How to measure the “production” of a social enterprise?

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## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>1. Social enterprise in today’s national accounting</td>
<td>4</td>
</tr>
<tr>
<td>2. For broadening the notion of production of social enterprises</td>
<td>5</td>
</tr>
<tr>
<td>3. Can production of the social enterprise—in the larger sense—be measured and taken into account in the GNP?</td>
<td>7</td>
</tr>
<tr>
<td>The accounting measurement of broadened production</td>
<td>8</td>
</tr>
<tr>
<td>The economic measurement of broadened production</td>
<td>10</td>
</tr>
<tr>
<td>Conclusions</td>
<td>12</td>
</tr>
<tr>
<td>References</td>
<td>14</td>
</tr>
</tbody>
</table>

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INTRODUCTION

Whatever definition is retained, it is generally accepted that a social enterprise is an organization that can be considered an enterprise. By enterprise, we mean any entity designed to produce or distribute goods or services, regardless of its legal status or method of financing.

A social enterprise stands out in comparison with other private providers of goods and services because it is managed according to non-capitalist objectives. This is illustrated by three characteristic traits: the social aim of the activity, the constraint on the profit distribution and democratic methods of governance (Defourny & Nyssens 2011, Mertens & Marée 2010, Barrea & Monzon 2006, Bouchard et al. 2008). These characteristics have two important effects for the ideas we will be presenting. First, in much of the world, social enterprises often have specific legal forms, generally of an associative or cooperative nature, that offer these organizations an appropriate institutional framework in which to carry out their production activities. Second, the pursuit of a social aim very often implies relying at least partially upon non-market resources to cover production costs (public funding, private donations, volunteering).

These two differences have important consequences in terms of quantification: whether to generate management indicators (profitability ratios, structure ratios, etc.) or to create statistics on a macroeconomic level, conventional measurements often prove to be poorly adapted for providing an accurate quantitative understanding of what a social enterprise produces.

There are two reasons for this. First, conventional measurements were designed for enterprises with a capitalist aim and seem obsolete in the context of a social enterprise. Let us take "return on investment" (ROI) for example, intended to measure the rate of return of the funds invested in an enterprise by evaluating the relevance of these investments in a cost/benefit perspective. Does this measure apply uncompromisingly to social enterprises? It is easy to imagine that the answer is negative; indeed, it seems ill-advised to analyze the return of a social enterprise by limiting the analysis to its financial performance, as has incidentally been illustrated by recent attempts to surpass the limitations of conventional measurement for defining “social” return on investment (SROI).

Second, and this is linked to the previous point, the production activity of an enterprise or its value added, that is to say its contribution to the gross national product (GNP) are generally measured using information delivered by the market. However, the production of a social enterprise cannot always be totally evaluated by the market. Indeed, the pursuit of a social purpose sometimes leads to the providing of non-market goods or services, without requiring a payment in return that completely covers the production costs, notably because one does not want to reserve access and consumption solely to those who have the means and the motivation to pay this price. Furthermore, consumption (and production) of certain goods and services often generates positive effects on other people than the direct consumers. These effects do not however give rise to a payment through market mechanism. On the other hand, they justify the mobilization of other so-called non-market resources such as public funding, private donations, membership fees, or volunteer work. These resources are mobilizable by social enterprises because they produce common goods (recognized as such and financed at least in part by public institutions) or positive externalities recognized by private agents (Santos 2012, Young 2007). The market alone seems therefore to be an insufficient mechanism for revealing the complexity of production of a social enterprise. Can a social enterprise then be evaluated through a result expressed in terms of monetary value or volume, as in the case of the capitalist enterprise of which the bulk of production is exchanged on the market?

1 We use the notion of enterprise as it is defined within the framework of European law (Hoffner ruling at the Court of Justice of the European Community of April 23, 1991 - aff. C-41/90).

2 See notably www.thesroinetwork.org.
The present chapter attempts to respond to this second question. We indeed wish to demonstrate that because of its complexity, the accurate evaluation of the production of social enterprise is hindered by a major conceptual and theoretical problem, particularly when it comes to seeking a monetary measurement of it. Our demonstration is articulated into three steps. We first review (section 1) how the production of the social enterprise is now taken into account by the conventions of the national accounting. We later illustrate (in section 2) that it is necessary to introduce a notion of “broadened production” if we want to take into account all the dimensions of what the social enterprise really produces. Finally, we conclude (section 3) by showing how this “broadened production” can unfortunately not be the object of a unique monetary measurement, and that it is therefore necessary to let go of the idea that it would be possible to measure the actual contribution of the social enterprise to the gross domestic product. We instead plea for recognition of the complexity of the production activity of social enterprise and formulate propositions that support the measurement of this production within another framework.

1. SOCIAL ENTERPRISE IN TODAY’S NATIONAL ACCOUNTING

In national accounting, the national production of a country (GNP) is a statistical measurement intended to measure the whole of production resulting from the activity of all economic organizations, whether private enterprises, households, public administrations or nonprofit organizations. The GNP is in fact obtained from three equivalent approaches (European Commission et al. 2009): the sum of the value added generated, the sum of the primary revenues distributed, and the sum of the final expenditures of the economic agents. The first approach, to which we limit ourselves in this work, consists therefore of adding up, for all production units, the total value actually created, that is to say the difference between the value of what was produced (output) and the value of what was consumed in the production process (input or intermediate purchases).

In this calculation, the notion of value is founded, in practice, on the price. In market economy, the production of an enterprise indeed gives rise to an exchange given value by a price, the production value being therefore nothing more than the amount obtained by multiplying the quantities exchanged by the unitary price. By deducting from that amount the intermediate purchases given value by market prices, we obtain the value added of the enterprise, that is to say its contribution to the GNP. This reasoning can easily apply to the enterprise whose production is sold out on the market. But what about the enterprises whose activity consists in part or in whole of providing goods and services outside of the market?

This question has already been asked when national accountants have attempted to assess the value of public services: what is the value of an education service rendered by a school when this service is offered for free? The answer national accounting offers has become a classical one: in the absence of a price, the value of non-market production is measured by what it costs (European Commission et al. 2009). Having deducted intermediate purchases, this value is therefore essentially reduced to the compensation for employees.

And what about an enterprise whose activity can be qualified as hybrid, that is to say made up both of the selling of products on the market and the providing of a non-market service? Such a configuration is not rare and is precisely observed in many social enterprises. As an example we will use the case of a work-integration social enterprise that hosts and follows up on vulnerable individuals (non-market production), while providing them work within the framework of a recuperation and recycling activity (market production). For such a case, national auditing relies upon a simple criterion (United Nations, 2003): if the product of sales reaches and surpasses 50% of the total common resources (also include donations, membership fees, public subsidies, etc.), the conventional calculation of value added applies (value of the market production less intermediate purchases); otherwise, the activity is considered as non-market and, as is the case for public services, the cost method is used.
Satellite accounts\(^3\) constitute a good illustration of the aforementioned conventions. The satellite account of nonprofit institutions indeed includes organizations whose value added is calculated from their sales, but also organizations that, like public services, are attributed a value added based on their production costs\(^4\). The following table indicates, for three countries that establish a satellite account for nonprofit institutions, the contribution calculated in this way by the organizations for the GNP\(^5\).

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount</th>
<th>% of the GNP</th>
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<tbody>
<tr>
<td>Belgium (2010)</td>
<td>19,712.2 million €</td>
<td>5.5%</td>
</tr>
<tr>
<td>Canada (2008)</td>
<td>35,600 million $</td>
<td>2.4%</td>
</tr>
<tr>
<td></td>
<td>100,700 million $</td>
<td>7.1%</td>
</tr>
<tr>
<td>France (2002)</td>
<td>45,771 million €</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

\(^(*)\) Including hospitals, universities and colleges


A first limitation of the aforementioned approach is its heterogeneous character because the same method of calculation of value added is not applied to all organizations, except in France. A second limitation results from the underestimation of the value added of the organizations that are considered as market producers (Mertens 2002). Indeed, for these organizations, production is calculated solely based on sales, while most of them also have non-market production financed with the help of other resources (private donations, subsidies, etc.). Let us take the previous example of the work-integration enterprise and assume that 55% of the resources come from the market (the sale of recycled products), the rest being made up of donations and public transfers. In this example, for national accounting, production is limited to sales of recycled products; it therefore does not take into account training and follow-up activities, etc. carried out within the enterprise thanks to non-market resources.

Aside from these limitations, it is more fundamental to question the pertinence of the method of calculation of non-market production in national accounting. Indeed, whether in relation to a public service or a social enterprise, we wish to demonstrate that this production includes dimensions that cannot be evaluated through accounting data, consequently resulting in a marked underestimation of the corresponding value added.

2. FOR BROADENING THE NOTION OF PRODUCTION OF SOCIAL ENTERPRISES

Although the reasoning we propose applies to any public service and to any social enterprise, it is convenient to continue to use the emblematic example of the work-integration enterprise. This type of enterprise contributes to socio-professional reintegration of workers marginalized on the job market through a commercial activity in the production of goods or services (recuperation and recycling of residual materials, building renovation, organic vegetable growing, etc.). Sales made by this enterprise express the value of its market production. However, as we have seen, this production is

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3 See the chapter by Fecher.
4 It should be noted however that the Handbook on Nonprofit Institutions in the System of National Accounts recommends using a third option in certain tables of the satellite account of nonprofit organizations: the production should be evaluated based on the highest amount: either the costs or the market resources (United Nations, 2003, 4.80-4.87). In practice, this version of the tables is almost never published.
5 In France, all nonprofit organizations are attributed a value added based on costs.
only one aspect of the activity. Part of this activity indeed consists of offering a training service and social support to its employees. This service eludes the market exchange and its financing is ensured by resources of another nature (public funding, private donations). The value of the turnover, obtained through the market price, obviously does not express this non-market component of the activity.

However, more fundamentally still, this reintegration mission has significant effects or "impacts\(^6\), first and foremost on employees (higher qualifications, re-socialization), but also on the society in terms of social cohesion, the better functioning of the job market, etc. Once again, the conventional measurement of production, through sales, in no way reflects these individual "benefits" (for reintegrated individuals) and these societal "benefits".

In other words, the activity of a work-integration enterprise includes a significantly larger non-market component, which, in our opinion, implies broadening the notion of production itself in order to take into account certain effects on the beneficiaries and on the society in part or in whole. Even if there are no attempts to redefine the notion of production in an enterprise within the norms of national accounting (European Commission et al. 2009), this initiative seems essential to us if we claim to grasp the actual contribution of the social enterprise to the GNP, as long as this contribution is measurable of course. We have already described in detail the way in which such an expansion could be conceptualized (Mertens & Marée 2013). We will limit ourselves in this work to proposing a synthesis based on figure 1.

**Figure 1 – The "broadened" production of a social enterprise**

Let us look at the different concepts proposed in figure 1:

The different *realizations* of a social enterprise describe its activities and correspond to the services rendered within this framework. In the case of an enterprise active in recycling, this is therefore not only the volume of materials collected and the number of products recycled and sold, but also the hours of training and support to workers in a reintegration process.

The realizations give rise to *results* that represent the immediate advantages obtained from the "direct addressees" (also referred to as "beneficiaries" or "users"), that is to say those who directly benefit from the services rendered. In the case of the work-integration enterprise, the direct addressees are obviously the households concerned by the collection of residual materials and the buyers of the

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\(^6\) See the chapter by Uzea.
recycled products, but also workers benefiting from re-socialization and from better qualifications thanks to the social support offered to them. The results in fact constitute output or production in the strict sense of the term. Finally, this output generates in turn direct impacts on the beneficiaries (improved employability, that is to say a greater aptitude for finding employment) and indirect impacts on other economic agents and on the rest of the community.

It is necessary herein to make a fundamental distinction between externalities (E) and macroeconomic impacts (MI) among the indirect impacts. Just like direct impacts, the externalities in the sense that we define them herein have an impact on the utility of the individuals, and in that respect—as shown in figure 1—they should be considered as constituting a dimension of production of the social enterprise. The externalities often have a collective nature, in that they are impacts that concern the group of individuals within a given perimeter. Therefore, insofar as its services contribute to social cohesion, to better use of the resources, or yet to environmental protection, the activity of the work-integration enterprise active in recycling does not only concern the direct beneficiaries (households, clients, and the employees of the enterprise), but rather the whole society.

As for the macroeconomic impacts, they are not to be analyzed in terms of variations in utility of the individuals but in terms of incidence of the activity of the enterprise on other organizations and on macroeconomic figures such as the GNP, the volume of employment, the general level of prices, the public budget, etc. Of course, the macroeconomic impacts of the social enterprise play an important role in the evaluation of its role on a socio-economic level. In particular, the economizing of means (cost reduction, avoided expenditures, etc.) represents an important issue. For example, the perspective of reducing the global cost of unemployment public programs constitutes a major argument that heads of work-integration enterprises can present to the public authorities. Not taking into account these types of effects when we try to measure the impacts of work-integration social enterprises would cause a risk for the debate to be cut short. However, these effects do not constitute variations in utility resulting from the activity of the social enterprise. So, contrary to the externalities, they cannot be considered as constituent elements of the production (Gadrey 2002).

In short, based on the chain of effects described in figure 1, we refer to a new concept of broadened production as including output, direct impacts and indirect impacts in the form of externalities.

3. CAN PRODUCTION OF THE SOCIAL ENTERPRISE—IN THE LARGER SENSE—BE MEASURED AND TAKEN INTO ACCOUNT IN THE GNP?

After proposing a broadened vision of the production of the social enterprise, the question of the monetary measurement of this production inevitably comes up: is it possible to measure the value added corresponding to this broadened production and consequently, to estimate the actual contribution of the social enterprise to the GNP? By nature, the direct and indirect impacts that we propose to include in the notion of production do not rely on market mechanisms and, consequently, have a non-market dimension⁷. Their measurement therefore touches on the more general question of the evaluation of the goods that do not transit the market. In these types of circumstances, two major measurement categories exist (Mertens & Marée 2012): the accounting measurement, which directly lies within the framework of national accounting, and the so-called economic measurement, based on the reconstitution of a shadow price. We will discuss these successively later.

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⁷ This reflection on impacts could also apply to other types of enterprises whose activity sometimes generate (positive or negative) effects beyond those valued by market prices. It seems to us however particularly crucial in the framework of the production of social enterprises because the research of these effects is intrinsic to their aim.
The accounting measurement of broadened production

As its name indicates, accounting measurement of production uses the monetary flows observed to value the production of the enterprise. It is therefore necessary to question whether these flows are correct indicators of the notion of broadened production defined above. By resuming the aforementioned notions, figure 2 shows the problem of accounting measurement of production.

Figure 2 – The accounting measurement of the production of a social enterprise

If we settle for using the value of sales, we obtain—as we highlighted above—a measurement of market production. The measurement of production through costs naturally takes into account the non-market portion of the output, or production in the strict sense. But in either case, certain direct impacts (for the beneficiaries) and indirect impacts (for other individuals or for the community) are not taken into account and the production measured is therefore underestimated. In other words, the current norms of national accounting do not allow for an accurate measurement of broadened production.

However, can we not amend the conventions of national accounting by, for example, taking into account the resources side of non-market production, which is neglected in both approaches? Concretely, evaluation "through financing" is directly inspired by the calculation of value added per balance (Mertens 2002): it indeed consists of making an exhaustive summary of the different resources perceived by the enterprise so as to allow it to ensure its production (sales, membership fees, public funding, donations) and to deduct the cost of intermediate purchases. In this type of evaluation, resources can be interpreted to a certain extent as a request expressed by the financers, the expression of this request being apparent through the mobilization of resources "so the activity can take place".

Although ignored by the national accounting, the evaluation of non-market production through financing or through resources is coherent with that of market production and furthermore

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8 It must however be noted that national accountants consider that certain public subsidies are sales when they take the form of partial or total coverage of the price. In this case, the conventional calculation of value added per balance (sales to the

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corresponds more to a "by the preferences" approach that, as we will point out again later, is advocated by economists to measure the value of a good. This is all the more true if we take into account, in this method of evaluation, all the different types of financing perceived, including "free" contributions, such as donations and volunteer work in particular. As an example we can mention the attempt to calculate a "social value added" by Perrot (2006) that extensively counts monetary resources (sales, public markets, subsidies, employment incentives, memberships, donations and legacy) and non-monetary resources (contributions in kind, free services, service exchanges, exonerations and exemptions, volunteer work). Of course, such an approach requires attributing monetary value to this second category of resources, for example by evaluating volunteer work by analogy with the cost of paid work hours.

If the resources-based approach for valuing a non-market good is therefore more appropriate for evaluating the production of a social enterprise, does it not also measure broadened production, that is to say not only the output but also the impacts generated by the production? The answer is partially–and only partially–positive. Indeed, financiers of a non-market good are not (necessarily) direct beneficiaries. They are stakeholders who find utility in the provision of the good or service. In other words, by their contribution, they give value to part of the impacts generated, as figure 2 illustrates below.

Unfortunately, the production of the social enterprise is only partially measured by the accounting approach because financing of a non-market good generally lies below the optimal level of contribution. Several reasons can explain this apparent incoherence. First of all, the voluntary contributions of individuals (donations, volunteer work, etc.) are generally inferior to the utility that individuals attribute to this production, because of the existence of the well-known phenomenon of the "free rider": indeed, certain potential contributors renounce financing the good because they think it will be produced anyway. Furthermore, actual contributions are often of a charitable nature that would not allow them to be assimilated to a "price" agreed upon to produce the given good. Indeed, according to Kahneman and Knetsch (1992), as well as many authors that followed, it is all right in many cases to interpret these donations as part of the price to pay to attain "moral satisfaction", rather than as the price of the good itself. They refer to a “warm glow of giving effect" felt by the donor. Even if this affirmation can seem excessive, it is likely that in general, the motivation of moral satisfaction limits voluntary contributions to a level that would be inferior to the amount that preceded if preferences were fully expressed.

Finally, two arguments can be advanced to explain that public funding does not in any way represent the value of non-market production and does not take into account the whole of the impacts of this production. In the first place, it is common for a hiatus to occur between the wishes of society and their materialization in terms of political decision and public budget. Indeed, even if individuals recognize the existence of a need, the form in which its financing is perceived (taxes and subsidization) apparently constitute an obstacle to the full expression of their disposition to pay. This obstacle takes on even more magnitude nowadays with the current questioning of the role of public authorities in providing services. In other words, goods for which a value is recognized by society tend to be under-financed.

Furthermore, the budgetary translation of public support of a non-market activity can be expressed by financing that is not proportional to its recognized value. This discrepancy is due to the connected

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9 Also note the proposition formulated by Deshayes (1988) to surpass the notion of value added in agricultural cooperatives.
10 See the works carried out under the auspices of the International Labor Organization (ILO) at Johns Hopkins University: http://www.ilo.org/global/publications/books/WCMS_167779/lang--fr/index.htm.
11 This phenomenon, theorized by Olson (1965), refers to an individual deliberately benefitting from a public good without (or only partially) bearing its cost.
character of the supply and demand of the non-market good. In the case of the market good, the intensity of the demand is generally expressed by a higher price and therefore also by a higher value. For a non-market good on the other hand, allocated financing is closely linked to the estimated costs for ensuring production. Therefore, an activity to which we attribute significant value because of the positive impacts that it generates may only need relatively little resources for its materialization. The amount of financing is therefore an indication of the value of the good, but does not measure the value itself.

From what precedes, we can only conclude that the accounting approach to the value of non-market goods does not attribute value to all the impacts generated by their production, or it values them in an imperfect way. In other words, the current tools of national accounting do not make it possible to monetarily measure the broadened production of the social enterprise, and consequently its actual contribution to the GNP.

The economic measurement of broadened production

By "economic measurement" of broadened production, we mean a monetary evaluation of the non-market portion of this production founded on the attribution of a shadow price. Because, by definition, there is no market price for a non-market good, we can attempt to replace this absence of price by a method that takes its inspiration from the functioning of the market: starting from the principle that the value of a good depends on individual preferences, it is necessary to attribute a price to the non-market good that corresponds to what individuals would pay if it was proposed on the market. This approach, derived from the problematic of the evaluation of public policy and of major infrastructure works initiated in the 1960s, gave rise to several techniques to evaluate this price (for a detailed presentation, see Mertens & Marée 2012).

What we can therefore call the "indirect monetary value" of a non-market good is an estimation that is not in fact a direct result of individuals’ preferences but that is based on alternative methods inspired by evaluations carried out in the environmental field: cost of replacement, cost of opportunity, avoided expenditures, time-saving, value of human life, etc. A more direct approach would be to resort to the "willingness to pay" (WTP) of the individual: as its name indicates, the idea underlying this measurement is to estimate the value of a non-market good by observing what individuals would be prepared to sacrifice in monetary terms to benefit from this good. In this respect we can identify the WTP based on so-called "revealed" preferences, when it is estimated through the price of substitute or complementary goods, and the WTP based on the "expressed" preferences, when it is obtained directly within the framework of surveys simulating a fictitious market (known as the "contingent evaluation method", or CVM).

The aforementioned SROI constitutes a recent application of these techniques to social enterprise. It is indeed necessary to express the "social return" of the enterprise in the form of a unique amount by attributing a monetary value to each type of impact generated, while resorting to the different methods for estimating non-market goods whenever possible (ESSEC 2011).

Although attractive in theory, the economic measurement of non-market production is nevertheless met with strong reservations, whatever the framework it is applied to (Mertens & Marée 2013). First of all, it must be recognized that in practice, resorting to the contingent evaluation method (CVM) to measure the WTP of individuals in a SROI analysis has not, to our knowledge, led to any real application. The reason resides for a large part in the fact that, under the guise of simplicity (questioning people on their consent to pay for a service), this method requires carrying out surveys within a representative sample of the population, which is extremely costly in terms of time and

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12 Or, alternatively, what individuals would want to perceive in cash ("willingness to receive", or WTR) to give up the given good. In the text that follows, we do not make the distinction between these two measurements.
energy. It is indeed unrealistic to systematically resort to population samples and to field surveys to evaluate the impacts of a social enterprise within different groups. This method of evaluation should in fact be reserved to initiatives of a certain magnitude, such as the evaluation of a public project or the estimation of environmental damages. As for the estimations of the WTP through the price of substitute or complementary goods (revealed preferences), they certainly are more feasible in theory, but they often turn out to be difficult to carry out in practice. Indeed, goods are never perfectly complementary or substitutable, and the estimations obtained this way are consequently only indications of, and not representative of, the value of the good to be estimated.

More fundamentally, we must question the pertinence of the monetary evaluation of non-market goods obtained from preferences (WTP), whether they are revealed or expressed. Is the pretention of economic analysis to be able to measure monetarily actually founded, and is it possible to obtain monetary evaluations that have real meaning based on individual preferences and consents to pay? Among many economists, including those who work within the scope of the third sector and social enterprise (see for example Handy 2003), we observe a favorable attitude toward the WTP approach for the evaluation of non-market goods. But can we keep quiet the fact that the WTP approach has been the object of much criticism since it was introduced in the environmental sector (see notably Hausman 1993)? This criticism is not only directed at methodology (for example, concerning the feasibility of collecting representative data in a CVM), but also and especially, as shown in table 2, at conceptuality, because the criticism is linked to the underlying hypotheses of the method (see Mertens & Marée 2012, for more details).

The indetermination of individuals’ preferences with regard to non-market goods, the indetermination of the variations in utility, the difficulties of taking so-called "non-usage" values into account and, finally, the limitations linked to the simple aggregation of individual preferences, are all arguments in favor of considering that monetary evaluations obtained for non-market goods within the framework of the approach of the WTP are largely subject to caution. Unfortunately, as the presuppositions of the model are often implicit and rarely explicitly presented, its limitations are largely hidden by the appeal of the evaluations that it is supposed to generate. It is therefore not really surprising that the literature on SROI analysis unreservedly advocated resorting to monetary evaluations based on the WTP, as if these raised no debate. In fact, the criticism directed in the last twenty years to monetary evaluations carried out in the environmental sector entirely applies to attempts to evaluate impacts with the help of the WTP as advocated within the framework of SROI.

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13 The substitute goods for example can rarely be considered as goods that procure services really equivalent to the good to be estimated. The suggestions proposed by the SROI guides are in this respect lend themselves to criticism. Therefore (see ESSEC 2011, p.36), can we consider that the impact that constitute the improvement of the mental health of the disabled benefiting from the follow-up services of an organization can be evaluated through the cost of the psychological consultations that could be avoided?

14 For a recent critical analysis more specifically concerning CVM, see Hausman (2012).
<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Objections</th>
<th>Consequences</th>
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<tbody>
<tr>
<td>1  All individuals maximize their utility function with regard to all</td>
<td>Bounded rationality of the consumer</td>
<td>Indetermination of preferences</td>
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<tr>
<td>states of the world (completeness and transitivity of the preferences)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2  The individuals attribute a monetary value to their variations in</td>
<td>Bounded rationality of the consumer</td>
<td>Indetermination of variations in</td>
</tr>
<tr>
<td>utility (cardinal utility)</td>
<td></td>
<td>utility</td>
</tr>
<tr>
<td>3  Utility is assimilated to individual well-being</td>
<td>Existence of &quot;non-use values&quot; that cannot be reduced to</td>
<td>Not (or inadequately)</td>
</tr>
<tr>
<td></td>
<td>variations in well-being</td>
<td>taking into account non-use values</td>
</tr>
<tr>
<td>4  The value of a good is simply the sum of the individual subjective</td>
<td>&quot;Bounded awareness&quot; of the consumer: existence of &quot;socially</td>
<td>Not (or inadequately)</td>
</tr>
<tr>
<td>values</td>
<td>constructed&quot; values distinct from the sum of the individual</td>
<td>taking into account social values</td>
</tr>
<tr>
<td></td>
<td>subjective values</td>
<td></td>
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In short, attributing a shadow price to a non-market production presents a number of methodological and conceptual problems that, in our opinion, make this approach inappropriate for measuring the broadened production of a social enterprise and therefore its "true" value added.

**CONCLUSIONS**

The analysis that we bring to the definition and the measurement of the production of social enterprise leads to an apparent paradox. On one hand, we illustrate that the production of this type of enterprise includes a non-market dimension largely underestimated by national accounting and that it would be necessary to adopt a broadened definition of this production that includes the impacts of the enterprise on its direct beneficiaries but also on the society. On the other hand, having reviewed both ways of measuring non-market production–accounting measurement and the economic approach–we arrive at the conclusion that neither of them can lead to an exhaustive and reliable monetary measurement of the impacts generated by social enterprise. In other words, there does not seem to exist an appropriate method of calculation for adequately measuring the contribution of social enterprises to the GNP.

This paradox in fact resides within the limitations of the framework of national accounting for helping to understand production in all its dimensions. This framework does indeed not allow for measuring the direct and indirect impacts–whether positive or negative–of a production activity, whenever these impacts do not give rise to accounting flows related to the given activity (with regard to this, we could refer to a "non-internalization" of the impacts). Environmental damages from industry are a good example of negative impacts that are not taken into account in the estimation of an activity’s value.
added and its contribution to the GNP. As far as organizations that generate many positive impacts by their very nature—social enterprises, but also, as we should keep in mind, public services—are attributed a value added from national accounting that is not representative of their real societal contribution.

Since precisely defining the production of social enterprise is a legitimate concern, it is important to be conscious of the limitations of the measurement tools proposed by national accounting and economic analysis. This does not mean renouncing the measurement of the value added of social enterprises and their contribution to the GNP, whether according to current norms of national accounting or to possible new advances. However, one must avoid interpreting these estimations as measuring the actual production of social enterprises.

The notion of "broadened production" we propose indeed implies the definition of another framework than that of national accounting. Concretely, going beyond the conventional notion of value added—monetary amount that measures the contribution to the GNP—it would be necessary to place the measurement of the production of social enterprises (and even that of public services) within a complementary procedure that would give up the use of a unique measurement, especially monetary, and would even avoid any notion of "value". Of course, if this suggestion has the merit of being intellectually satisfactory, that would mean an actual near-renunciation to work on this issue on a macroeconomic level.

This is at the core of the trade-off. Either we attempt to be complete and the complexity of the questions at hand—and particularly the definition and the measurement of the impacts generated on individuals—favors a measurement of production founded on an orderly group of indicators that are complementary, quantitative, and qualitative, monetary and non-monetary, and this makes any aggregation attempt impossible. Or we try to work on the macroeconomic level, in which case we must renounce producing data that satisfactorily reflect production of social enterprises in the wider understanding. Yet a double path forms between these two opposing paths. First, satellite accounts encourage the development and the use of quantitative non-monetary indicators specific to the industries or to the types of organizations. These indicators can also be used when trying to carry out multi-criteria evaluations of public policy, to compare the production of social enterprises over time and to develop international comparisons on this sector. Second, since it seems impossible to acquire reliable indicators that allow us to agglomerate data pertaining to the broadened production of social enterprises and therefore to develop a subtle macroeconomic analysis of this sector, it is instead necessary to introduce a reflexive or deliberative approach (between the stakeholders) in order to reach political consensus on the measurement of broadened production of social enterprises. A multi-criterion approach can certainly contribute to clarifying these reflections and debates.

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15 If the GNP does not directly count the externalities (whether positive or negative), these externalities can at least have an indirect influence on the GNP in a way that is generally contrary to what was hoped for. For example, water or soil pollution (negative externalities) can give rise to offsetting expenditures that actually increase the GNP.

16 Many tools that work along the principles promoted herein, and that can be linked to the domain of cost-effectiveness analysis, were developed these last few years to attempt to measure the non-financial "performance" of enterprises with the help of different indicators: "Triple Bottom Line" (TBL), "Impact Reporting and Investment Standards" (IRIS), "Social Accounting Network" (SAN), "Framework and Global Reporting Initiative (GRI)", etc. Mouchamps (2014) offers an analysis of the applicability of these tools to social enterprise.

17 With regard to this, we refer the reader to the chapters written by Archambault and by Artis et al.
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