social sector in Mexico. In the second section, the legal forms that constitute the social sector of the economy, based on the Law on the Social and Solidarity Economy (*Ley de la Economía Social y Solidaria*, or LESS) and on the Catalogue of organisms of the social sector of the economy (*Catálogo de organismos del sector social de la economía*, or COSSE) are reviewed. The third section describes other legal forms that are not considered to belong to the social sector of the economy but which have characteristics similar to those of social enterprises such as they are described in the EMES approach. The fourth section then presents the concepts of frequent use in Mexico that can be linked to social enterprise, and in the fifth section, these concepts are discussed and the Mexican legal forms are confronted with the attributes of social enterprises such as they are defined in the ICSEM project.

It is important to note that the approach by means of the legal forms is not intended to suggest that each of them corresponds to a social enterprise model: various legal forms can serve the same purpose and meet the same needs but not necessarily operate similarly, given the limitations imposed by their specific regulations. In light of the above, our hypothesis is that not all types of organizations recognized by the LESS are actually forms of social enterprise, while others not included in the COSSE may be close to the characteristics of social enterprise.

Consequently, we assume that, as a result of the ICSEM project (and in particular of the fieldwork), we will find that, in general, several Mexican legal forms may be associated with a single model of social enterprise, but at the same time, within the same group (for example, cooperatives), we will find differences that will be significant enough to consider that the group includes different models of social enterprise.

The choice made to approach the issue from the point of view of legal forms might thus appear as illogical; however, we considered it necessary, given the lack of clarity that prevails in the country regarding the social economy. Indeed, the LESS uses a concept (namely the social sector of the economy) that it does not define and, in addition, it uses another concept (the social economy) in practice: the LESS created the Advisory Council for the Promotion of Social Economy and the National Institute for the Social Economy

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<sup>1</sup> A list of acronyms is provided in Appendix 1.

(*Instituto Nacional de la Economía Social*, or INAES). The INAES implements the Programme for the Promotion of the Social Economy (*Programa de Fomento a la Economía Social*, or PFES) and this has been incorporated in several official documents (PFES Rules 2014, National Development Plan 2013-2018, etc.) but there is no definition of the social economy concept either (only a list of legal forms).

The purpose of this paper is, therefore, to review the main characteristics of the organisms considered to belong to the social sector of the economy and to confront them with those of social enterprises to determine whether they are the same organizations, referred to by different names, or if they correspond to different realities.

## 1. THE EMERGENCE OF THE SOCIAL SECTOR IN MEXICO

There are two key moments to understand the emergence of the legal forms that make up the social sector in Mexico:

i) *The post-revolutionary period* (the 1920s and 1930s), during which the agrarian distribution started, **ejidos** were created and land was returned to **communities** that had been stripped by the great landowners before the armed movement; indeed, the restitution of the land was the main demand of the farmers who took part in the Mexican Revolution. It was also in these years that the first **cooperatives** emerged: the first General Law on Cooperative Societies was published in 1927 and the First National Cooperative Congress was organized in 1929.

"Corporatism", which became the institution that organized the relations between the state and other social, political and economic actors, appeared in this period as well. The logic of corporatism was based on three elements: the creation of sectoral identities, cronyism and patrimonialism. Those who refused to follow the rules of corporatism were repressed or imprisoned (Natal 2010: 169-70).

ii) *The profound crisis of the Mexican economy* (the 1970s and 1980s). Industrial restructuring was focused on deregulation in every way to reorient the productive apparatus toward a new scheme of accumulation and overcome the crisis.

The crisis had two significant impacts for the emergence of the social economy in Mexico:

- It caused an abrupt entry of popular groups into the new national economic dynamics; this resulted in better integration and living conditions for some happy few, while the others were confined to a passive role (consumption) (Barkin 1988: 99).
- It drastically limited the state's ability to channel resources at its discretion, provide special services or subsidize the activities of its "loyal groups" and fractured several of the corporatist structures, since the incentives to remain part of sectoral associations did not exist anymore.

Both aspects (economic and political) led to the creation of **civil society organizations**:

*So both workers and entrepreneurs decided to group themselves in citizen organizations, where they could join voluntarily, according to their specific interests and needs, and where they had greater power to negotiate their interests.*

*[...] Certainly, what emancipated citizen participation was the domino effect that the 1985 earthquakes had over the society of Mexico City, in which civil society took an unprecedented dimension. The magnitude of the event surpassed the capacity of attention of state bodies and took by surprise the corporate structures that were not prepared nor knew how to deal with such events.*

(Natal 2010: 176-7)

**Social solidarity societies** also arose in this period (the law regulating these was passed in 1976).

## 2. THE SOCIAL SECTOR OF THE ECONOMY

The Law on the Social and Solidarity Economy does not contain a definition of the social economy; it simply lists the types of organization that make up the social sector of the economy:

*The social sector of the economy shall be composed of the following forms of social organization:*

- I. *Ejidos;*
- II. *Communities;*
- III. *Organizations of workers;*
- IV. *Cooperatives societies;*
- V. *Companies belonging largely or solely to workers; and*
- VI. *In general, all forms of social organization for the production, distribution and consumption of socially necessary goods and services.*

(LESS 2013, article 4)

Before reviewing the main features of each of these types of organization, it is important to mention that the INAES considers that organizations that are not listed in the LESS can be registered in the COSSE and are potentially eligible to the support and incentives granted by the Programme for the Promotion of the Social Economy, provided they accept and respect the goals, values, principles and practices enunciated in articles 8-11 of the LESS, which are summarised in Annex 1.<sup>2</sup>

The COSSE can be seen as a way to override the LESS but also as a way to begin defining a real social economy sector in Mexico in two ways:

- The COSSE excludes organizations that have a legal form recognized in the LESS but which, in practice, do not behave as social enterprises;
- The COSSE can include organizations that have a legal form that is not listed in the LESS but which, in practice, behave as social enterprises.

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<sup>2</sup> The INAES will check that the constitutive or integration act establishes at least that: i) the decision making is democratic and is not linked to the capital contributed by the partners, associates or members; ii) the ownership of the means of production is social or joint, and iii) the surpluses or profits that are generated are intended for the provision of services of a social nature or the growth of the organization's reserves and funds or the compensation for the services provided or work performed by the organization's partners, associates or members. The distribution of these surpluses or profits should not be associated with the capital contributions, if any, that have been made.

Organizations that are not listed in the COSSE may request that the INAES determine and recognize the specific type or category to which they belong (INAES 2014a).

We choose, in this section, to adopt the second interpretation and analyse the organisms of the social sector of the economy (OSSE) that the COSSE incorporates; in the final part, we will check the relevance of their incorporation in our analysis.

## 2.1. Rural organisms

### 2.1.1. *Ejid*os

An *ejido* is a legal person created by the redistribution of land; it is the legal person that, having received an area of communal land, is bound by a specific legal protection regime. *Ejid*os have legal personality and assets and they own the land they have been given or which they have acquired by any other title (Agrarian Law 2012, Article 9). An *ejido*'s assembly can decide to collectively farm the *ejido*'s land; in this case, provisions about the way in which the work will be organized, the exploitation of the *ejido*'s resources, the mechanisms for the equitable sharing of benefits, the constitution of capital reserves and of social security or services reserves and the reserves that will be affected to common funds will have to be determined beforehand (Agrarian Law 2012, Article 11).

### 2.1.2. *Communities*

*The recognition of an agrarian nucleus as a community derives from the following procedures:*

- I. An agrarian restitution action for communities that had been deprived of their property;*
- II. An act of voluntary jurisdiction promoted by those who keep the communal state, when there is no dispute regarding communal ownership and property;*
- III. The resolution of a trial promoted by those who keep the communal state, when there is a dispute or an opposition by any interested party regarding the request made by the nucleus; or*
- IV. A conversion process from *ejido* to community.*

(Agrarian Law 2012, Article 98)

The community status creates a special protection regime for agrarian nuclei since the land becomes inalienable, imprescriptible and inalienable; internally, the community determines the use of its lands, its division in various parcels according to various aims and the organization for the use of its property.

The community implies the individual status of "commoners" (*comuneros*) for its members and allows them the use and enjoyment of their land and the possibility to transfer their rights in favour of family and neighbours, along with the right to the use and benefit of common goods.

Communities, together with the *ejidos*, were the most important associative forms in rural Mexico during the 20th century. Their products were so abundant that they did not only guarantee national food security; they also generated foreign currency through the exportation of a significant share of their production. The neoliberal public policy, however, prioritized supporting more profitable private economic units and allowed the dissolution and alienation of the *ejidos* so—although they are still numerous—today they are only a form of subsistence.

### **2.1.3. Rural production societies (SPRs)**

Rural production societies (*Sociedades de producción rural*, or SPRs) are regulated by the Agrarian Law (Articles 111 and 112). They are integrated by two or more partners (farmers, *ejidatarios*, commoners, smallholders, settlers, third party investors, or a combination of these). Its social object can include, among others:

- To obtain public or private support to undertake, develop and consolidate productive and social investment projects.
- To produce, transform, commercialize and provide services in an associated form.
- To perform civil and commercial contracts for productive, financial, commercial, technological purposes and other services.
- To manage, acquire, administer altogether: financing, insurance, supplies, machinery, equipment and facilities.

According to the liability regime, there are three types of SPRs: unlimited SPRs (the partners are liable in solidarity for the whole), limited SPRs (the partners are liable only to the extent of their contribution) and supplemented SPRs (the members are liable for their initial contribution, with an additional percentage determined by the assembly).

In terms of its social capital, the unlimited form does not require any initial contribution, while in the limited and supplemented forms, a downpayment is necessary to form the minimum capital, which amounts to approximately 3,100 USD for the limited form and 1,550 USD for the supplemented form (respectively 700 and 350 times the current minimum daily wage in the Federal District [*veces el salario mínimo diario del Distrito Federal*, or VSMD]).

### **2.1.4. Unions of ejidos, communities and rural production societies**

*Ejid*os, communities and rural production societies are described above; one could expect unions bringing together these organisations to benefit from the same type of governmental support as individual organisations. However, there are differences between these unions and the organizations forming them (see table 1).

Table 1. Comparison of the unions and the legal forms comprising them

Feature	<i>Ejido</i>	Union of <i>ejidos</i> and communities	Rural production societies	Union of rural production societies
Legal framework	<ul style="list-style-type: none"> <li>Article 27 of the Constitution.</li> <li>Agrarian Law, Articles 9-11 and 14.</li> <li>Rules of Procedure.</li> </ul>	<ul style="list-style-type: none"> <li>Agrarian law, Arts. 50, 108 and 109</li> <li>Constitutive Act</li> <li>Internal economic regulation.</li> </ul>	<ul style="list-style-type: none"> <li>Article 27 of the Constitution</li> <li>Agrarian law articles 110 to 113</li> </ul>	<ul style="list-style-type: none"> <li>Agrarian Law Articles 108,109 and 113.</li> <li>Internal economic regulation</li> </ul>
Members	Maximum or minimum number of members is not specified. Membership consists of <i>ejidatarios</i> and commoners.	Two or more <i>ejidos</i> or communities. The <i>ejido</i> or community can belong to more than one union of <i>ejidos</i> .	Minimum 2 partners (farmers, <i>ejidatarios</i> and commoners, smallholders, settlers, third party investors).	Two or more rural production societies
Social capital	Not determined. The social capital must be adapted to the purposes of the organization, i.e. it depends on needs.	It must be manifest or integrated based on contributions and, where appropriate, be foreseen in the regulations actions "T" (land).	In the unlimited form, no downpayment is required. In the limited and supplemented forms, an initial payment will be required to form a minimum capital (350 and 700 VSMD respectively).	<ul style="list-style-type: none"> <li>Unlimited form: no need to show capital.</li> <li>Limited form: the social capital must be sufficient to achieve the objectives.</li> <li>Supplemented form: the social capital should allow the union to meet its goals.</li> </ul>
Liability regime	Not specified	<ul style="list-style-type: none"> <li>Limited</li> <li>Unlimited</li> <li>Supplemented</li> </ul>	<ul style="list-style-type: none"> <li>Limited</li> <li>Unlimited</li> <li>Supplemented</li> </ul>	<ul style="list-style-type: none"> <li>Limited</li> <li>Unlimited</li> <li>Supplemented</li> </ul>
Social purpose / objectives	Combination of resources or efforts for the realization of a common goal of a predominantly economic nature (exploitation of resources of the <i>ejido</i> , productive integration, services, commercialization).	There may be direct exploitation of the land. Coordination of activities, mutual assistance, manufacturing, commercialization and services.	Produce, transform, commercialize, and provide associated services. Obtain public or private support to undertake, develop and consolidate productive and social investment projects. Manage altogether: financing, insurance, supplies, machinery, equipment, facilities, etc.	There may be direct exploitation of the land. Coordination of production activities, industrialization, mutual assistance, services, commercialization, or other activities not prohibited by law.
Authorities / internal structure	<ul style="list-style-type: none"> <li>General Assembly of <i>Ejidatarios</i></li> <li><i>Ejidal</i> commission</li> <li>Surveillance authority</li> </ul>	Two or more <i>ejidos</i> or communities. The <i>ejido</i> or community can belong to more than one union of <i>ejidos</i> .	<ul style="list-style-type: none"> <li>General Assembly of Members</li> <li>Board of Directors</li> <li>Supervisory Board.</li> </ul>	<ul style="list-style-type: none"> <li>General Assembly of Members</li> <li>Board of Directors</li> <li>Supervisory Board</li> <li>Manager(s)</li> </ul>
Fiscal regime	Not specified	Simplified (transparency regime), for primary activity, monthly or six-monthly statement.		Simplified (transparency regime), for primary activity, monthly or six-monthly statement.
Legal records	National Agrarian Registry. Public Registry of Commerce. Federal Taxpayers Registry	Ministry of Foreign Affairs, National Agrarian Registry (mandatory), Public Registry of Rural Credit, Federal Taxpayers Registry		Ministry of Foreign Affairs, notarized constitutive act, Records: National Agricultural, Rural Public Credit, Trade and Federal Public Taxpayers

VSMD: times the minimum daily wage in the Federal District

Source: elaborated by author based on the INAES (2014)

### 2.1.5. Rural associations of collective interest (ARICs)

Rural associations of collective interest (*asociaciones rurales de interés colectivo*, or ARICs) are constituted by two or more *ejidos*, communities, rural production societies or unions of any of these forms. Their goal is to integrate human, natural, technical and financial resources for the establishment of industries, exploitation, commercialization systems and any other economic activity.

They are regulated by the Agrarian Law (Articles 108 to 110) and their own internal economic regulation. The law does not specify a minimum or maximum social capital nor its duration but defines that there may be three regimes of liability (unlimited, limited and supplemented).

An ARIC's internal structure is made up of: *i*) the general assembly, within which each association is represented by two members, *ii*) the management board, *iii*) the supervisory board, *iv*) the directors and *v*) managers.

## 2.2. Organizations of workers

The LESS does not specify what is meant by "organization of workers", but in common parlance it is considered to refer to trade unions and their associations, federations and confederations—none of which can be considered as social enterprises.

However, this category also includes **mutual societies** (*sociedades mutualistas*). A mutual society is defined as a:

*Group of people acting voluntarily to build a fund of financial assistance, through regular cash contributions, by way of spontaneous collaboration, which aims to help its members in case of diseases, accidents and other natural hazards; this assistance can be extended to family members when these are not self-sufficient. Incidentally, it is considered as a mutual aid group organized to provide economic solutions to personal or family demands in the cases and under the conditions laid down in its statutes.*

(Institute for Legal Research 1988: 2981)

Mantilla (1990: 331-2) considers that a mutual society arises (even though it might be in an embryonic form) whenever a group of persons subject to the same risk agree to indemnify the loss that one may suffer, sharing among all the contribution needed to repair the damage caused by such loss. If it is a mutual life society, its purpose is the payment by each partner of a certain amount upon the occurrence of the death of one of the members. Mantilla warns that, since these societies usually lack technical operating bases, it is difficult for them to assess the elements that may influence the risks (age, health conditions, accidents, death, etc.) and on the basis of which contributions should be calculated in advance so as to cover the risks entirely—including in such contributions the payment of a proportional part for administrative expenses and of another part to feed a provident fund.

In Mexico, mutual societies appeared in the 1950s (before cooperative societies) but failed to establish strong bases; their position remained rather marginal, and almost testimonial. An important limitation of mutualism is the inability of mutual societies to

engage in economic (industry, agriculture, trade, etc.) or financial activities, so they focus on insurance activities.

The main differences between mutual societies and insurance companies are that mutual societies are non-profit organizations and that they do not choose their members based on their individual risks (INAES and Universidad Iberoamericana de Puebla 2013).

*[Mutual societies] will be organized and will operate so that the insurance operations they practice do not produce profit or utility for the society or its partners; they must collect only what is indispensable to cover the general expenses incurred in their management and to establish the necessary technical reserves to be able to meet their commitments to policyholders.*

(Law on Insurance Institutions and Bonding  
[*Ley de Instituciones de Seguros y Fianzas*, or LISF] 2013, Article 337, III)

Article 31 of the Law on Insurance Institutions and Bonding (LISF) recognizes Agricultural and Rural Insurance Funds, while Article 30 states that they can operate without being submitted to the requirements of the LISF: the organization, operation and activities of Agricultural and Rural Insurance Funds are indeed regulated by a specific law (*Ley de Fondos de Aseguramiento Agropecuario y Rural*, or LFAAR).

*Insurance funds are established companies [...] that will aim to provide mutual and solidarity protection to theirs partners through active operations of insurance and coinsurance.*

(LFAAR 2005, Article 3)

The coverage that can be offered is limited to: damages in the agricultural and animal farming industry and in the related branches that insurance funds have registered; debtor balance schemes and life schemes for rural families in the branch of life operations; and the branch of personal injury.

## 2.3. Cooperatives

The cooperative society is a form of social organization composed of individuals and based on common interests and on principles of solidarity, own efforts and mutual help; it aims to meet individual and collective needs through economic activities of production, distribution and consumption of goods and services (General Law of Cooperative Societies [*Ley General de Sociedades Cooperativas*, or LGSC] 2009, Article 2).

The LGSC (Article 21) distinguishes three types of cooperatives societies: *i*) cooperatives of consumers of goods or services, *ii*) cooperatives of producers of goods or services, and *iii*) savings and loan cooperatives (*sociedades cooperativas de ahorro y préstamo*, or SCAP).<sup>3</sup> In terms of their constitution, two types of cooperatives can be distinguished: ordinary cooperatives, and state participation cooperatives. As far as their liability regime is concerned, there are limited cooperatives and supplemented cooperatives (LGSC, Article 14).

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<sup>3</sup> The SCAP are regulated by the Law to Regulate the Activities of Cooperative Societies of Savings and Loan (*Ley para Regular las Actividades de las Sociedades Cooperativas de Ahorro y Préstamo*, or LRASCAP, 2014).

Unlike private companies, which consider merchandise as an end in itself, the cooperative helps to strengthen the organization, meets the needs of the partners and provides social benefits that are distributed evenly. The worker is both part and owner of the cooperative (member-worker) and the decisions are not taken vertically; the best measures for the development of the company are discussed. This “dual status” of the worker emphasizes the fact that members are considered as subjects who promote solidarity, equality, equity and justice (Calderón 2011).

Although cooperatives appeared in Mexico at the end of the 19th century, cooperative legislation only emerged in the 1930s, and without a real effort to protect these organizations. At the end of the 20<sup>th</sup> century,

*various laws (the amendment of article 27 of the Constitution, the enactment of the Law on Savings and Loan Societies, the LGSC and the Law on Saving and Popular Credit [Ley de Ahorro y Crédito Popular, or LACP]) were directed to put an end to the existence [of the financial institutions of the SSE]. The LACP was trying to convert the cooperatives into “bank appendices” so a phase of resistance began that reached the victory with the approval of the LRASCAP and the LESS, which decreed that the social sector would not be regulated by the commercial law or the civil code.*

(Rechy, in press)

The COSSE also includes cooperative organisms (unions, federations and confederations of the three kinds of cooperative societies).

## **2.4. Exclusive or majority companies of workers**

The kinds of organization concerned by the LESS are not clearly defined, and some of the organizations concerned may have specific legal forms not listed in the LESS; this is for example the case, among exclusively worker-owned companies, of “social solidarity societies”, or of some mercantile societies, if workers hold at least 51% of the company’s shares (see table 2).

**Table 2. Main characteristics of the SSS and the mercantile societies**

Feature	Social solidarity society	Mercantile society
Legal framework	Law on Social Solidarity Societies	General Law of Mercantile Societies, deed or constitutive policy and social contract.
Members	<ul style="list-style-type: none"> <li>• Minimum: 15</li> <li>• Maximum: unlimited</li> </ul>	<ul style="list-style-type: none"> <li>• Limited liability society: maximum 50 partners.</li> <li>• Public limited liability company: at least two partners.</li> </ul>
Social capital	Social assets of collective character which are integrated by the contributions of the partners, the proportional part of the obtained profits that partners agree to contribute as well as donations from official institutions and individuals or companies unrelated to the society, for a specific application.	<ul style="list-style-type: none"> <li>• In public limited liability company (corporations), limited liability company and limited stock partnership: the minimum capital is established in the social contract.</li> <li>• General partnership and limited general partnership: the minimum capital may not be less than one fifth of the initial capital.</li> </ul>
Liability regime		<ul style="list-style-type: none"> <li>• General partnership: all members respond for the organization's social obligations in a subsidiary, unlimited and joint way.</li> <li>• Limited general partnership: one or more partners are liable for the social obligations in a subsidiary, unlimited and joint way, and one or more limited partners are only required to pay their contributions or their actions.</li> </ul>
Social purpose / objectives	Creation of sources of employment. Conservation and improvement of the environment. Rational exploitation of natural resources. Production, processing and commercialization of required goods and services. Education of members and their families in the practice of social solidarity; affirmation of national values; defense of the country's political, cultural and economic independence. Actions aimed at raising the standard of living of the members of the community.	Trade-related objectives.
Authorities / internal structure	<ul style="list-style-type: none"> <li>• General Assembly;</li> <li>• General Assembly of Representatives, if any;</li> <li>• Executive Committee;</li> <li>• The commissions established in the constituent bases or designated by the General Assembly.</li> </ul>	<ul style="list-style-type: none"> <li>• Manager(s).</li> <li>• Assembly or collegiate governing body.</li> <li>• Assembly of partners or general shareholders assembly</li> <li>• Administrative board of the subsidiaries.</li> </ul>

VSMD: times the minimum daily wage in the Federal District

Source: Elaborated by author based on the INAES (2014) and the General Law of Mercantile Societies (2014).

### 2.4.1. Social solidarity societies (SSSs)

According to the law of the same name (1976), the aim of social solidarity societies (*sociedades de solidaridad social*, or SSSs) is, among others, the production, processing and commercialization of necessary goods and services (Article 2). The society's members have an obligation to provide their personal work to fulfil the purposes of the society (Article 11). SSSs are constituted with assets of collective character; partners must be *ejidatarios*, commoners, landless peasants, *parvifundistas* [agricultural smallholders] and persons entitled to work (Article 9o).

Members must also contribute to a social solidarity fund according to the decisions made in specific assemblies (Article 11). The social solidarity fund can only be used: *i*) to create new sources of labour or expand existing ones; *ii*) for work training; *iii*) to build rooms for members; *iv*) for the payment of retirement and temporary or permanent disability fees, in addition to those provided for in the regime of compulsory social insurance and other welfare services; *v*) for medical and educational services for members (Article 32).

### 2.4.2. Mercantile societies

The General Law of Mercantile Societies (*Ley General de Sociedades Mercantiles*, or LGSM, 2014) recognizes six types of society: *i*) the general partnership (*sociedad en nombre colectivo*)<sup>4</sup>; *ii*) the limited general partnership (*sociedad en comandita simple*)<sup>5</sup>; *iii*) the limited liability company (*sociedad de responsabilidad limitada*)<sup>6</sup>; *iv*) the public limited liability company (*sociedad anónima*)<sup>7</sup>; *v*) the limited stock partnership (*sociedad en comandita por acciones*)<sup>8</sup>, and *vi*) the cooperative (*sociedad cooperativa*)<sup>9</sup>.

Mercantile societies can perform all necessary acts of commerce for the fulfilment of their social object, unless expressly prohibited by the laws and bylaws.

For a mercantile society to be considered by the INAES as eligible to receive funds from the Programme for the Promotion of the Social Economy, at least 51% of its share capital must be held by organisms of the social sector of the economy.

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<sup>4</sup> All members are liable for the society's social obligations in a subsidiary, unlimited and joint way.

<sup>5</sup> It is composed of one or more name partners who are liable, in a subsidiary, unlimited and joint way, for the society's social obligations, and one or more limited partners who are only required to pay their contributions.

<sup>6</sup> It is constituted by partners who are only required to pay their contributions; the shares may not be represented by negotiable instruments, to order or to the bearer, as they are only assignable in the cases and with the requirements that the LGSM establishes.

<sup>7</sup> It consists exclusively of partners whose liability is limited to the payment of shares.

<sup>8</sup> It is similar to the limited general partnership, but in the limited stock partnership, one or several partners are only obliged to pay for their actions.

<sup>9</sup> Except for cooperatives, societies' capital can vary; social capital is likely to be increased by members' subsequent contributions or through the admission of new members, and to decrease in case of partial or total withdrawal of contributions.

## 2.5. Other forms of social organization for the production, distribution and consumption of socially necessary goods and services

Since there is no definition of this category nor any specific term to refer to it, it may include some associative legal forms or even groups not possessing any legal form (such as community-based organisms or social groups that their members integrate only to receive government support).

Although it might appear not to make much sense to include such a broad and ambiguous category in our analysis, it is useful, given the lack of a precise definition of social enterprise, as it allows us to consider as part of the social sector of the economy future and even current associative forms that the law does not take into account for the purposes of promotion or support. The following types of organization are the legal forms and groups that the COSSE incorporates (in addition to those listed in the LESS).

### 2.5.1. *Workers' savings associations*

Workers' savings associations (*cajas de ahorro de trabajadores*) are an institutional mechanism set up in some companies or organizations to promote savings by the employees. The employees hold a general assembly at the beginning of the fiscal year to determine the operation of the "cash desk" (*caja*): types of loans, duration, amount, payment of interest, etc. They also elect those who will occupy the positions of treasurer, *vocal* (member with attributions) and secretary. The savings association performs its operations (savings and payments) via payroll and, at the end of the year, it reimburses each worker's contributions and, based on these, the proportional fair share of the interest earned.

Workers' savings associations do not have legal personality but they have internal regulations. They cannot be considered as social enterprises due to their lack of structure and permanence, and because the profits are distributed based on the contributions made. Nor are they considered as a financial intermediary because they cannot make a public call for savings or accept users who are not permanent employees of the company.

### 2.5.2. *Credit unions*

Credit unions are the oldest institutions providing financial services and, for many years, they have been the only source of credit for low-income producers<sup>10</sup>. The legislation has recognized and regulated this type of organization since 1932, and a specific law on credit unions was adopted in 2008.

Credit unions are only allowed to perform operations with their members, who can be national or foreign individuals or legal entities engaged in economic activities, with the exception of individuals who receive their income predominantly from wages and

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<sup>10</sup> There are sector-specific credit unions (for tanners, fishermen, ranchers, industrialists, farmers, traders, etc.), credit unions from the "social sector" (intended to assist organizations that, due to their social, economic and geographic conditions, cannot access traditional financial institutions), and mixed credit unions (serving various sectors).

salaries, pensions, or social support programs (Credit Unions Law [*Ley de Uniones de Crédito*] 2014, Article 21).

### **2.5.3. Community financial societies (SOFINCOs)**

Community financial societies (*sociedades financieras comunitarias*, or SOFINCOs) appeared in 2009 with the reform of the Law on Popular Savings and Credit (*Ley de Ahorro y Crédito Popular*, or LACP). The SOFINCO is one of the associative forms<sup>11</sup> created to provide financial services to low-income populations (members and others) in the rural sector.

It is a financial institution composed of individuals and legal entities<sup>12</sup> that is established as a public limited company (*sociedad anónima*) restricted by the collective ownership and democratic basis (no individual may have more than 1% of the share capital). It operates under the principles of territoriality, solidarity and mutual support and is organized on a sector-specific basis (farmers, ranchers, foresters, fishermen, etc.).

Its institutional design makes it possible for the savings collected in a community to be reinvested in the same region by means of credit, promotion of and investment for economic development of rural communities.

*The SOFINCOs are organisms based on mutual and solidarity principles that operate in a territory or micro-region, associating (natural or legal) persons in their area of influence. For these reasons, they are community-based and social proximity financial organisms.*

(Amucss and Fedrural 2013)

### **2.5.4. Unregulated multiple-object financial societies (SOFOMs)**

Unregulated<sup>13</sup> multiple-object financial societies (*sociedades financieras de objeto multiple*, or SOFOMs) are public limited companies that, in their bylaws, expressly include as their main social purpose the regular and professional pursuit of one or more of the activities authorized by law—granting credit to the public in various sectors and leasing and factoring financial operations.

They cannot raise funds from the public (they get them through financial institutions). The authorization of the federal government is not required for their establishment but they have the obligation to enlist with the Register of Providers of Financial Services. They cannot maintain economic ties with credit institutions, popular financial societies (*sociedades financieras populares*, or SOFIPOs), community financial societies (SOFINCOs) or savings and loan cooperative (SCAPs), nor issue debt securities in their

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<sup>11</sup> Savings and loan cooperatives (which, as we have seen, are regulated by the LRASCAP) and SOFINCOs are the two associative forms of the social, mutualist and solidarity type that provide financial services to poor people.

<sup>12</sup> Associative forms such as rural production societies (SPR) and SPR unions; *ejidos* and unions of *ejidos* and communities; agricultural and industrial units for rural women; social solidarity societies (SSS), civil associations, civil societies, producer cooperatives, *cajas solidarias*, local agricultural and livestock associations, rural associations of collective interest (ARIC) and public limited companies with at least 25 members.

<sup>13</sup> There are two types of SOFOMs: regulated ones and unregulated ones. Only unregulated SOFOMs are considered as OSSEs.

name. They are only subject to supervision by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or CNBV) in terms of prevention of operations with resources of illicit origin.

### **2.5.5. Social groups**

Many government programs condition the delivery of grants and subsidies to the existence of groups; as a consequence, groups are sometimes created “on paper” only and are dissolved (or each member carries out the project individually) as soon as they obtain the sought-after resources.

On the other hand, due to the complexity of the legislation and the costs linked to the process required to adopt a legal form and fulfil the fiscal obligations linked hereto, many groups function as self-managed collectives and implement successful productive projects under this form. Some of these groups belong to the movements and networks of the solidarity economy, but others are simply part of the informal economy.

In accordance with the Rules of Operation of the Programme for the Promotion of the Social Economy (PFES), the COSSE plans to support *social groups* not constituted as legal entities and composed of at least two or three members (depending on modality); these groups will be required to register legally only if their application is approved.

## **3. LEGAL FORMS NOT CONSIDERED IN THE SSE**

Beside the multiple forms that the LESS considers (the social sector of the economy [SSE] directly, and the social economy indirectly), there are other legal forms that meet the EMES indicators better. As will be discussed in the section about concepts often used in Mexico in relation to the social economy, the three legal forms that follow are an integral part of several of these concepts; they are generically called civil society organizations (*organizaciones de la sociedad civil*, or OSCs).

### **3.1. Civil associations (ACs)**

The civil association (*asociación civil*, or AC) is a broad legal form of association in which a group of people, making use of their right to freedom of association, set up an organization in order to carry out one or more activities in which the economic aspect is not given priority.

The civil association is regulated by the Federal Civil Code (2013, article 2,670): “When several individuals agree to meet, in a way that is not entirely transitory, to pursue a common purpose that is not prohibited by law and has no preponderant economic character, they constitute an association”.

While fundamentally organizations of this type do not pursue profit, they do not aim either to be in the red (“without profit purpose, but without desire of loss”); as a consequence, what is relevant is not whether they achieve economic benefit but how such benefit is distributed. However, most of them survive thanks to donations from companies or international organizations and governmental subsidies and support.

The withdrawal of the state created the conditions for these organizations to proliferate, in particular those providing assistance to vulnerable groups and those active in fields that were not of interest to the private enterprise or the public sector. To promote them—

and simultaneously regulate them—a law was passed in 2004: the Federal Law to Promote Activities Undertaken by OSCs (*Ley Federal de Fomento a las Actividades Realizadas por OSC*, or LFAROSC 2012). Article 5 of this Law defines the activities that are to be promoted, some of which coincide with (or are similar to) the categories of social and environmental goals considered by ICSEM:

- Support to feeding people;
- Support to the development of indigenous communities and peoples;
- Promotion of gender **equality**;
- Cooperation for **community development** in urban or rural environments;
- Support to the defence and promotion of **human rights**;
- Promotion and provision of services in the field of **health care** and health-related issues;
- Support in the use of **natural resources**, protection of the environment, flora and fauna, preservation and restoration of the **ecological balance**, and promotion of sustainable development at regional and community levels, in urban and rural areas;
- Promotion and **educational**, cultural, artistic, scientific and technological development;
- Promotion of actions to improve the people's economy.

Attention to social groups with low incomes or some social vulnerability (disability, senior citizens, single mothers, etc.)—i.e. focused attention—is privileged.

The National Institute for Social Development (*Instituto Nacional de Desarrollo Social*, or INDESOL), the federal government's entity in charge of the Federal Register of OSCs (*Registro Federal de las OSC*, or RFOSC) and main grantor of supports, defines them in the following way:

*Civil society organizations are groups composed of individuals, based on associative ties, that can perform activities of defence of and respect for human rights, of non-profit support or assistance to a third party, that do not pursue personal but community social benefits. Essentially, their origin corresponds to the right of every member of society to exercise their civic participation as the key to the existence of a greater joint responsibility of governments and citizens.*

(RFOSC 2015)

### 3.2. Civil societies (SCs)

Civil societies (*sociedades civiles*, or SCs) are similar to civil associations in that they offer an opportunity for the partners to commit mutually to combine their resources for the realization of a common purpose, but that purpose may have a predominantly economic character, without this constituting a commercial speculation.

The civil society form allows that the union of people pursue a direct and substantially economic benefit for itself (and not only for third parties), as in civil societies of professionals (doctors, lawyers, engineers, architects, etc.) who come together to provide their services, charging for this provision.

However, some groups of researchers and activists choose this legal form because it is more flexible, from the point of view of taxes and applicable regulations, and civil societies may be considered as making part of the third sector and of the category of

civil society organizations, given their areas of activity (health, sexual rights, reproductive health, housing, ecology, etc. and mainly training) and the target groups of their services.

Like civil associations, civil societies—provided they meet the requirements defined in the Federal Law to Promote Activities Undertaken by OSCs—have a

*right of access to supports and public incentives; to enjoy tax incentives and other economic and administrative supports; to receive donations and contributions [...]; to access the benefits for organizations arising from international conventions or treaties, and to receive counselling, training, and collaboration provided by departments and agencies [...], among others.*

Some types of organizations registered under this form are indigenous regional funds, foundations, business incubators, associations, rural development promoters, advisers, consultants, coordinators of organizations and development agencies. In fact, civil societies are the second most common legal form in the Federal Register of OSCs.

### 3.3. Private assistance institutions (IAPs)/private charity institutions (IBPs)

The law governing the establishment, management, operation, monitoring, merger and extinction of private assistance institutions (*instituciones de asistencia privada*, or IAPs) and private charity institutions (*instituciones de beneficencia privada*, or IBPs) is the Law of Private Assistance Institutions<sup>14</sup> of each state.

These organizations are often known as philanthropic organizations; they are non-profit organizations regulated by a specific law and monitored and supported by a Board of Private Assistance or an agency of the state executive. They are differentiated from other forms by the fact that they cannot modify their *foundation will*<sup>15</sup>; that is, if their object was to assist a specific vulnerable group, it cannot be replaced by another one, and they cannot dissolve and distribute their assets. If they are not able to continue operating, all their resources should be transferred to another institution with a similar social purpose.

IAPs' work consist in the

*[...] set of actions aimed to provide support to and ensure the social integration and healthy development of individuals or groups of vulnerable people or people at risk because of their condition of disadvantage, abandonment or lack of physical, mental, legal or social protection, as well as actions aiming to address situations of emergency, strengthen their [target group's] capacity to meet their needs and exercise their rights and, if possible, seek [these people's] reintegration into the family, labour and social spheres. The social assistance comprises actions of promotion, care, protection, and rehabilitation that are performed with assets of private property.*

(Law of Private Assistance Institutions for the Federal District 1998: Article 2)

<sup>14</sup> Four different terms are used according to the state: private welfare institutions, private charitable institutions, private charitable associations and private social welfare institutions.

<sup>15</sup> The founders are the people who give part of their assets to create an IAP.

## 4. SOCIAL ENTERPRISE-RELATED CONCEPTS OFTEN USED IN MEXICO

### 4.1. Third sector

Among social enterprise-related concepts often used in Mexico, the “third sector” is the most inclusive term; it is commonly deemed to include *inter alia* philanthropic, private assistance, and private or public welfare organizations, but also other organizations, which do not have a “social economy profile”, such as sports clubs, religious associations or political parties, networks of organizations, groups advocating human and political rights, and direct actions for the promotion of development (Verduzco 2003).

What is referred to by the term “third sector” in Mexico corresponds to the concept of “non-profit sector” such as delineated by the Johns Hopkins University in Baltimore in its “Comparative Nonprofit Sector Project”. Indeed, the classification of third sector organizations in Mexico meets the five key criteria<sup>16</sup> put forward by this Project that determine the basic characteristics that an organization must have to be considered as a non-profit entity:

1. Be organized, i.e. institutionalized to some extent.
2. Be private, i.e. institutionally separate from government.
3. Be non-profit-distributing, i.e. not returning profits generated to its owners or directors.<sup>17</sup>
4. Be self-governing, i.e. equipped to control its own activities.
5. Be voluntary, i.e. involving some meaningful degree of voluntary participation.

The “third sector” or “non-profit sector” is actually distinct from the government and the market sectors; a key feature is the autonomy of organizations from the government. Moreover, non-profit organizations are characterized by

*[...] the presence of voluntary activity (...) where the nature of the voluntary character implies that there exist neither moral imposition nor physical coercion to act, but rather a free and spontaneous choice of the people according to some own interest that is also shared by other members of the society.*

(Verduzco 2003: 27)

### 4.2. Non-governmental organizations (NGOs)

In many areas, even academic, the term NGO has been used interchangeably to refer to any association arising independently from governmental action, regardless of this organization’s objectives, size or interests. The broadest definition includes all organizations, clubs, work teams, associations, cooperatives and activists who gather to benefit their own members (Thomas 1992: 122).

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<sup>16</sup> These criteria were subsequently taken up by the UN in its *Handbook on Non-Profit Institutions in the System of National Accounts*.

<sup>17</sup> They can make profits, but these must be reinvested according to the organization's mission or to pay competitive wages to the workers.

In the 1990s, “NGO” was the most common term among social economy-related concepts in use in Mexico, but sometimes a distinction was made to delimit a narrower subset of organizations in the field of development:

*[...] we define as NGOs those groups that are formally organized, outside of the public sphere, that work in non-profit activities for the alleviation of poverty and the social development of their own members and/or of others. They do not only aim to benefit their own members, but also pursue a public interest, that—in general—is organized through actions directed from above.*

(Thomas 1992)

### 4.3. Civil society organizations (OSCs)

Some authors considered that the term “third sector” was too broad and vague, as it also included types of organizations such as trade unions and sport clubs. They thus proposed to delineate a better defined subgroup within the third sector, for which they put forward the term of NGOs. Other authors, however (in particular in the academic sphere), objected that the term NGO was not suitable, to the extent that it described these organizations by *what they were not*. They thus preferred the concept of “civil society organization” (*organización de la sociedad civil*, or OSCs), considering that the term “civil society” referred to the diversity of people who, *qua* citizens and usually collectively, act to make decisions in the public sphere.

NGOs or OSCs are a fundamental part of the third sector; in Mexico, as explained in Section 3, they are associated mainly with three legal forms: civil associations, civil societies, and private assistance/charity institutions.

**Chart 1. Mexico: OSCs registered by type of organization and activity status**

Type of organization	Total	Active	Inactive
<b>Total</b>	<b>26,961</b>	<b>20,760</b>	<b>6,201</b>
Civil associations	<b>25,366</b>	19,549	5,817
Civil societies	<b>493</b>	378	115
Private assistance institutions	<b>919</b>	696	223
Private charity institutions	<b>46</b>	38	8
Private charity associations	<b>100</b>	72	28
Private social assistance institutions	<b>21</b>	16	5
Foundations	<b>10</b>	9	1
Others	<b>6</b>	2	4

Note: The inactive status means that their registration has expired; they have not necessarily stopped their operations. "Private charity associations" and "private social assistance institutions" are legal forms that are equivalent to IAPs and IBPs; the names vary from state to state.

Source: Our own creation based on *Sistema de Información del Registro Federal de las OSC*, September 2014.

#### 4.4. Non-profit institutions

Another denomination that is usual in Mexico—although less frequent—is that of “non-profit institution” (*institución sin fines de lucro*, or ISFL), which the National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*, or INEGI) defines as:

*(...) legal or social entities created to produce goods and services. Their legal status does not allow them to be a source of income, profit or other financial gain for the units that establish, control or finance them; they are institutionally separate from the government, are autonomous and do not coercively impose participation.*

(INEGI 2015).

The INEGI classifies them into five types, which are described in Table 3.

**Table 3. Mexico: Types of non-profit institutions (ISFL)**

Concept	Definition
Non-profit institutions controlled and mainly financed by government	They are legally constituted entities, which are distinct from the government but are financed mainly by the government and over which the government exercises some degree of control.
Nonprofit institutions of market at the service of enterprises	They are created by business associations in order to promote their goals.
Non-profit institutions engaged in the non-market production	This category includes the ISFLs charging rates that are based on production costs and that are high enough to have a significant influence on the demand for their services; but any surplus obtained must be retained as the legal status of "nonprofit institutions" prevents them from distributing it.
Non-profit institutions engaged in the market production	This category includes the ISFLs that are unable to provide financial profit to the units which control or manage them and that have to rely primarily on sources of funding other than revenue from sales to cover their costs of production or other activities.
Non-profit institutions serving households	This category includes the ISFLs that are not financed and controlled by the government and that offer goods or services to households free of charge or at prices that are not economically significant.

Source: INEGI (2015).

## 4.5. Social economy

The INAES advocates the use of the term “social sector of the economy” (SSE) because

*[...] it is the one that has historically been most widespread in the country's governmental, academic, cooperative and trade unions' spheres, enjoying some degree of popularization and positioning in the social imaginary, so the introduction of a new concept could lead to confusion and uncertainty [...]*

(INAES 2013: Annex 1, 63)

The INAES defines the **social economy** as:

*[...] the economic activity carried out by agencies of the social sector, based on democratic decision-making, social ownership of resources, equitable distribution of benefits between their members and social commitment in favour of the community.*

(INAES 2014c)

The social economy is characterized by various features:

- A decision-making power not linked directly to capital or to the contributions of each partner.
- Relations of solidarity, cooperation and reciprocity.
- Associative structure and management.
- Creating jobs for or providing services to the members.
- Meeting the needs of its members and the communities where the activities take place.

The INAES defines the relation between the two notions—the “social sector of the economy” and the “social economy”—in the following way:

*[...] we talk about social economy as a system of practices and values developed in the social sector of the economy that the Law [on the Social and Solidarity Economy] has defined. The organisms that compose [the social economy] existed before the appearance of this law, but they will be called social enterprises when they meet the characteristics and practices that the social economy system favours.*

(INAES 2013: II)

In the discussion of these concepts (see section 5 below), we will analyze whether, given their legal characteristics, OSSEs can behave as social enterprises and, if it is the case, whether they actually do so in practice.

## 4.6. Solidarity economy

Although, from a legal point of view, the solidarity economy sector is regulated by the Law on the Social and Solidarity Economy, this law does not contain a definition of the concept, and the word “solidarity” appears only as an adjective qualifying culture (two occurrences), social economy (one occurrence) and forms of representation organisms (one occurrence).

In the academic field, some authors (such as Sánchez et al. 2012) understand the solidarity economy as made up of initiatives that aim to build an alternative economic system, and they quote Villareal (2005):

*This is how the solidarity economy arises with different practices around the world and with different concepts, but which all underline: collective participation, cooperation, self-management, democracy, self-sufficiency, promotion of human development and gender equity, as well as conservation of the ecosystem's balance.*

Others are very terse: they define the solidarity economy as made up of work and income-generating popular collective organizations or experiences based on reciprocity (Marañón 2013: 28).

Most academic work on the solidarity economy in Mexico have focused on documenting the experiences that have emerged and which include, among others, barter, ecological and organic production, street markets (*tianguis*), fair trade, local exchange trading systems (LETS), volunteering, recycling and reuse, ethical finance and, in general, the construction of another economic model, without profit-maximising purpose, which focuses on the individual and is based on equality, employment, respect for and commitment to the environment, cooperation, reciprocity, associationism, sustainability, etc.

#### **4.7. Social enterprises/social businesses/social entrepreneurship**

Like the ICSEM theoretical framework underlines, social enterprises in Mexico correspond to an organizational diversity that is much broader than the exclusive "non-profit" business model, but a clear definition or a consensual concept, agreed upon by the various actors concerned, are still lacking, and the terms of social economy, social enterprises, social businesses and social entrepreneurship are often used as synonymous.

The INAES underlines that:

*In practice, it is very complex to achieve a definition of social enterprise that enjoys worldwide acceptance; this is due, to a large extent, to the fact that the legal forms vary from one country to another and, for different reasons, [these legal forms] do not refer to the historical forms, such as the cooperatives.*

(INAES and Universidad Iberoamericana Puebla 2013: Annex 1)

For some authors, defining the legal forms that can most clearly be considered as making part of this "third sector of the economy" is more important than the name itself and they choose to include in this sector the legal forms that, in their foundation act, declare themselves non-profit and devoted to a social mission: civil associations, civil societies and private welfare institutions or private charities.<sup>18</sup>

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<sup>18</sup> Voluntary organizations and foundations are not in themselves a legal form; they use any of the above mentioned legal forms or constitute trust for the administration of funds.

For others, the key factor is the collective property or the characteristics of the organization's operation (internal democracy, self-management), while others still are rather guided by the social relevance of the organization's activities (production of goods and provision of services that are socially necessary) or the social and environmental objectives pursued (access to water, education, employment, community development, health, housing, human rights, empowerment, gender equity, etc.). Finally, for some authors, the determining factor is whether the direct and indirect beneficiaries of the organization's activity belong to a vulnerable group or not.

The use of the term **social business** is fairly recent and is linked to the Global Social Business Summit, which took place in 2014, and the presence of Muhammad Yunus in the country, who commented that "in Mexico, there are still no social business" because:

*They are things that are close to social businesses but are not exactly that, because they are charitable or are for profit—someone is making money from them. Social businesses are companies without dividends that solve problems; they are specifically designed to solve problems, without having any intention of winning dividends for oneself. Then you should take that money and reinvest it in the company.*

(Evia 2014)

There seems to be greater acceptance of the concept of **social entrepreneurship**, but not as an equivalent to that of social enterprise—rather as an attribute of an economic project, not necessarily productive, sometimes individual, but more often of a group, which leads to the generation of—new or additional—revenue for those who carry out the project, and to the improvement of their quality of life.

Depending on who promotes or supports the project, social entrepreneurship must sometimes have some additional features, such as innovation, sustainability, gender equality, etc. in order to be recognized as such.

## 5. DISCUSSION OF CONCEPTS

As already noted, even in the Mexican academia, there is relatively little concern for conceptualizing and characterizing the social economy and social enterprises. There are very few publications on the subject and in these publications, the different concepts presented here are often used as synonymous, or authors simply take up other countries' definitions.

The differences in criteria and variables to consider regarding social enterprise highlight the fact that the only consensus that has been achieved is that there is no consensus; that is, there is not a univocal concept, a definition, or even a unique term. Rechy (in press) states:

*Some authors as well as various organized groups and even different sets of laws allude to [the social sector of the economy] using another type of name or [term]. Among the terms used, we could mention: solidarity economy, alternative economy, social interest enterprises sector, voluntary or third sector of society, sector of the labour economy, sector of the economy with a human face, self-managed economic sector, popular economy and economy of the poor.*

Something similar happens in terms of the theoretical aspects. As Rechy adds:

*[...] there does not even exist what could be called a theory of the sector; [...] what has indeed been produced, and abundantly, is much ideology. Since the social sector is the product of a national history, rich in struggles and regional thinkers, it has become an intangible, incomprehensible, indecipherable reality, whose limits are indeterminable.*

Sánchez et al. (2012) agree about this issue:

*[...] the social economy is a heterogeneous economic reality, marked by a series of difficulties and contradictions regarding its definition and conceptualization, the delimitation of its activities and of its organizations and, consequently, its quantification [...]. We must not forget that this sector includes economic units linked to activities of all sectors and that they may be present at all stages of the production process. In addition, in each country or region, it is treated with different terminologies that are easily confused [... They do] not even always define the same field of activities.*

Given the variety of terms in use and the lack of consensus on them, we consider most relevant to confront the characteristics of the Mexican organizations with the definitions developed internationally. Table 4 thus compares the indicators put forward by the EMES International Research Network with the purposes, values, principles and practices of the organisms of the social sector of the economy listed in the Law on the Social and Solidarity Economy as well as with those defined by the INAES on its website.

As the table reveals, there are only few characteristics in common, and in the Mexican case, there seems to be confusion between the goals, values, principles and practices to be observed by the organizations.

Table 4. Comparison of criteria

EMES indicators (ICSEM Project)	Mexico: purposes, principles, values and practices in the LESS (2013)	México: INAES website (2014)
<b>Economic project</b>		
A continuous production	Production, distribution and consumption of goods and services that are socially necessary (purposes)	Socio-economic system
Some paid work	Generation of sources of work and better ways of life for all people (purposes)	
An economic risk		
<b>Social mission</b>		
An explicit social aim	Design of plans, programs and projects for economic and social development (purposes)	
Limited profit distribution, reflecting the primacy of social aim		
An initiative launched by a group of citizens or a third-sector organization(s)		Associative bodies of social property
<b>Participatory governance</b>		
A high degree of autonomy	Autonomy and independence from the political and religious spheres (principles)	Democratic management
A participatory nature, which involves various parties affected by the activity	Democracy (values) Participatory democracy (purposes) Participatory democracy regime (principles)	
A decision-making power not based on capital ownership	Equitable distribution of benefits without any discrimination (purposes)	Equitable and inclusive distribution of surpluses

Source: Elaborated by author.

The absence of a concept and theory are further complicated by the diversity of legal forms operating in Mexico, which are summarized in table 5. Schematically, two groups can be distinguished: the organisms of the social sector of the economy (listed in the LESS and the COSSE) and civil society organizations (OSCs). A special case is that of social groups: they were traditionally considered to be closest to OSCs (since they operate on a non-profit basis and are often launched by OSCs) and as not belonging to the COSSE (due to their lack of legal form), but they are now included in the COSSE.

Table 5. Characteristics of social organizations in Mexico

Legal form	Objective	Sector	Economic sector	Activities
<i>Ejid</i> os	Comprehensive and equitable development of the rural sector through productive activities and social actions to increase welfare and participation of the population	Social sector of the economy (SSE)	Primary	Agriculture, forestry, beekeeping, aquaculture, hunting, commercial fishing
Communities				
Cooperatives	To join forces and help to meet needs of groups and individuals, carrying out activities of production, distribution or consumption of goods and services		Primary/secondary/tertiary	Agroindustrial, craft, mining, metalworking, wood, clothing, construction, supply of products, transport, trade, credit and savings, cooperative education, housing, social welfare, among others
Social solidarity societies (SSSs)	Creation of jobs, job training, construction of rooms for members, payment of retirement, pension and disability and other welfare services, and medical and educational services for partners		Primary/secondary/tertiary	Agriculture, forestry, beekeeping, aquaculture, hunting, commercial fishing, agribusiness, metalworking, clothing / education, health, housing, welfare services
Rural production societies (SPRs)	To undertake, develop and consolidate productive and social investment projects To produce, transform, commercialize, and provide associated services To manage financing, insurance, supplies, machinery, equipment, facilities		Primary/secondary/tertiary	Industries, exploitation, commercialization and any other economic activities
Rural associations of collective interest (ARICs)	Establishment of industries, exploitation, commercialization systems and any other economic activity		Secondary/tertiary	Industries, exploitation, commercialization and any other economic activities
Mercantile societies (SMs)	To perform all trade acts that are necessary for the fulfillment of the social object specified in the foundation act of each society		Catalogue of organisms of the social sector of the economy	Tertiary
Credit unions (UCs)	To serve their members as a medium for obtaining and channeling financial resources, to satisfy the production needs of supplies of its members and to make its organization and administration processes more efficient	Tertiary		Granting credits and loans to its members Practice discount operations, financial factoring and leasing, with values and derivatives Promote the organization and managing of industrial or commercial enterprises Buy, sell and market supplies, goods and sundries, among others
Community financial societies (SOFINCOs)	To promote rural financial education, which will aim to promote savings and credit support for the development of productive activities in the rural sector, for which it may receive donations and support from federal, state and municipal governments	Tertiary		It offers savings, credit, micro-insurance, remittances (domestic and international), transfer of subsidies and payment services to its partners and customers
Unregulated multiple object financial societies (SOFOMs, ENR)	Regular and professional realization of one or more of the activities of granting of credits and loans to its partners, leasing or financial factoring	Tertiary		One or more of the following activities: granting of credits and loans to its partners, leasing or financial factoring
Social groups	To boost productive projects	Primary/secondary/tertiary		Agriculture, forestry, beekeeping, aquaculture, fishing, agribusiness, crafts, clothing

Legal form	Objective	Sector	Economic sector	Activities
Civil associations (ACs)	Social welfare, popular diet, development of indigenous peoples and communities, gender equality, attention to social groups with disabilities, human rights advocacy, promotion of sports and educational, cultural, artistic, scientific and technological development	Civil society organizations	Tertiary	Education, health, housing, welfare, recreation, social justice, promoting popular economy, citizen participation, urban and rural development
Civil societies (SCs)	The partners mutually agree to combine their resources for the realization of a common goal of predominantly economic nature		Tertiary	Health, sexual rights, reproductive health, housing, ecology, etc but mainly training
Private assistance institutions/private charity institutions (IAPs/IBPs)	To perform actions that help the population to deal with emergency situations, strengthen their capacity to meet needs, exercise their rights and, if possible, to ensure their family, labour and social reintegration		Tertiary	Support, social integration and healthy development of individuals or groups of vulnerable population or population at risk, by their condition of disadvantage, neglect or lack of physical, mental, legal or social protection

Source: Elaborated by author based on the current legislation applicable to each legal form.

As we can see, the organizations of the social sector of the economy differ to a great extent from the social enterprise-related concepts that are most frequently used in the world. However, some of these organizations also have some things in common with social enterprises such as they are envisaged in the ICSEM Project:

1. They coincide on some central aspects (collective ownership, primacy of the individual over capital, ongoing production of goods or provision of services, etc.).
2. The social sector of the economy and social enterprises are located between the public economy and the capitalist economy, and they have the potential to be an alternative to the latter and to the neoliberal policies that have been implemented.
3. It is recognized that the social sector of the economy and social enterprises have the potential to contribute to economic development and create positive effects in aspects such as income redistribution, the generation of productive employment, the reorientation of production towards social priority, etc.
4. The social sector of the economy and social enterprises develop activities to meet a social mission.
5. They benefit lower-income people or people who are vulnerable in one way or another.

In fact, in several regards, many OSCs are closer to the social economy and social enterprises than organizations that are “officially” part of the social sector of the economy. However, some authors resist and even oppose the inclusion of OSCs and other, similar types of organizations in the SSE:

*On the other hand, neither the micro nor the family business can be an integral part of the social sector of the economy to the extent that both are managed as profit-oriented private businesses. Neither [can] NGOs or private assistance institutions [be considered as part of this sector] since their functions are only to provide external service and advice. Finally, the informal sector (which includes various—legal or illegal—production units giving temporary or permanent employment to a number of workers who are not employed on the formal market and who consequently escape, totally or partially, the national accounting and tax system) is not part of the social*

*sector of the economy either, but its transition to [this sector] must be ensured through its adaptation to some of the associative forms legally recognized as part of it.*

*In conclusion, the social sector of the economy is the system that is created by the interaction among the set of social entities organized and identified by self-management, solidarity, democratic and humanist practices and which pursue the integral development of the human being as subject, actor and end of the economy.*

(Rechy, in press)

Other authors are more practical:

*There have been many attempts to define [the social sector of the economy]. We do not intend to participate in this debate; we want only to identify it so [...] that it corresponds to identifiable and identified economic and social forms.*

(Barceló 1988: 44)

In this sense, the most convenient approach is to confront the actual behaviour of organizations, regardless of their legal form, with EMES indicators. In such perspective, we assigned different values to each indicator according to the frequency with which we can find it in every type of organizations:

- 0: The indicator is not present in this type of organization.
- 1: Among organizations of this type, some have this feature.
- 2: Among organizations of this type, many meet this criterion.
- 3: This criterion is a distinctive feature of organizations of this type.

To avoid that the results reflect an individual and subjective perspective, once the assessment had been completed on the basis of personal knowledge, the table was sent for validation to several specialists in rural, agriculture and forestry development; in cooperatives; and in civil society organizations and social groups.<sup>19</sup>

As expected, the higher values were obtained by production cooperatives and civil associations (24)<sup>20</sup>, social solidarity societies (23) and consumer cooperatives (22), which means that the majority of the organizations of each of these types behave as (or that their behaviour is close to that of) social enterprises. The reason why savings and loan cooperative do not score as high as these other types of organizations is that, because of the current prudential regulation and the pressure exerted by financial authorities, some (or many) of them treat their members as customers and are more concerned to comply with financial management indicators than with cooperative principles. As for the legal form of social solidarity society, it has made it easier for some (mainly rural) work and

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<sup>19</sup> Diana Elisa Bustos Contreras and Alfredo Tapia Naranjo of the National Institute of Forestry, Agriculture and Livestock (*Instituto Nacional de Investigaciones Forestales, Agrícolas y Pecuarias*, or INIFAP) for agricultural organizations; José Antonio Espinosa García, INIFAP (livestock); Jesús Zárate Mancha, independent consultant (forestry); Mario Rechy Montiel, former Advisor to the Economic Development Committee in the Senate (cooperatives and workers' organizations) and Alejandro Natal Martínez of the Universidad Autónoma Metropolitana Lerma (organizations of civil society and social groups). Even though they each have a specific field of expertise, several of them expressed their view on all the legal forms.

<sup>20</sup> The maximum score that could be obtained was 27, since there were 9 indicators and 3 was the maximum value for each indicator (see table 6).

social groups to acquire legal personality and to become qualified for the benefits linked to this legal form.

Among civil society organizations, civil associations score better (24) than the other two forms because, to a large extent, they are set up to provide a solution to social problems that are not addressed by the public and private sectors. Civil societies obtained a slightly lower score (21) because not all of them respond to a social need; some of them (such as professional firms) are created for the benefit of their own members; they choose this legal form because of the legal facilities that it offers them.

Finally, welfare or private charity institutions score lowest (19) in the group of civil society organizations because many of them are still handout schemes.

On the opposite end of the spectrum, among the four types of organization with the lowest scores, three (namely rural associations of collective interest, multiple-object financial societies and mercantile societies [OSSE's participation of at least 51% of the share capital]<sup>21</sup>) are entities in which profit distribution or the creation of social funds are not restricted by law; consequently, many of them may have been constituted with a purely economic purpose and for the benefit of those who constitute them. As for community financial societies, their low score is due to fact that, since the creation of this legal form (in 2009), only one organization has been set up under this legal form, which obviously makes any reliable assessment difficult, and, above all, to some features of the law that regulates them.

The last column on the right indicates the number of legal forms that obtain the highest possible value for a given indicator (i.e. 3, which means that the indicator is a distinctive feature of such organizations), while the bottom line indicates the number of EMES indicators for which each legal form obtains the highest score.

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<sup>21</sup> They obtained respectively 13, 13 and 8 points.

Table 6. Comparison of EMES indicators for social enterprises and the functioning of the Mexican legal forms

EMES indicators	Catalogue of organisms of the social sector of the economy (COSSE)													Civil society organizations			No. of legal forms scoring 3 by indic.	
	Organisms of the social sector of the economy (OSSE)									Other legal forms				Social groups	AC	SC		IAP/IBP
	Ejidors	Communities	Cooperatives			SSS	SPR	ARIC	SM	Financial institutions								
			Consumption	Production	SCAP					UC	SOFINCO	SOFOM, ENR						
<b>Total score</b>	18	17	22	24	17	23	18	13	8	21	13	13	19	24	21	19		
<b>Economic project</b>																		
A continuous production <sup>1</sup>	2	2	2	3	3	3	3	2	3	3	3	3	1	1	2	2	8	
An economic risk	3	2	2	2	2	2	2	2	1	2	2	2	3	3	2	1	3	
Some paid work	1	1	2	3	3	3	3	3	3	3	3	3	1	3	3	3	12	
<b>Social mission</b>																		
An explicit social aim	2	2	3	3	2	3	2	1	1	3	2	1	2	3	2	3	6	
An initiative launched by a group of citizens or third sector organization(s)	1	2	3	3	2	3	3	2	0	2	0	1	2	3	3	3	7	
Limited profit distribution, reflecting the primacy of social aim	2	2	3	2	1	1	1	1	0	1	0	0	1	3	2	3	3	
<b>Participatory governance</b>																		
A high degree of autonomy	2	2	2	3	1	2	1	1	0	2	1	1	3	3	3	2	4	
A participatory nature, which involves various parties affected by the activity	2	2	2	3	1	3	2	1	0	3	1	1	3	2	2	1	4	
A decision-making power not based on capital ownership	3	2	3	2	2	3	1	0	0	2	1	1	3	3	2	1	5	
<b>Number of indicators for which the score of 3 is reached by type of organization</b>	2	0	4	6	2	6	3	1	2	4	2	2	3	7	3	4		

SCAPs: savings and loan cooperatives; SSSs: social solidarity societies; SPRs: rural production society ; ARICs: rural associations of collective interest; SMs: mercantile societies (OSSE's participation of at least 51% of the share capital); UCs: credit unions; SOFINCOs: community financial societies; SOFOMs, ENR: unregulated multiple object financial societies; ACs: civil associations; SCs: civil societies; IAPs: private assistance institutions; IBPs: private charity institutions.

The values correspond to the following attributes: 0: The indicator is not present in this type of organization; 1: Some organizations have this characteristic; 2: Many organizations meet this criteria and 3: This criteria is a distinctive feature of such organizations

<sup>1</sup> For organizations that are located in the tertiary sector, we take into consideration the continuous provision of services.

Source: Elaborated by author with the validation of experts in different types of organizations.

## FINAL CONSIDERATIONS

As already mentioned, there is relatively little academic production relative to social enterprises and the social economy in Mexico; existing publications often take up definitions by foreign authors and use as synonymous some of the concepts discussed here and others which are less frequently used, such as mixed economy, non-profit business, popular economy, community economic development corporations or organizations, people-centred economy, economy for life, etc. Other authors choose to steer clear of the controversy and only aim to identify the “easily identifiable and identified economic and social forms”. Others still try to contribute to the debate on some of the concepts, but ultimately, they only have in mind one of the legal forms (namely cooperatives) and, therefore, their proposals leave out the characteristics of the other types of organizations.

On the side of practitioners, what is remarkable is the absence of Internet portals and webpages; several networks do not have their own space and are hosted on the websites of other countries’ networks<sup>22</sup>, or their websites are advertised as under construction. Most productions (by academics or practitioners) on the solidarity economy in Mexico have focused on documenting the experiences that have emerged (focusing mostly on success stories), highlighting them as an alternative to the prevailing economic model.

As for the terms and definitions used in Mexico, perhaps the problem is not strictly conceptual: the differences between some positions are due to what interests and concerns every sector in the definition adopted:

- Academics are interested in a well-defined concept that helps to advance science, the theory of organizations (and of this sector in particular) and the knowledge of the field.
- For the leaders of the organizations and bodies representing the sector, what is important are the ideological, political and organizational consequences but also, above all, the consequences in terms of support and subsidies, as these include or leave out some players.
- Political parties are particularly interested in the strengthening of some social actors and the possibility to lead or slow their integration, as well as the emergence of an alternative project of nation.
- For the government, what is especially important is the design of public policies for the development, organization and expansion of the economic activity of the sector and the budget that this would imply.

In conclusion we could point out the following elements:

- There is no clear definition (or even name) or theory of social enterprises and the social economy in Mexico.
- The concept most frequently used—according to the INAES—is the “social sector of the economy”, as it is used in the laws regulating the field, but the list of legal forms provided in these laws is not exhaustive. However, the INAES itself has begun to use the concept of social economy in its Internet portal and training materials, among the instances that have been created, in the programme of incentives, etc., but there still does not seem to be sufficient institutional clarity on this matter.
- Organizations in the SSE are very different among themselves and from those making up the third sector or the European social economy.

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<sup>22</sup> A Google search on “solidarity economy in Mexico” returns as a first result the Portal of Solidarity Economy Mexico, but it is actually a webpage of the Network of Networks for Alternative and Solidarity Economy (*Red de Redes de Economía Alternativa y Solidaria*, or REAS) based in Spain.

- The other denominations commonly used in Mexico (third sector, voluntary sector, non-profit sector, solidarity sector, solidarity economy, social economy, social initiative and others) are not synonymous. By putting the emphasis on a specific feature (for example, volunteering or solidarity), each concept automatically excludes organizations which do not possess such feature. This can lead to certain organizations with the same legal form, in the same economic sector, carrying out the same activities and addressing the same target population (to name only some features) not belonging to the same subset.
- There are many interests behind the definition chosen that are linked to both academic aspects and government and public policy support aspects.
- The comparative analysis of the various Mexican legal forms in terms of EMES indicators represents a first approach to demonstrate that the social sector of the economy includes some types of organizations that cannot be considered as social enterprises, although they have been part of historical processes or exercise political pressure to be considered as social economy organizations and be eligible to receive PFES supports. At the same time, such comparative analysis helps to define the universe of study for the fieldwork of the ICSEM Project.
- There is no consensus on the variables<sup>23</sup> to be used to determine the inclusion/exclusion of certain types of organizations or the one(s) that should be prioritized, but the definition of models of social enterprise by the ICSEM Project will undoubtedly shed light on this issue.
- In light of the above elements, our current hypothesis is that not all types of organizations recognized by the LESS are really forms of social enterprise, while others that are not included in the COSSE are closer to the characteristics of social enterprise. We also assume that the fieldwork will reveal that several Mexican legal forms may be associated with a single model of social enterprise, and that, conversely, within the same group (e.g. that of cooperatives), we will find differences among organizations that will be significant enough to classify them into different models of social enterprise.

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<sup>23</sup> Non-profit; self-management, solidarity, democratic and humanist practices; creation of social actors; production of goods and provision of services that are socially necessary; social and environmental objectives contained in the organization's mission; benefits for the community, for low-income population or for people who are vulnerable in one way or another, etc.

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## APPENDIX 1: LIST OF ACRONYMS

### Organizations and programmes

- AC:** civil association (*asociación civil*)
- ARIC:** rural associations of collective interest (*asociaciones rurales de interés colectivo*)
- CNBV:** National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*)
- COSSE:** Catalogue of organisms of the social sector of the economy (*Catálogo de organismos del sector social de la economía*)
- IAP:** private assistance institutions (*instituciones de asistencia privada*)
- IBP:** private charity institutions (*instituciones de beneficencia privada*)
- INAES:** National Institute for the Social Economy (*Instituto Nacional de la Economía Social*)
- INDESOL:** National Institute for Social Development (*Instituto Nacional de Desarrollo Social*)
- INEGI:** National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*)
- ISFL:** non-profit institution (*institución sin fines de lucro*)
- OSC:** civil society organizations (*organizaciones de la sociedad civil*); these include civil associations (AC), civil societies (SC) and private assistance institutions (IAP)/private charity institutions (IBP)
- OSSE:** organisms of the social sector of the economy (*organismos del sector social de la economía*)
- PFES:** Programme for the Promotion of the Social Economy (*Programa de Fomento a la Economía Social*)
- RFOSC:** Federal Register of OSCs (*Registro Federal de las OSC*)
- SC:** civil societies (*sociedades civiles*)
- SCAP:** savings and loan cooperatives (*sociedades cooperativas de ahorro y préstamo*)
- SOFINCO:** community financial societies (*sociedades financieras comunitarias*)
- SOFIPO:** popular financial societies (*sociedades financieras populares*)
- SOFOM:** multiple-object financial societies (*sociedades financieras de objeto multiple*)
- SPR:** rural production societies (*sociedades de producción rural*)
- SSE:** social sector of the economy (*sector social de la economía*)
- SSS:** social solidarity societies (*sociedades de solidaridad social*)

### Laws

- LACP:** Law on Popular Saving and Credit (*Ley de Ahorro y Crédito Popular*)
- LESS:** Law on the Social and Solidarity Economy (*Ley de la Economía Social y Solidaria*)
- LFAAR:** Law on Agricultural and Rural Insurance Funds (*Ley de Fondos de Aseguramiento Agropecuario y Rural*)
- LFAROSC:** Federal Law to Promote Activities Undertaken by OSCs (*Ley Federal de Fomento a las Actividades Realizadas por OSC*)
- LGSC:** General Law of Cooperative Societies (*Ley General de Sociedades Cooperativas*)
- LGSM:** General Law of Mercantile Societies (*Ley General de Sociedades Mercantiles*)
- LISF:** Law on Insurance Institutions and Bonding (*Ley de Instituciones de Seguros y Fianzas*)
- LRASCAP:** Law to Regulate the Activities of Cooperative Societies of Savings and Loan (*Ley para Regular las Actividades de las Sociedades Cooperativas de Ahorro y Préstamo*)

## APPENDIX 2: AIMS, PRINCIPLES, VALUES AND PRACTICES TO BE MET BY OSSES

Aims (Article 8)	Principles (Article 9)	Values (Article 10)	Practices (Article 11)
<p>Promote the integral development of the human being</p> <p>Contribute to the socioeconomic development of the country, participating in the production, distribution and consumption of goods and services that are socially necessary</p> <p>Promote education and training by promoting practices that strengthen solidarity, creative and entrepreneurial culture</p> <p>Contribute to the exercise and development of participatory democracy</p> <p>Participate in the design of plans, programs and projects of economic and social development</p> <p>Facilitate the participation and access to education, work, property, information, management and equitable distribution of benefits, without discrimination</p> <p>Generate sources of work and better ways of life for all people</p> <p>Promote full creative and innovative potential of workers, citizens and society</p> <p>Promote productivity as a mechanism for social equity</p>	<p>Autonomy and independence from the political and religious spheres</p> <p>Participatory democracy regime</p> <p>Self-management style of working</p> <p>Concern for the community</p>	<p>Mutual aid</p> <p>Democracy</p> <p>Equity</p> <p>Honesty</p> <p>Equality</p> <p>Justice</p> <p>Plurality</p> <p>Shared responsibility</p> <p>Solidarity</p> <p>Subsidiarity</p> <p>Transparency</p> <p>Trust</p> <p>Self-management</p>	<p>Primacy of human beings and their work over capital</p> <p>Membership and voluntary retirement</p> <p>Democratic, participatory, self-management and entrepreneurial management</p> <p>Work for mutual and community benefit</p> <p>Social or joint ownership of the means of production</p> <p>Economic participation of the partners in justice and equity</p> <p>Right of those who provide personal services in the OSSEs to join as partners</p> <p>Destination of surpluses to the provision of services of a social nature, the growth of its reserves and funds, and to reinstate to its partners in proportion to the use of the services or the participation in the work of the OSSEs</p> <p>Education, training and technical-administrative permanent and continuous training for partners</p> <p>Promotion of the culture of solidarity and protection of the environment</p> <p>Periodic information on its results and financial statements to its partners and free access to the respective information</p> <p>Integration and collaboration with other OSSEs</p> <p>Solidarity commitment to communities where they operate</p> <p>Creativity and innovation in all fields and practices of the OSSEs.</p>

Source: Elaborated by author based on the Law of Social and Solidarity Economy (2013)

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