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# Promoting internationalisation of the social and solidarity economy: From local to global

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OECD Global Action Promoting Social & Solidarity Economy Ecosystems

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Building on strong local roots to address local development challenges, many social and solidarity economy (SSE) entities are increasingly extending their operations internationally. By responding to international social and environmental challenges, SSE entities can help make global value chains more inclusive and sustainable. With the pursuit of a social mission and participatory governance at the core of their operations, SSE entities adopt specific approaches to internationalise their presence. Some internationalise to scale their impact to reach more people and areas, while some do so to deepen their impact on existing target groups by leveraging resources internationally. This paper analyses what SSE internationalisation involves and its specific drivers (Chapter 1), trends in SSE internationalisation (Chapter 2), competitive advantages and barriers of the SSE for internationalisation (Chapter 3), and actionable areas for policy makers to promote its internationalisation (Chapter 4).

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# Acronyms

<b>ACCIÓ</b>	Catalan Agency for Business Competitiveness
<b>CAD</b>	Canadian dollar
<b>CFE</b>	Centre for Entrepreneurship, SMEs, Regions and Cities
<b>CICOPA</b>	<i>Organisation Internationale des coopératives industrielles et de services</i> International Organisation of Industrial and Service Cooperatives
<b>DGGF</b>	Dutch Good Growth Fund
<b>DID</b>	Desjardins International Development
<b>EE</b>	Equal Exchange
<b>ESEM</b>	European Social Enterprise Monitor
<b>ESESII</b>	Enabling Social Entrepreneurs to Scale their Impact Internationally
<b>ESF</b>	European Social Fund
<b>EU</b>	European Union
<b>EuSEF</b>	European Social Entrepreneurship Funds
<b>FDI</b>	foreign direct investment
<b>GDP</b>	gross domestic product
<b>GSEF</b>	Global Social Economy Forum
<b>ICA</b>	International Cooperative Alliance
<b>ICMIF</b>	International Cooperative and Mutual Insurance Federation
<b>IDB</b>	Inter-American Development Bank
<b>ILO</b>	International Labour Organization
<b>INAES</b>	<i>Instituto Nacional de la Economía Social</i> National Institute of Social Economy (Mexico)
<b>ITDB</b>	Institute for Transportation and Development Policy
<b>KOICA</b>	Korea International Cooperation Agency
<b>NGO</b>	non-governmental organisation
<b>NZD</b>	New Zealand dollar
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PLP</b>	Peer Learning Partnerships
<b>PPP</b>	public-private partnership
<b>R&amp;D</b>	research and development
<b>RIPESS</b>	<i>Red Intercontinental de Promoción de la Economía Social Solidaria</i> The Intercontinental Network for the Promotion of Social and Solidarity Economy
<b>RVO</b>	<i>Rijksdienst voor Ondernemend Nederland</i> Netherlands Enterprise Agency

<b>SDG</b>	Sustainable Development Goal
<b>SEK</b>	Swedish krona
<b>SEWF</b>	Social Enterprise World Forum
<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>SILK</b>	SSE International Learning and Knowledge
<b>SMEs</b>	small and medium-sized enterprises
<b>SOCAP</b>	Social Capital Markets
<b>SSE</b>	social and solidarity economy
<b>SuNSE</b>	Support Network for Social Entrepreneurs
<b>USAID</b>	United States Agency for International Development
<b>WISE</b>	Work Integration Social Enterprise





# Executive summary

**The social and solidarity economy (SSE) encompasses a set of organisations whose activities are driven by societal objectives, values of solidarity, the primacy of people over capital and participative governance.** Typical entities include associations, cooperatives, mutual organisations, foundations and, more recently, social enterprises. The SSE gained increasing prominence for its contribution to building inclusive societies and strong local communities while contributing to economic growth. It strengthens economic and social resilience and reinforces local social and economic capital in territories. It also plays an important role in providing goods and services, both in essential sectors such as health and social services as well as other vital sectors, especially where conventional markets fail to do so. Increasing the share of the SSE within the broader economic system can therefore alleviate pressures on public spending to address societal challenges.

**Although globalisation accelerated many economic and social opportunities, it has also generated negative externalities on people and the planet that SSE can help address.** Globalisation has lifted hundreds of millions across the globe out of poverty, but the benefits have not always been spread equally across people and places, and it has often resulted in negative externalities, including on the environment. The internationalisation of SSE entities can be an opportunity to make international flows more inclusive and sustainable while promoting alternative ways of organising work, distributing assets and governance. Building on strong local roots with strong networks, increased trade flows by SSE entities could also help increase the participation of local producers, suppliers and distributors in global and domestic value chains, and also drive productivity spill-overs. SSE entities are increasingly expanding their activities beyond borders. As of 2022, 13.5% of social enterprises created impact at the European level while 17.3% worked beyond European borders.

## What internationalisation for the SSE involves

**Similar to conventional enterprises, SSE entities increasingly participate in multilateral flows of goods and services, investment, and intangible assets.** Examples include MONDRAGON with commercial businesses in 53 countries and sales in over 150 countries, CoopCycle with more than 40 collectives in 12 European countries, and Groupe SOS with offices and representations in 21 countries and beneficiaries in 40 countries. What typically sets SSE internationalisation apart from other enterprises is the motivation to expand beyond borders to pursue social value. Conventional internationalisation seeks international opportunities (such as sourcing from abroad or entering new markets) mainly to maximise profits through increasing revenues or minimising costs, while creating social value underpins the decision of SSE entities to go international. SSE entities may go international to scale up their impact and reach a wider group or to strengthen their capacities to deliver their social mission on the existing target. SSE entities may also choose not to go international to maintain their local structures. While some SSE entities grow bigger in scale and operate at the international level, many SSE entities also continue to be locally based given their tendency to offer highly localised goods and services.

**International activities of the SSE can propagate its alternative ways of providing goods and services and organising work.** The SSE encompasses a system-change dimension by fostering new values in the economic sphere based on collaboration rather than competition, by maximising the well-being of communities before profits, and by upholding democratic governance and local participation in decision-making. In doing so, they can also inspire mainstream businesses to acknowledge more and more the positive and negative externalities stemming from their activities. SSE entities can scale their impact internationally while also promoting a transformative change to reconfigure value chains, bring about alternative financial systems (e.g. social investing), and innovate how people and entities come together.

## Internationalisation strategies by the SSE

**SSE entities may adopt and/or combine three broad groups of internationalisation strategies (control-based, altruism-based or hybrid approaches).** These approaches can be differentiated based on the degree of control maintained and the level of resources required:

- **Control-based strategies:** Those which maintain a considerable degree of central control and co-ordination while generally requiring the highest investment of resources by the parent entity. Examples include foreign direct investment (FDI), acquisition of offices and branches, ownership of subsidiaries, direct exports, and so on.
- **Altruism-based strategies:** Those which put at the centre the dissemination of social innovation, involving commitment of few resources and little centralised control by the parent entity while allowing for the adaptation of the model or social innovation by the adopter. Examples include open sourcing, training or consultancy.
- **Hybrid strategies:** Those with elements of the first two strategies, entering into long-term contractual organisational arrangements where both the parent and partner entities maintain their autonomy while pooling at least some level of resources. Examples include social franchising and/or strategic alliances, licensing, and cross-sector partnerships.

**SSE entities are often found to work through strategic alliances to internationalise.** Along with more conventional approaches of internationalisation such as FDI, exporting and importing, they also adopt more informal agreements to build partnerships. Intangible assets are also highly relevant for SSE internationalisation, since SSE collaborative structures highly value the exchange of knowledge. Many SSE entities mutually exchange information, research and development (R&D), organisational know-how, and skills internationally. Examples include Loomio's (New Zealand) software service to support collaborative decision-making and expand SSE entities' reach, and CoopCycle's (France) services to co-operatives to share resources including its web platform, branding and legal assistance. The role of international networks for collaboration and dedicated support programmes can also help SSE entities kick-start their internationalisation journey (e.g. Desjardins from Canada and Vägen ut! from Sweden).

## Challenges and opportunities in SSE internationalisation

**Given the ambiguity and sometimes country-specific nature of SSE legal structures, SSE entities may encounter challenges when setting out to expand beyond borders.** The specific legal forms of SSE entities such as cooperatives may be different between the origin and destination countries. The differences in how they are recognised and regulated may present institutional barriers. Some SSE entities find a solution to establish social businesses abroad to overcome local barriers in expanding as a non-profit (e.g. Groupe SOS). SSE entities are also characterised by participatory governance structures, which become more complicated to sustain as entities expand internationally. SSE internationalisation and the resulting growth may result in a mission drift that sacrifices the societal mission to pursue economic gains,

which poses a risk that can potentially be addressed by ensuring a sound and rigorous social impact measurement framework. Limited access to funding and financing opportunities and tailored business development supports, as well as little research on SSE internationalisation, also emerge as barriers to overcome in SSE internationalisation.

**There are a number of new opportunities that the SSE can capitalise on to internationalise and expand its societal impact.** Digitalisation and innovation can become levers to help SSE entities reach new markets with reduced costs, as is observed with the recent rise of platform cooperatives. SSE entities may choose to participate in exchanges of technology as part of their internationalisation strategy (e.g. Development Alternatives from India). The increasing growth of social finance and impact investments as well as access to multilateral funding and philanthropy also present opportunities to SSE entities to diversify their sources of financing and access foreign investments. Finally, an increased recognition of SSE entities across borders also facilitates their expansion internationally. Frameworks such as the Organisation for Economic Co-operation and Development (OECD) Recommendation on the SSE and Social Innovation, the United Nations Resolution on Promoting the SSE for Sustainable Development, the International Labour Organization (ILO) Resolution and Conclusions Concerning Decent Work and the SSE, the European Union (EU) Social Economy Action Plan, and the EU Council Recommendation on Developing Social Economy Framework Conditions are important steps to arrive at a shared understanding.

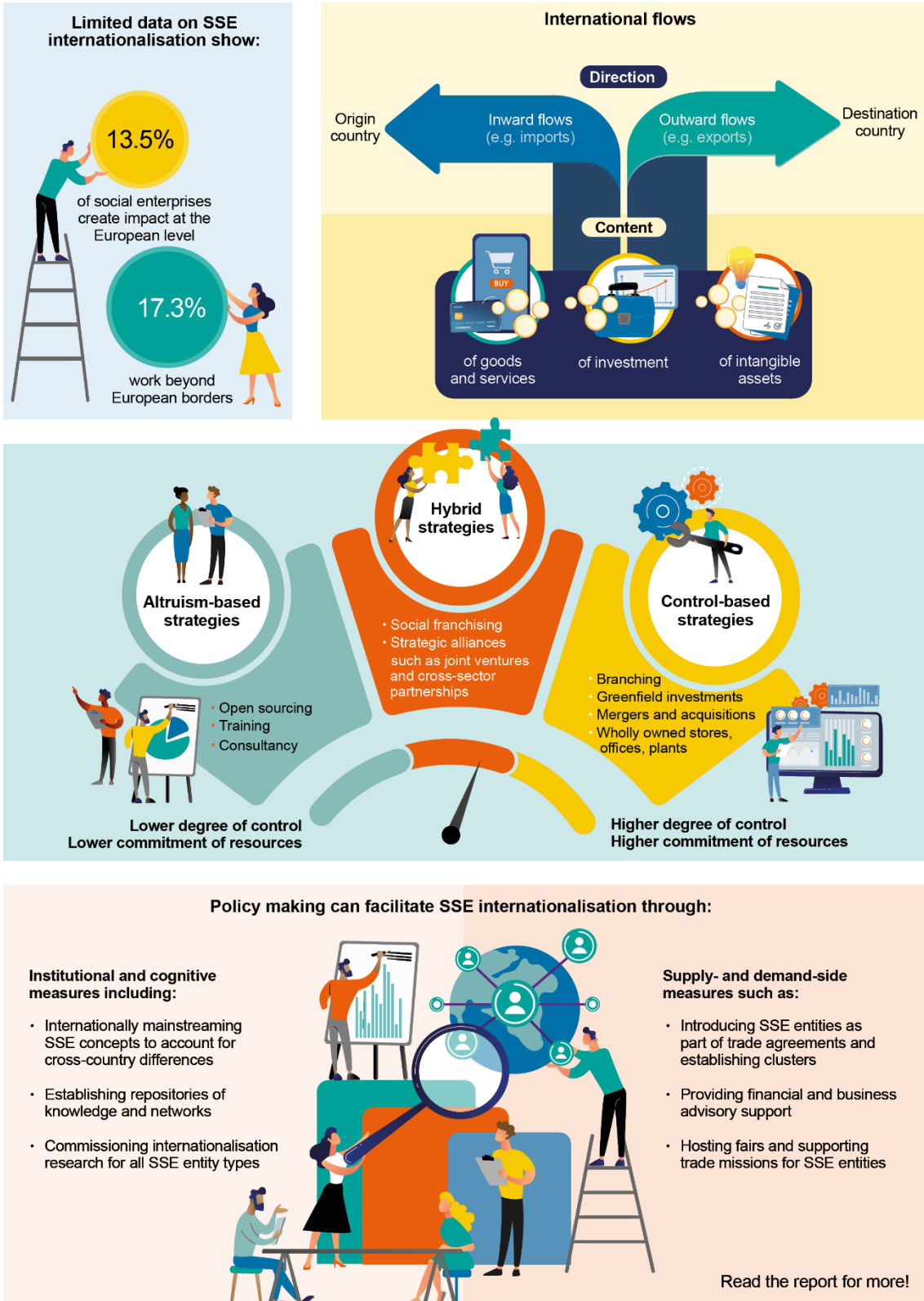
## How policy can support SSE internationalisation

**Policy can play a significant role in promoting internationalisation of SSE entities.** Levers to foster SSE internationalisation might include actions at international, national and local levels. International policy actions could range from awareness-raising activities and information sharing on the advantages and disadvantages of internationalisation to dedicated funding schemes, skills development programmes and co-operation opportunities across countries. Local policy actions could include efforts to understand the needs of SSE entities at the local level and support them in connecting with other international actors, as well as efforts to attract international players and link them with the local SSE ecosystem.

**SSE internationalisation policies could aim to improve the institutional recognition of SSE entities.** Policy makers could help establish a shared understanding of the SSE and raise awareness around it. Engaging in international efforts to mainstream SSE concepts to account for country differences in their recognition and regulation is one way to bring greater clarity around SSE legal frameworks. Policy makers could introduce specific strategies for SSE internationalisation (e.g. Scotland's Internationalising Social Enterprise Strategy 2016-2026) or dedicate specific sections to internationalisation within broader SSE strategies (e.g. 2023-2027 Spanish Strategy for Social Economy). Improving the knowledge base on SSE internationalisation through repositories of knowledge (e.g. Scotland's International Social Enterprise Observatory in the United Kingdom) and through commissioning research on SSE internationalisation can also help track progress and identify gaps in SSE internationalisation processes.

**Policies could also directly act on the SSE by supporting its competitiveness in international value chains or by favouring access to public and private markets.** Policy makers could include SSE entities, especially cooperatives, in trade agreements and support SSE clusters. They could also provide financial and business advisory support to facilitate their international expansion (e.g. the International Social Economy Service of the Catalan Agency for Business Competitiveness [ACCIÓ] in Catalonia, Spain). SSE entities could also transfer intangible assets, including licences and software, as well as specific know-how from abroad through public support (e.g. the *Rodando Juntas* project in Mexico to support the cooperative sector through international licensing). Policy makers could also host international or regional forums and events as well as trade missions (e.g. the public-private partnership for 2017-2018 trade missions for Dutch social enterprises in the Netherlands) to help SSE entities connect with potential international partners.

**Infographic 1. Internationalisation of SSE entities**



Source: Data on SSE internationalisation are retrieved from (Dupain et al., 2022<sup>[1]</sup>). Internationalisation strategies are based on (Bretos, Díaz-Foncea and Marcuello, 2020<sup>[2]</sup>).

# Introduction

## Why internationalisation matters for the social and solidarity economy and vice versa

**Global economic integration helped make countries, companies and people more interconnected than ever before, pulling hundreds of millions in turn out of poverty.** It became increasingly easier to access a marketplace from another corner of the world as a consumer or a supplier. Similarly, information on international markets became more readily available. Globalisation has been an important driver of growth in recent decades. However, at the same time, the benefits of globalisation have not accrued equally across people and places. In addition, it has also resulted in other negative externalities, including on the environment. Globalisation also exposed many systemic risks, as was evident during the 2007-2008 financial crisis and indeed during the recent COVID-19 pandemic when very fragmented value chains were exposed to supply shocks, although it also proved to be a source of resilience, for example as in the production and distribution of personal protective equipment (OECD, 2021<sup>[3]</sup>).

**There is growing consensus on the need to reconfigure international value chains to make them more inclusive, sustainable and resilient, and the social and solidarity economy (SSE) can help to achieve this goal** (OECD, 2021<sup>[4]</sup>; OECD, 2021<sup>[5]</sup>). Inherently driven by a societal mission, SSE entities put a focus on values and principles in the way of doing business and trading. By upholding the primacy of people over capital and participatory governance, SSE entities strive to contribute to achieving shared prosperity for all. Achievement of social and environmental goals is at the very core of their *raison d'être*, and takes a higher priority over profit maximisation. They demonstrate significant capacity to complement public action and provide goods and services, especially when and where conventional markets fail to do so. By showcasing alternative models of providing goods and services and financing, SSE entities also contribute to a reconfiguration of how market structures are established.

**The prioritisation of societal objectives and participatory governance by the SSE can also contribute to building resilience.** As the global financial crisis disrupted global value chains and markets across the globe, the SSE survived the turbulence relatively unscathed (CIRIEC, 2017<sup>[6]</sup>). Some of the biggest systemic shocks of the past two decades, and SSE's adaptability to navigate them, showed its ability to respond to crises and remain resilient. For example, amid the massive bailouts of their investor-owned competitors, hardly any cooperative banks or credit unions had to ask for government support during the 2007-2008 financial crisis (ILO, 2009<sup>[7]</sup>). In the European Union, cooperative banks' assets grew by EUR 500 billion, their market share of loans increased, and the number of customers grew by 23 million between 2007 and 2010, during and after the financial crisis (ILO, 2013<sup>[8]</sup>). In France, between 2000 and 2014, employment in the SSE registered significant and continuous growth (25%), while employment growth in the private sector was much lower (6%) (R&S, 2015<sup>[9]</sup>).

**SSE internationalisation is largely characterised by the pursuit to generate social value as opposed to market-seizing and cost minimisation motives.** Many of the social and environmental challenges that the SSE addresses are often transnational, so its solutions can be exported (often with adaptations) where similar problems exist. Some SSE entities are already "born global" as they are designed to respond

to an international challenge from the onset. Others may choose to go international to reach more people in need or to scale their impact across different geographies. They may also participate in international value chains to increase their capabilities and resources to expand the type or quality of their services for the same target group (Bretos, Díaz-Foncea and Marcuello, 2020<sup>[2]</sup>).

**There is evidence that SSE entities are increasingly engaging in international activities, although it remains limited and focuses mainly on social enterprises.** According to the European Social Enterprise Monitor (ESEM) of 2021-2022, 13.5% of social enterprises create impact at the European level while 17.3% work beyond European borders (Dupain et al., 2022<sup>[1]</sup>). In Ireland, 15% of social enterprises operate internationally (DRCD, 2023<sup>[10]</sup>). In the United Kingdom, 22% of social enterprises were trading internationally as of 2021 (SEUK, 2021<sup>[11]</sup>). In Scotland (United Kingdom), 7% of social enterprises exported to overseas in 2021 (CEIS/Scottish Government/Social Value Lab, 2021<sup>[12]</sup>). Available data beyond Europe show that there is significant variation in the international operations of social enterprises around the globe, with 32.6% of social enterprises in Türkiye operating internationally compared with 3.1% in Ethiopia (British Council/SEUK, 2022<sup>[13]</sup>).

**Despite the increasing tendency to “go international”, little attention has been paid to specific contexts under which SSE entities may choose to participate in international activities.** Much literature exists around internationalisation of conventional businesses, which is driven mainly by market (i.e. profit) motives. The limited body of literature on SSE internationalisation focuses only on social enterprises (or social ventures pursuing both financial and societal gains (Zahra et al., 2008<sup>[14]</sup>; Zahra, Newey and Li, 2014<sup>[15]</sup>)). Existing literature therefore falls short of other subgroups of the SSE, such as associations and cooperatives, in their internationalisation journey. Most research also focuses on internationalisation for seizing market and impact opportunities elsewhere, neglecting other approaches such as internationally scaling up social impact by diversifying or improving services for the same target group through increased access to international resources without necessarily growing in size or establishing activities abroad.

**SSE internationalisation is highly dependent on the context.** Particular ownership and governance structures in SSE entities, not only in cooperatives and mutuals but also in associations, foundations and social enterprises, may show variation from one country to another. These differences may be present in cultural understandings of how they are organised or even in the legislative frameworks. An SSE entity wishing to expand beyond borders is therefore bound by the different SSE contexts in both the origin and the destination countries. These cultural and institutional differences in how SSE entities are recognised become important determinants of which internationalisation and competitive strategies to take by SSE entities.

**Promoting SSE internationalisation can spur innovation while increasing the size and share of the SSE in the economy.** Increasing the impact of the SSE in the economy can help address socio-economic challenges and potentially reduce public spending in areas such as education, health and social protection. It can also facilitate the mainstreaming of SSE practices, increasing the focus of conventional firms on the triple bottom line. Internationalisation strategies such as foreign direct investment (FDI) can help boost productivity and act as a source of knowledge for domestic entities as well as destination countries. These productivity gains may benefit local actors if well-embedded into the local economy (OECD, 2023<sup>[16]</sup>). Similarly, social entrepreneurship may provide a commercial channel through which social, economic or environmental challenges observed in border regions can be transformed into opportunities, thereby fostering regional economic integration (Wevers, Voinea and de Langen, 2020<sup>[17]</sup>). Finally, the increased international footprint of SSE entities can also help the implementation of the global sustainable development agenda. Supporting the competitiveness of SSE entities, especially cooperatives, and their inclusion in trade agreements may facilitate access to markets for local producers, while strengthening regional integration and extending sustainable practices.

# 1 State of the art: SSE internationalisation

## What internationalisation for the social and solidarity economy involves

**Once a niche, the social and solidarity economy (SSE) accounts for a growing share of employment and value creation globally.** It was estimated that cooperatives and the wider SSE contributed to 7% of global gross domestic product (GDP) as of 2014 (ILO, 2014<sup>[18]</sup>). In the European Union, the social economy is estimated to contribute to around 6-8% of GDP, representing 10% of all businesses and 6.3% of the working population (CIRIEC, 2017<sup>[6]</sup>).

**The many societal challenges that SSE entities strive to address are relevant at the international level.** Providing microfinance without stringent collateral requirements, for example, helps address the gaps in accessing financial markets, which are prevalent across the globe. Fair trade initiatives aim to mitigate the negative externalities posed on communities and natural resources by commercial activities, which go beyond national borders. SSE entities are therefore increasingly going international using a range of different strategies. At the same time, they innovate on new ways of doing business and are expanding into countries with pressing needs. Often building on democratic and participatory governance, SSE entities are also well positioned in meeting the different interests of very diverse stakeholders across different geographies, which is a useful tool to navigate especially foreign contexts (Bretos, Díaz-Foncela and Marcuello, 2020<sup>[2]</sup>).

### *Introducing the social and solidarity economy*

**SSE entities are driven by values that lead them to adopt distinct strategies and approaches to internationalise.** Understanding how the SSE differs from conventional economic entities can therefore help identify specific motivations as well as limitations behind decisions to go international or not. For a long time, there has been a lack of clarity and consensus around what the SSE is, let alone a clear definition of the SSE and its entities. Various national and subnational definitions around the SSE exist, which may present challenges in understanding its scope and developing much-needed policy support to foster it. This diversity in definitions becomes more pronounced when an SSE entity sets out to enter a foreign market while maintaining its SSE identity, which may face different perceptions than in the home country.

**There have been supranational initiatives to define what the SSE entails to provide a clear policy framework to spur its development.** Such initiatives are particularly important to arrive at an internationally agreed understanding of the SSE, which can in turn facilitate its expansion worldwide. The Organisation for Economic Co-operation and Development (OECD) Recommendation on the Social and Solidarity Economy and Social Innovation<sup>1</sup> is one of the first internationally agreed efforts to promote SSE development, as well as adaptable definitions around the SSE, including the wider social and solidarity economy and social enterprises (Box 1.1).



### Box 1.1. Introducing social economy and social enterprise

While recognising that national, subnational and local definitions may vary in terminology and scope, the OECD Recommendation on the Social and Solidarity Economy and Social Innovation puts forward the following definitions for social economy and social enterprise.

- **Social economy**, also referred to in some countries as **solidarity economy and/or social and solidarity economy**, is made up of a set of organisations such as associations, cooperatives, mutual organisations, foundations and, more recently, social enterprises. In some cases, community-based, grassroots and spontaneous initiatives are part of the social economy in addition to non-profit organisations, the latter group often being referred to as the solidarity economy. The activity of these entities is typically driven by societal objectives, values of solidarity, the primacy of people over capital, and in most cases, democratic and participative governance.
- A **social enterprise** is an entity that trades goods and services, that fulfils a societal objective and whose main purpose is not the maximisation of profit for the owners but its reinvestment for the continued attainment of its societal goals.

Source: OECD, 2022. [Recommendation of the Council on the Social and Solidarity Economy and Social Innovation](#).

**Internationally, great importance has been given to defining and understanding the SSE to steer dedicated policies and action plans to foster its development.** The International Labour Organization (ILO) adopted a Resolution and Conclusions Concerning Decent Work and the Social and Solidarity Economy in 2022. The Conclusions document included an international definition of the SSE as:

Encompassing enterprises, organisations and other entities that are engaged in economic, social, and environmental activities to serve the collective and/or general interest, which are based on the principles of voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence, and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits as well as assets. (ILO, 2022<sup>[19]</sup>)

The European Union presented an Action Plan in December 2021 to help European social economy development, which defines social economy as:

Including a variety of businesses, organisations and legal entities, such as social enterprises, cooperatives, mutual benefit societies (a specific type of collective insurance), non-profit associations and foundations. They put people and the environment at the centre of their mission and reinvest most of their profit back into the organisation or a specific social cause. They are governed in a participatory, bottom-up way. (European Commission, 2021<sup>[20]</sup>)

**The commonalities across these international efforts to define the SSE highlight the primacy of a societal mission above profit generation, as well as democratic and participatory governance as important attributes.** The emergence of agreed-upon frameworks to define SSE is also helpful to understand the internationalisation patterns of SSE entities while also facilitating their recognition beyond borders and operations across different national, subnational and local contexts. Similarly, the diversity and variation in defining the SSE, and what it constitutes across borders, also presents distinctive barriers when SSE entities set out to operate in other countries.

## ***Understanding internationalisation for SSE entities***

**International flows can take place in two directions (inward and outward), and exchange usually concerns three main types of content (goods and services, investment, and intangible assets)** (Box 1.2). This includes selling products abroad (an outward flow of goods) or obtaining investment from foreign investors (an inward flow of money). As such, outward flows refer to when organisations orient their activities to outward markets (e.g. exports) whereas inward flows refer to the orientation of activities from abroad towards the location of the organisation (e.g. imports). Recent decades have shown the importance of intangible assets, such as branding, know-how and digitised information, as a competitive edge. Such intangible assets include, but are not limited to: data; intellectual property rights of patents, trademarks, copyright and registered designs; trade secrets; contracts and licenses; market information; know-how of employees; and organisational culture (OECD, 2011<sup>[21]</sup>; Hall, 1993<sup>[22]</sup>).

### **Box 1.2. Defining internationalisation for the SSE**

Similar to various efforts in defining what the SSE constitutes, many definitions around internationalisation exist, often building on a market logic. Most literature focuses on the internationalisation of profit-seeking businesses based on the assumption that internationalisation results in higher productivity and salaries. As such, literature has often engaged in describing the processes, strategies and barriers of internationalisation instead of a precise definition for it.

A more precise and comprehensive definition of internationalisation for SSE entities has recently been put forward as part of the OECD Global Action on Promoting Social and Solidarity Economy Ecosystems. The definition provided by the SSE International Learning and Knowledge (SILK) project as part of the OECD Peer-Learning Partnerships has considered the shortcomings for the nuances in SSE internationalisation and proposes the following definition:

***Internationalisation*** can be defined as a set of processes involving multilateral flows of goods, services, financial resources and “intangible assets” (information, skills, business models, knowledge and more) within and between organisations and across countries. More importantly, this set of processes can be both outward-oriented (selling or investing abroad) or inward (such as acquiring know-how or other intangibles assets from international sources).

Source: (Barco Serrano and Pastorelli, 2022<sup>[23]</sup>).

**SSE entities draw on intangible resources, especially local embeddedness, trust, reciprocity, interdependency and neighbourliness, that provide competitive advantages when entering new markets.** Internationalisation may require significant time, human resources and capital investment. Entities wishing to internationalise need to learn about the new market and country being explored, its regulations and culture, its language(s), institutional barriers, and even local customs and ways of doing businesses (Welch, 2015<sup>[24]</sup>). Intangible assets can significantly affect an entity’s international structure and create opportunities within international value chains (McKinsey&Company, 2019<sup>[25]</sup>). The role of intangible assets, especially knowledge, is very important to understand different patterns of SSE internationalisation.

**Intangible resources become particularly fruitful when SSE entities set out to replicate in a foreign market.** Entities wishing to internationalise often face the liability of foreignness, the disadvantage that foreign entities face when expanding their operations beyond borders. This can be driven by information asymmetries, as local suppliers and consumers may have strategic information about the market that is not evident to the incoming entity. SSE entities’ societal mission, participatory governance and collaborative mindset could become significant sources of social capital, which can in turn help overcome such liability of foreignness.

**The SSE draws on non-market resources (e.g. in-kind and other donations and volunteer work) for internationalisation unlike conventional firms.** These could be the subject of international flows between SSE entities and their partners. Similarly, the use (or mix) of non-market strategies (such as bartering or mutual exchanges) is not marginal in the case of SSE approaches to internationalisation. SSE entities may also actively seek the production of distinct types of goods, namely relational goods such as trust, reciprocity or social cohesion, as an explicit goal of their internationalisation strategy. These relational goods are non-instrumental, i.e. trust or mutuality are sought after to foster local trust and partnerships instead of market gains (Donati, 2019<sup>[26]</sup>).

**SSE entities may take a different approach to inward and outward flows than conventional firms, particularly with less of a focus on international sales.** Most conventional businesses acquire knowledge as well as talent and skills from abroad through inward internationalisation and then export or invest abroad. SSE entities, however, which often focus on local (and sometimes isolated) communities, may view attainment of knowledge and other intangible assets from abroad to scale up their local impact in the country of origin, without any subsequent interest in engaging in international sales. Similarly, SSE entities are also increasingly participating in international flows of intangible assets through an altruistic drive to promote SSE values at the global level rather than growing their operations.

## Why SSE entities go international

**The internationalisation of SSE entities is a means, among others, to achieve societal objectives.** Conventional enterprises often aim to increase revenues or minimise costs when entering foreign markets. Contrarily, SSE entities are driven by societal objectives, values of solidarity and attainment of social value over profits (OECD, 2022<sup>[27]</sup>). SSE entities engage in internationalisation to scale their social innovations and maximise social value creation (Färdig and Håkansson, 2014<sup>[28]</sup>; Bretos, Díaz-Foncea and Marcuello, 2020<sup>[2]</sup>).

**Multiple factors come into play when SSE entities set out to expand their operations beyond borders, which are not always similar to conventional enterprises.** Different considerations emerge when SSE entities are faced with a decision to go international. These pertain to:

1. **The approach to action-taking:** Whether the entity is internationalising proactively to seize an opportunity and reactively to respond to a threat,
2. **Level of action:** Whether the entity's primary objective is to produce and deepen impact or stimulate a wider system change by propagating SSE models,
3. **Motivation for action:** Whether the entity is going international to directly generate social impact for a larger group or geographic area or to improve access to resources (e.g. finance, human capital) to be able to in turn strengthen societal mission.

**These considerations are not mutually exclusive.** Instead, they help understand how context-dependent SSE internationalisation is, and how various drivers shape their decisions and strategies to go international.

### ***Approach to action-taking: Internationalising proactively or reactively***

**SSE entities may choose to proactively go international to capitalise on an opportunity.** In such contexts, internationalisation is often adopted proactively to seize a benefit to strengthen impact. Participating in international flows can help SSE entities expand their goods and services or acquire resources to deliver or scale their impact. An opportunity could be to increase funding through international investments. For example, Loomio, a worker cooperative from New Zealand, launched two international crowdfunding campaigns in 2012 and 2014 to obtain funds to support the development of its platform co-operative (see Box 2.3 for more details on Loomio's internationalisation journey).

**SSE entities may also choose to go international to respond to a risk.** In such cases, they may reactively participate in international flows to respond to threats, such as increased competition or rising costs. MONDRAGON Corporation, a globally recognised corporation of worker cooperatives from Spain, used its international strategy to remain competitive so as to preserve employment in its cooperatives and preserve local community stability (see Box 2.1 for more details on MONDRAGON's internationalisation journey). In the words of a top manager from a MONDRAGON industrial cooperative:

Many of the MONDRAGON cooperatives are in highly globalised competitive sectors. At the end of the day, if we want to survive in these sectors ... we must follow our customers and be present in the main world markets ... Internationalisation has been fundamental for keeping cooperative employment in our plants and, further, we have also created jobs and wealth abroad. (*Bretos and Errasti, 2018<sup>[29]</sup>*)

***Level of action: Internationalising to generate impact for a target group or stimulate systemic change***

**Although the primary objective of SSE entities is to generate social value, they do not always go international to scale impact across different geographies.** Some entities may internationalise seeking funds, talent, research or collaboration to produce positive changes on a target group in a local community. Meanwhile, others may engage in the international arena to promote SSE models and principles internationally and facilitate systemic change. For example, Desjardins, a cooperative financial group from Canada, engages in internationalisation to produce impact at both local and international levels. One priority of their internationalisation strategy focuses on promoting the economic empowerment of vulnerable populations in local communities through partnerships with international donors. Another strategy focuses on their increased presence in international networks such as the International Cooperative Alliance or the Global Impact Investing Network to disseminate knowledge and strategies to the broader SSE ecosystem (see Box 2.6 for more details on Desjardins' internationalisation journey).

**Internationalisation of SSE entities can stimulate a reconfiguration of current value chains and ways of doing business.** The SSE encompasses a system-change dimension by fostering new values in the economic sphere based on collaboration rather than competition, on maximising the well-being of communities before profits, and on democratic governance and local participation in decision-making. SSE entities can scale their impact internationally while also promoting a systems and transformative change to reconfigure value chains, bring about alternative financial systems (e.g. social investing), change market structures, and innovate how people and entities come together. In doing so, not only do they contribute to the implementation of the Sustainable Development Goals (SDG) agenda by achieving social and environmental objectives, but they also address the root causes of societal problems in distribution of assets and income (Utting, 2018<sup>[30]</sup>). An example of innovating traditional development programmes by tying funding to impact outcomes is the Educate Girls Development Impact Bond in India. Recognising the significant number of girls out of school especially in rural India, the bond aimed to finance a non-profit community-based programme to provide education to young girls aged 6-14 in Rajasthan, India, which achieved and went beyond its targets (IDinsight, 2018<sup>[31]</sup>). Another initiative that transformed one-off grants into a sustainable financing mechanism to support education of kids in India is the Education Outcomes Fund, which brought together the government, donors, investors and service providers with an aim to channel USD 1 billion towards improved learning outcomes.

***Motivation for action: Internationalising to directly achieve societal mission or to improve resources towards achievement of social goals***

**SSE entities may choose to internationalise to directly work towards achievement of their societal mission.** Internationalisation practices by the SSE can be substantial, directly advancing and fulfilling societal objectives such as improving livelihoods of more people or increasing the share of small-scale

producers in value chains. For example, Groupe SOS, a non-profit group from France, internationalised through partnerships with local entities and by setting up social business abroad to fight exclusion and support vulnerable people abroad (see Box 3.1 for more details on the internationalisation journey of Groupe SOS). In doing so, their internationalisation strategy aimed to directly carry out their societal mission abroad.

**SSE entities may also internationalise to increase the resources and capabilities primarily to ultimately achieve their societal mission.** Internationalisation could give access to technology, natural resources or funds to enable them to achieve their goals (a new “instrument”). For example, La Fageda, a social enterprise from Spain, organised reception days for international entrepreneurs and visits. Although these events were not directly related to La Fageda’s mission to maintain jobs for groups at risk of exclusion, they served as a key marketing tool to disseminate their work and build a strong brand (see Box 2.5 for more details on La Fageda’s internationalisation journey).

**SSE internationalisation may be a combination of all of these three dimensions, namely internationalising i) to seize an opportunity or to respond to a threat; ii) to produce impact at the local level or stimulate change at the international level; and iii) to directly achieve a societal mission or to improve resources.** These dimensions provide a comprehensive overview of the internationalisation process because they are complementary, meaning that an organisation can undertake several approaches simultaneously. For instance, an SSE entity specialised in disaster management can launch a project abroad to assist vulnerable victims of a sudden natural catastrophe. In this scenario, the organisation internationalises to reactively respond to the threats caused by the emergency, to produce social impact locally within the communities impacted by the crisis, and to substantially fulfil their societal mission. Figure 1.1 summarises the different dimensions that could push SSE entities to go international.

**Figure 1.1. Understanding why SSE entities go international**



Source: Authors' elaboration.

## 2 Trends in SSE internationalisation

**Global growth in gross domestic product (GDP) slowed substantially throughout 2022 while showing some, although weak, signs of improvement** (OECD, 2023<sup>[32]</sup>). Recent trends point to a move towards “relocalisation” or “slowbalisation” of activities. This is found in slower growth of trade, foreign direct investment (FDI) and capital flows, especially after the global financial crisis of 2007-2008, but also building on environmental concerns and growing geopolitical tensions (OECD/WTO, 2019<sup>[33]</sup>; Aiyar and Ilyina, 2023<sup>[34]</sup>).

**The success stories of the social and solidarity economy (SSE) in addressing societal challenges highlight its potential to ignite transformative change in the broader economic system.** Such a change also applies to a reconfiguration of why and how entities extend their operations beyond their borders. This is particularly important in a “polycrisis” context where environmental and political turbulences increase in number (Morin and Kern, 1999<sup>[35]</sup>). Such rethinking of globalisation may point towards processes that are sustainable and resilient against systemic crises while generating local benefits. By focusing on values and principles in international flows and underlining the role of partnerships, the internationalisation of SSE entities can provide a model and source of learning for all types of firms.

### SSE internationalisation strategies

**SSE internationalisation is more common than one may think.** A vast number of SSE entities engage in multiple strategies and approaches of internationalisation, especially social enterprises.<sup>2</sup> They draw on a wealth of strategies of internationalisation, which are also applicable for conventional enterprises. These include licensing, franchising, direct and indirect exports, joint ventures, and sales subsidiaries or wholly owned production subsidiaries (Calof and Beamish, 1995<sup>[36]</sup>). SSE entities’ choice of strategy to go international, however, factors in different drivers than market-seizing activities. As they primarily aim to increase the social value generated, they are more prone to build partnerships to exchange resources, capabilities and knowledge, and not necessarily with an end goal to reap profits. Table 2.1 below describes some of the most common approaches used by SSE entities to go international.

**Table 2.1. Some approaches adopted by SSE entities to go international**

<b>Approach</b>	<b>Overview</b>	<b>What is specific to the SSE?</b>
<b>FDI</b>	A category of investment that reflects the objective of establishing a lasting interest by a resident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor (OECD, n.d. <sup>[37]</sup> ).	Increased role of social and/or ethical finance.
<b>Exports/Imports</b>	Exports/imports refer to transactions in goods and services between residents and non-residents (OECD, 2023 <sup>[38]</sup> ).	Focus is on principles in the value chain, impacting the selection of suppliers and buyers/distributors as well as the concentration of some types of SSE entities in sectors where import/export is difficult or not feasible.
<b>Licensing</b>	A licensing agreement allows one or more firms, either exclusively or non-exclusively, to manufacture or offer a proprietor's product or service for a fixed term in a specific market (Welch and Luostarinen, 1988 <sup>[39]</sup> ).	Licensing agreements can expand the impact and scope of SSE entities by transferring their activity on other territories that can be more in need without the requirements of being physically present on foreign land.
<b>Joint venture and/or strategic alliance</b>	A joint venture is a business entity created by two or more partners generally defined by shared ownership, returns and risks. A less stringent and less complex approach could be to form a strategic alliance, which allows two (or more) companies to undertake a mutually beneficial project while retaining their independence (Kirby and Kaiser, 2003 <sup>[40]</sup> ).	Joint ventures could present difficulties for SSE entities given concerns around maintaining horizontal governance. Strategic alliances can help SSE entities partner with others including for-profit enterprises to undertake a mutually beneficial project.
<b>Research and innovation</b>	Research and development (R&D) offers an opportunity to export or import know-how to expand products, services and/or social impact while fostering foreign research partnerships.	SSE culture of sharing and cooperative attitude come together around common research interests and societal objectives.
<b>Social franchising</b>	A commercial franchising approach is used to replicate and share proven organisational models for greater social impact (SEUK, 2011 <sup>[41]</sup> ).	SSE entities are much more prone to co-operation, and this, in addition to ensuring a successful and trustful matching between franchisee and franchisor, allows for widespread dissemination of positive social impact.
<b>Identity sharing</b>	Identity sharing refers to the extent to which an individual organisation identifies with others belonging to the same group (based on location, objectives or other common traits) when working in a global setting.	Communication around common social and environmental objectives is underlined.
<b>Shared certification systems</b>	Using shared certification systems can help overcome barriers in certifying products and services in foreign markets.	Main traits are participation in ethical global value chains such as fair trade, and competitive advantage in a market with consumers seeking to orient their purchases around values.
<b>Born-globals</b>	A born-global entity wants to globalise from the beginning.	Primary focus is not on a transnational market to be tapped into, but on a transnational social issue to be addressed.

Approach	Overview	What is specific to the SSE?
<b>Collaboration via multinational networks</b>	Collaborative networks help nurture knowledge sharing, obtain information about foreign markets and achieve rapid international expansion and growth (Costa, Soares and Sousa, 2017 <sup>[42]</sup> ).	The cooperative culture is central to increase SSE capacities to build partnerships allowing for efficient use of networks.
<b>Knowledge and best practice dissemination</b>	Knowledge and best practice dissemination helps entities replicate their model quickly, keeping a certain organisational control and guaranteeing partial appropriation of the surpluses and value.	Role of international networks to foster SSE ecosystems and promote advocacy and knowledge exchange, and rise of innovative models such as platform cooperatives are pronounced.
<b>Managerial education</b>	Improving capacities in market and industry knowledge, business development skills and networking.	Need for SSE-tailored managerial education and limited dedicated tertiary education programmes.

Source: Based on the SILK outcome report prepared for OECD Global Action Peer Learning Partnership by Diesis.

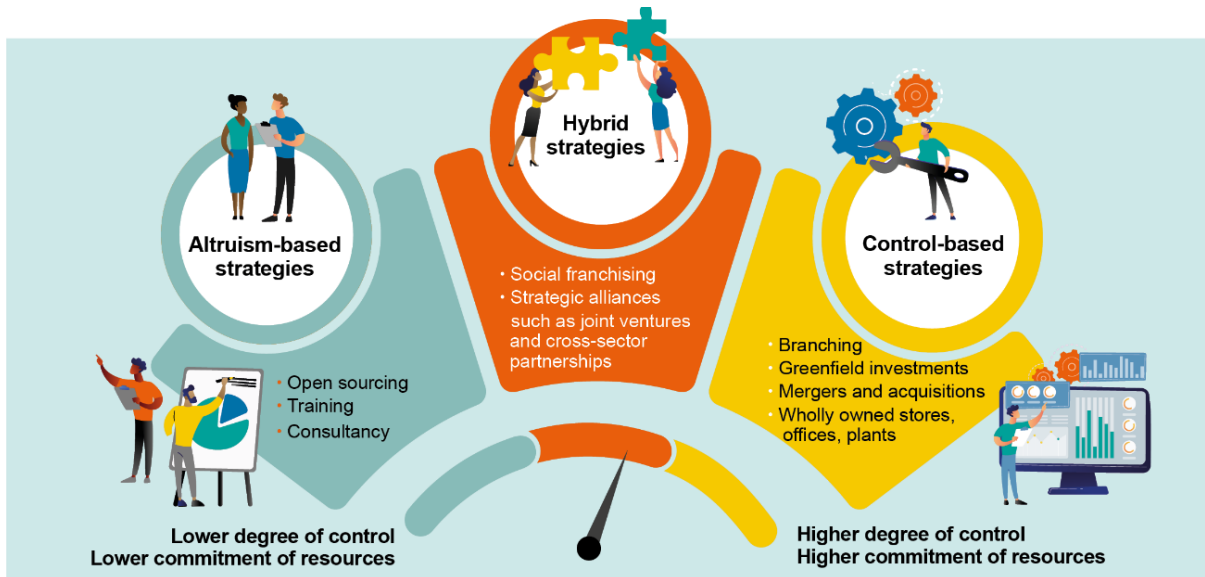
**Unpacking SSE internationalisation can also be assessed by considering the degree of control maintained and the level of resources committed** (Bretos, Díaz-Foncea and Marcuello, 2020<sup>[2]</sup>). Some strategies help SSE entities to maintain a higher degree of centralised control when internationalising, while requiring higher levels of investment. Others may involve committing fewer resources and giving less control to the parent entity, allowing the adaptation of models and innovation. Therefore, internationalisation strategies could be grouped under three main headings:

- **Control-based strategies:** Those which maintain a considerable degree of central control and co-ordination while generally requiring the highest investment of resources by the parent entity. Control-based strategies are often associated with conventional strategies such as FDI and acquisition of offices and branches or ownership of subsidiaries, although not exclusively. In addition, exports of intangible goods such as software could also be part of control-based strategies.
- **Altruism-based strategies:** Those which put at the centre the dissemination of social innovation, involving commitment of few resources and little centralised control by the parent entity while allowing for the adaptation of the model or social innovation by the adopter. This type of strategy often includes SSE entities seeking to altruistically spread their model, ideas or tools to generate broader social impact. Frequent strategies under this group include open sourcing, training or consultancy.
- **Hybrid strategies:** Those with elements of the first two strategies, entering into long-term contractual organisational arrangements where both the parent and partner entities maintain their autonomy while pooling at least some level of resources. Social franchising and/or strategic alliances are typical approaches under hybrid internationalisation. Other approaches could include licensing and cross-sector partnerships (e.g. forming a consortium), horizontal diversification (i.e. setting up a new activity related to the entity's expertise) or vertical diversification (i.e. assigning activities to a supplier or subcontractor abroad).

See Figure 2.1 for examples of specific strategies under each group.



**Figure 2.1. Different strategies for SSE internationalisation based on the degree of control and level of resources committed**



Source: Based on (Bretos, Díaz-Foncea and Marcuello, 2020<sup>[2]</sup>) and (Dees, Anderson and Wei-Skillern, 2004<sup>[43]</sup>).

### **Combining FDI, exports and imports**

**The many different approaches to internationalisation can be adopted in isolation or combined with others at different stages.** One of the most studied cases of SSE internationalisation, the industrial group MONDRAGON, uses FDI, imports and exports as well as dissemination strategies through formal and/or informal mechanisms (Box 2.1). It should be noted that control- and altruism-based strategies can be combined by the same entity. For example, MONDRAGON may use the control-based approach when owning a local branch in Mexico (an example of an investment), but an altruism-based one when sharing its business models through training or consulting (an example of dissemination) in the United States.

#### **Box 2.1. MONDRAGON Corporation (Spain)**

**An international corporation of worker co-operatives ranking tenth among the industrial groups of Spain and a case of co-operative innovation for a people-centred globalisation**

##### **Overview**

The corporation is a collective of self-managing and legally independent cooperatives, bound by a series of support mechanisms. These can be divided into two types: i) those which are focused on internationalisation; and ii) those which are related to the management of the corporation. In the case of the former, some corporate support structures can be included (such as finance and purchasing) with specialised teams in different management areas and countries. In the case of the latter, different funds could apply (such as education, inter-cooperation, etc.) with the “conversion of results” among individual co-operatives and sectors or the relocations when there are employment-related difficulties.

MONDRAGON currently\* consists of 266 entities, 98 independent self-governing co-operatives, 143 production plants in 37 countries, 7 foundations, 10 coverage entities, and 7 international services

entities with commercial business in 53 countries and sales in more than 150, with a global business of EUR 11.3 billion, more than 81 000 people and 14 R&D centres, forming the leading business group in the Basque Country and one of the largest corporations in Spain. A third of the group's sales are produced abroad as a result of its internationalisation policy, where 14 455 people work in 143 production centres.

### ***MONDRAGON's internationalisation journey***

Although MONDRAGON has always been inclined towards exporting and internationalisation, its international strategy accelerated in the last two to three decades and was motivated as a reaction to the threats of globalisation to cooperative employment and the stability of the local community. This led the cooperatives to respond to this global phenomenon opting to compete in international markets using structures of conventional capital to ensure their global competitiveness. Thus, they engaged in an internationalisation process where the main strategies were export/import (also through international value chains and global sourcing within the corporation) and international investments.

MONDRAGON also engaged in dissemination strategies centred around intangible assets, through training, consulting and intense research activity. MONDRAGON established its own university and engaged in co-operation for development activities through its specialised foundation (Mundukide, founded in 1999). In 2008, Mondragon Team Academy was founded to strengthen entrepreneurial activity in a collective style named "Teampreneurship" and to create innovative capacity of the MONDRAGON community.

In this process, several challenges emerged as a result of maintaining its SSE values and principles and having to develop their operations across several countries with different contexts, some more cooperative-friendly than others. Among those challenges are the cultural gap, language and distance barriers, high living standard in Basque Country, local (foreign countries) regulation, being a first mover (with no previous Basque or Spanish track record elsewhere), and local management practices.

\*Mondragon official data, 2021.

Source: Mondragon case study from project SILK available at <https://www.silk-project.info/stories>

**Internationalisation of the SSE could be a potential instrument to address existing social and environmental challenges and achieve Sustainable Development Goals (SDGs).** On one hand, scaling social innovation across borders can help address local and global challenges and scale impact worldwide. On the other hand, the flow of key assets (goods, services, investment and intangible assets) is also necessary for existing SSE entities to address local needs. Some SSE entities may choose to participate in international flows to expand the number, type and quality of services for the same target group (Bretos, Díaz-Foncea and Marcuello, 2020<sup>[21]</sup>). Inward flows could be fundamental for sustainability of services (e.g. through providing investment, services or intangible assets to communities) without involving any scaling process. Examples mostly include SSE entities which voluntarily confine themselves to a certain area to carry out their activity and only implement a series of limited exchanges, for example in the export or import of certain products or services that are necessary for them, or the exchange of knowledge. iCOOP from Korea, a consumer and producers co-operative group, is an example (Box 2.2).

## Box 2.2. iCOOP (Korea)

### Focusing on local communities but also engaging at the international level

#### Overview

iCOOP Korea is a consumer and producers cooperative group creating alternatives through economic activities to address problems in everyday life such as food safety, child care, gender, environment and agriculture, in co-operation with members and their neighbours. Initially established as only consumer cooperatives in 1997, it rapidly changed to integrate producers as well in 2000. In 2008, it joined the International Cooperative Alliance (ICA) where it is an active member (co-hosting the 2021 Cooperative Congress in Seoul). In 2018, it expanded and created an ecosystem – SAPENet – that embraces farmers' groups, workers' coops and social enterprises.

#### *iCOOP's internationalisation journey*

The SSE group is focused on a scaling strategy but within Korean borders, however, it also engages in some internationalisation strategies. The most obvious is the export/import trade of goods which are necessary to fulfil its local impact. In this case, the import of products that are hard to produce in Korea (coffee, cacao, sugar cane, olive oil, black pepper, etc.) to cover its members' needs, and being an SSE organisation, the most evident way to do this is through fair trade. It started in 2007 but it is also an exporter of certain products such as ramen soup.

It has also engaged in an intense internationalisation strategy around intangible assets. For example, the development of the Goesan Organic Food Industrial Complex was preceded by exchanges such as committee training sessions in Japan and by the Cluster Execution Committee's visits to Europe. From this original idea, it expanded into a Nature Dream Park, where in addition to the industrial component, it performs other functions such as experience, culture, housing and tourism. It includes a support centre consisting of accommodation, a food inspection centre, conference rooms, a movie theatre, a café, a restaurant featuring non-genetically modified organisms food and a store. This has also raised interest abroad as an interesting business model, completing the inward-outward intangible process. Natural Dream Parks are located in Goesan and Gurye, two rural areas with declining populations. The parks serve not only iCOOP members but also the community, as they are established to revitalise the local community while providing cultural spaces and jobs for the young generation.

Source: (iCOOP, n.d.[44])

## Exchange of intangible assets

**Intangible assets can be the subject of export and import flows.** Intangible goods, by their nature, can require less physical infrastructure and their trade has been subjected to fewer legal and tariff barriers than other goods, although measures exist around intellectual property protection. Therefore, an international strategy involving such goods can be based on a control-based approach without requiring the same amount of investment or local infrastructure (including joint-venture or similar agreements). Loomio Cooperative Limited, a worker co-operative from New Zealand, owns Loomio, an open software and web service. It demonstrates an example of how exports of intangible goods can be used by SSE entities to expand their reach (Box 2.3). CoopCycle from France, which is an international federation of co-operatives, focuses on the provision of services for last-mile delivery by bicycles, which successfully expanded its activities beyond France through the exchange of mainly intangible assets, and identity sharing (Box 2.4).

### Box 2.3. Loomio (New Zealand)

#### A natural “born-global” SSE entity in the information and communications technology (ICT) sector and an example of platform cooperativism

##### **Overview**

Loomio is an open software and web service designed to assist groups with collaborative, consensus-focused decision-making, consent and advice processes by providing a platform to facilitate collective discussion. The company, Loomio Limited, is a for-profit social enterprise owned by worker co-operative Loomio Cooperative Limited based in New Zealand.

##### ***Loomio’s internationalisation journey***

It could be considered a social “spin-off” of the movement Occupy Wall Street (2011) and Enspiral (“a virtual and physical network of companies and professionals brought together by a set of shared values and a passion for positive social impact” using the formal structure of a charitable foundation). Thus, Loomio is born out of an already international community and operates in a traditional global market, making it a 100% “born global”.

Below are some figures about Loomio’s international exposure:

- Only 14.4% of the new accounts created since 2012 are from Australia and Pacific area. The largest number of accounts comes from Europe (51.6%).
- Annual turnover reached NZD 293 264 (New Zealand dollars) (USD 200 000) in 2021 with a total absence of donations (income coming from ad hoc services revenue and recurring paid subscriptions).
- Only 31.6% of revenue comes from New Zealand (2014-2023).
- Only 38.4% of investment comes from local investors.

International sales come from what they call an “ethical pricing model for business, government and non-profit customers” for the use of their software and also from consulting/training work. Loomio also obtained investment through two international campaigns of crowdfunding (2012 and 2014). Loomio’s growth required a different type of investment, and it issued a quasi-equity type of fund (Redeemable Preference Shares) with a small group of values-aligned investors, such as Sopoong Ventures, a social venture fund based in Seoul, Korea. This makes it an example of SSE internationalisation also using SSE finance.

Sources: <https://www.loomio.com/about> and [https://wiki.p2pfoundation.net/Enspiral#What\\_is\\_Enspiral.3F](https://wiki.p2pfoundation.net/Enspiral#What_is_Enspiral.3F)

### Box 2.4. CoopCycle (France)

#### Brand, software and cooperative identity for an international federation of eco-riders

##### Overview

CoopCycle is an international federation of cooperatives whose aim is to provide the necessary services for any "last mile" delivery activity by bicycle. For this purpose, delivery drivers organise themselves into local collectives (at the city or neighbourhood level) as cooperatives and, from there, they join the federation.

The project was created in Paris in 2016 as a non-profit organisation and then the federation in 2017. CoopCycle closely follows cooperatives principles, and all relevant decisions are made by the "one member, one vote" approach. All local members of the federation have to offer contracts to their couriers as soon as possible and decide democratically on the distribution of revenues.

##### CoopCycle's internationalisation journey

Since its birth, CoopCycle has had the intention to internationalise and share the platform it has created. The main activity is in France, from where it has accompanied and promoted the expansion of the federation to more than 40 collectives in 12 European countries such as Belgium, Germany, Italy, Poland, Spain, Sweden and the United Kingdom (UK). It is currently developing new nodes in Eastern Europe, North America (Canada, Mexico and the United States), Latin America (Argentina) and Australia.

The internationalisation strategy consists of an exchange of mainly intangible assets. By joining the federation, local cooperatives around the world can benefit from CoopCycle's services. Some of these services include: i) a platform software combined with a smartphone application for bike couriers, customers and restaurants; ii) commercial prospecting with large corporations, shops and restaurants; iii) visibility and branding; iv) consolidated purchasing; v) legal assistance and accounting services and vi) incubation for nascent local delivery co-operatives, among others. It also collaborates with local public authorities and SSE actors in supporting new co-operatives.

Source: CoopCycle case study from project SILK available at <https://www.silk-project.info/stories>

**Some well-known cases of social enterprises attract the attention of potential social entrepreneurs, researchers, activists and incubators across the globe.** They commit to a process of outward exchange of their business models and other intangible assets. La Fageda from Spain, a social enterprise in dairy production working to improve the quality of life of people living in vulnerable circumstances, is an example (Box 2.5).

### Box 2.5. La Fageda (Spain)

#### Changing the lives of people with mental disabilities in the countryside and receiving global attention

##### Overview

La Fageda is a social enterprise aimed at improving the quality of life of people in vulnerable circumstances in La Garrotxa (a rural district in Catalonia, Spain). To achieve this goal, it has created a powerful business structure around the production of high-quality, naturally made yoghurts and other dairy products. This business structure conceives work as a tool that dignifies people, while also offering various care services.

La Fageda started as a social cooperative in 1982. It first launched a gardening service for the city of Olot and then a dairy farm and a forest nursery in the countryside, followed by production of dairy products. It started to receive external visits in 1998. Thanks to all these activities, it is currently covering over 290 people at risk of exclusion and has an annual turnover of around EUR 30 million.

##### *La Fageda's internationalisation journey*

Despite being highly successful in its sector (competing with multinationals such as Danone), La Fageda has rejected the expansion of sales beyond the region of Catalonia and the Balearic Islands, before reaching Madrid and Valencia. From this point of view, it could be considered the opposite of an example of internationalisation. This process has shown that there are other flows involved, and in the case of La Fageda, it has proactively addressed outward flow by first trying to respond case by case to requests. From 2012, it began organising reception days for entrepreneurs seeking inspiration. Since then, it has organised 19 editions with participants coming from countries such as Argentina, Brazil, Chile, Colombia, Ecuador, France, Gambia, the Netherlands, Peru, Poland, Switzerland, the United Kingdom and the United States. In addition, La Fageda collaborated with researchers and education centres such as Harvard University, Esade and the Saïd Business School of the University of Oxford. It also provides consulting and training to international actors such as the Other Side Academy in the United States.

La Fageda has organised visits to its site for the last 25 years (over 1 million visitors), which are considered its key marketing and reputational tool par excellence.

Sources: Stakeholder consultation and <https://www.fageda.com/es/>

### ***Internationalising via collaborative networks and support programmes***

**SSE internationalisation presents sharp differences from market-based practices by more actively engaging in co-operation.** The consideration to scale up social impact and mitigate negative externalities by international activities led SSE entities to internationalise not only trade flows, but also networks and ideas.<sup>3</sup> Internationalisation of new, inclusive and sustainable business models is proposed as an alternative to past globalisation practices. As such, participation in knowledge exchange and sharing know-how became an important part of SSE internationalisation. Desjardins, a cooperative financial group from Canada, has been using various flows of assets to internationalise while capitalising on international networks (Box 2.6).

### Box 2.6. Desjardins (Canada)

**An international cooperative financial group in the area of finance with a history of inward and outward internationalisation strategies**

#### Overview

Desjardins is a co-operative financial group, the biggest financial group in Quebec and one of the biggest in Canada. It is also a leader in responsible investment within Canada, with approximately 70 responsible investment solutions.

#### Desjardins' internationalisation journey

Desjardins' relevance as an example of the internationalisation of SSE entities is related to both its history and its current internationalisation strategy. The origin of the current group is a process of dissemination of the cooperative model and the role of international networks such as the International Cooperative Alliance (ICA). The founder, Alphonse Desjardins, came across a work titled *People's Banks* by British author Henry William Wolff (1840-1931), then president of the ICA. He immediately contacted the author, and a long collaborative process began which resulted in the foundation of the first Caisse Populaire (cooperative bank) in 1900, following several European models of these SSE entities. Thus, the origin can be seen as an inward internationalisation process where intangible assets were the main flow.

Currently, Desjardins' internationalisation approach involves three different strategies, although all of them involve different categories of investments: First, Desjardins owns a branch in Florida, in the United States (since 1992), has a representative office in Europe, and has signed agreements with local financial actors in several countries to support its Canadian clients doing international business. Secondly, through Desjardins International Development (DID), founded in 1970 with a clear philanthropic ethos, Desjardins promotes the economic empowerment of vulnerable populations in developing countries. Its main tools are technical assistance and impact investing through partnerships with local communities and international donors. Since 1970, DID has launched over 700 technical assistance projects in 65 countries over four continents, in collaboration with fund providers such as Global Affairs Canada. With the impact investment funds under its management, it has invested over CAD 70 million (Canadian dollars) (EUR 40.7 million) over the past 25 years to support 40 institutions and improve access to financial services for millions of families. Desjardins also recently set up a CAD 50 million (EUR 34.5 million) Aequitas fund to stimulate post-pandemic economic recovery and meet the SDGs. Third, Desjardins is also committed to dissemination strategies through international networks such as the International Cooperative Banking Association, the European Association of Cooperative Banks, the International Cooperative and Mutual Insurance Federation (ICMIF), Global Impact Investing Network and Proxfin among others.

Source: <https://www.desjardins.com/ca/about-us/index.jsp>

**Given the limited resources of SSE entities, targeted support programmes also provide much-needed momentum for SSE internationalisation.** Programmes such as the European Social Fund and the European Regional Development Fund of the European Union (EU) have been key investors in SSE entities and in supporting international flows among them. These programmes have proven valuable in building a collaborative international ecosystem. Vågen ut! Cooperatives, a co-operative consortium from Sweden, exhibits how these programmes targeted at promoting the internationalisation of SSE can play an instrumental role in bringing about international SSE models (Box 2.7).

### Box 2.7. Vägen ut! Cooperatives (Sweden)

**This cooperative consortium was a different “born-global” created with international funds and R&D**

#### **Overview**

Vägen ut! is a Work Integration Social Enterprise (WISE) aimed at providing job opportunities for people far from the labour market by selling environment-friendly products and services. This Swedish social co-operative started as an EU project under the EQUAL 2002 programme. As such, it benefited from EU funds and a flow of intangible assets with other EU partners. This programme can be considered one of the most relevant examples of internationalisation support policy as it included among its main features a research, development and innovation component. The transnational component fostered the flow of intangible assets and the programme offered international funds as well as technical assistance and other key tools such as networking events or databases.

#### ***Vägen ut!’s internationalisation journey***

By the end of the EQUAL project, in 2005, three social worker cooperatives had been created. Following the Italian example, they started a cooperative consortium that also became the franchisor. Subsequently, they engaged in an outward internationalisation strategy of dissemination by co-creating a European network of social franchising called Le Mat. They developed the idea of running franchised hotels staffed by people far from the labour market following the model of an Italian social co-operative hotel (Hotel Tritone) and translated all the manuals from Italian into Swedish. Le Mat developed a brand, a management model, a franchising model and a quality management and training system. The subsequent creation of Le Mat Europe strengthened the brand by setting up a European network to support new social entrepreneurs in replicating the model in other countries. In this process, they received further support from the European Social Fund and its transnational activities.

One of Vägen ut! Cooperatives is Le Mat B&B Göteborg City. Vägen ut! Cooperatives’ current turnover is over SEK 43.17 million (Swedish kronor) (EUR 3.88 million) and it has 13 franchisees with 120 employees as of 2021. Around 95% of the employees have been far from the labour market. The companies are today owned by 50 employees from the companies. All employees can, after a certain time as an employee, apply for membership/ownership in the cooperative where they work.

Sources: [https://wikipreneurship.eu/index.php/V%C3%A4gen\\_ut!](https://wikipreneurship.eu/index.php/V%C3%A4gen_ut!) and <https://vagenut.coop/>

### ***Internationalising through a common SSE identity***

**Organising around a societal objective could facilitate internationalisation of SSE entities.**<sup>4</sup> Various international examples could include coming together around a common SSE identity based on principles and values through shared certification systems such as Fairtrade or B-Corps (Diesis SILK Project, 2021<sub>[45]</sub>).<sup>5</sup> Equal Exchange from the United States, a workers’ cooperative that supports a constellation of independent sister companies in fair trade, is an example for such shared certification systems (Box 2.8). Intangible assets as content of international flows can also be important to build compelling narratives that are locally relevant and globally connected (Impact Hub, 2022<sub>[46]</sub>).<sup>6</sup> They also help create the conditions in which information and resources travel easily and foster an environment with shared values and norms where collective actions can take place (Bodini et al., 2021<sub>[47]</sub>).



### Box 2.8. Equal Exchange (United States)

**A fair trade co-operative investing with cooperative values.**

#### **Overview**

Equal Exchange (EE) is a workers' cooperative that supports a constellation of independent sister companies. Together, they work in the fair trade sector and ensure the promotion of a democratic model of corporate governance, fostering engagement and fairness among workers throughout the food system.

EE provides leadership and support to the companies within its constellation of partners (La Siembra Canada, Equal Exchange Wholesale UK and Oke US). As a group, these companies employ nearly 180 people, generate an annual turnover of USD 79 million, and support nearly 100 000 families and small producers in more than 20 countries.

#### **Equal Exchange's internationalisation journey**

EE was founded as a "born-global" organisation. The idea for EE came about in Massachusetts, in the United States, in 1983 when the three co-founders had a meeting about how to make food supply chains more just. The venture opened an operation in 1986, importing coffee under the label Cafe Nica. By 1991 EE had become part of the European fair trade network, seven years before a similar certification system was launched in the United States.

The year 2003 marked a turning point in its positive cyclical flows; one of its successful farmer coop partners in Mexico became the first beneficiary that used its proceeds to make a financial investment in the EE company. Since then, more and more farmer coops have used their earnings to provide capital investment for EE's growth. This was also the first year that EE was able to provide USD 1 million in low-interest pre-harvest credit to producer coops.

It has followed an investment-based internationalisation strategy in both the United Kingdom and Canada, but following cooperative principles and allowing the local partner in Canada (La Siembra) to avoid the need for private investment or bankruptcy. In the case of the United Kingdom, it owns 100% of Equal Exchange Wholesale UK and amended its bylaws to enable UK staff to become members of the cooperative.

Source: Equal Exchange case study from project SILK available at <https://www.silk-project.info/stories>

Internationalisation patterns of SSE entities need to account for the diverse drivers, approaches and alternative models of doing business. There are also SSE entities whose internationalisation is the result of their commitment to support others even though they are not willing to scale themselves. They engage in disseminating their knowledge or supporting international networks and conferences without the willingness to get involved in international operations or any type of scaling. The specific considerations that go into play when SSE entities internationalise are summarised in Figure 2.2.

Figure 2.2. Special considerations when SSE entities go international



Source: Authors' elaboration.

## Notes

<sup>1</sup> Adopted by the OECD Council at Ministerial level on 10 June 2022.

<sup>2</sup> See (Bretos, Díaz-Foncea and Marcuello, 2020<sub>[2]</sub>); (Bretos, Díaz-Foncea and Marcuello, 2020<sub>[2]</sub>); (Magoulios, Kydros and Trichopoulou, 2019<sub>[73]</sub>); (Alon et al., 2018<sub>[86]</sub>).

<sup>3</sup> The Intercontinental Network for the Promotion of Social and Solidarity Economy (RIPESS), which was born alongside the World Social Forum, is an intercontinental network for the promotion of social solidarity economy. More about the history of RIPESS and its relationship with the World Social Forum can be found here: <https://www.ripest.org/about-ripest/?lang=en>

<sup>4</sup> OECD's recent Peer Learning Partnerships (PLP) under the OECD Global Action on Promoting SSE Ecosystems produced two outcome reports that took a closer look at the diversity in SSE internationalisation.

<sup>5</sup> See <https://www.silk-project.info/about>.

<sup>6</sup> In the second consortium of the PLP, Impact Hub also helped SSE entities' internationalisation patterns with a focus on gender equality by looking at the role of networks and umbrella organisations.



# 3 Challenges and success factors in SSE internationalisation

## Main challenges that constrain social and solidarity economy efforts to internationalise

**Despite the improving track record of social and solidarity economy (SSE) internationalisation, important barriers remain.** Being deeply rooted in local contexts, internationalisation remains a rocky road for SSE entities as they may face concerns from stakeholders around mission drift. Their emphasis on horizontal and participatory governance may also become harder to maintain as entities expand beyond borders. The limited understanding of their legal forms and statuses may also put them at a disadvantage in relation to conventional businesses, which are usually easier to establish abroad. And similar to their needs in maintaining operations within borders, SSE entities face elevated challenges in accessing necessary funds and business support when entering foreign markets. Lastly, limited research, specifically on the internationalisation of SSE entities, results in a knowledge gap regarding effective strategies and best practices.

### *Differences and ambiguities in SSE legal and regulatory frameworks*

**Legal and regulatory challenges may hinder internationalisation of SSE entities, including restrictions on foreign investments and different cooperative legislation.** Legal and regulatory challenges include restrictions on foreign investments into local non-governmental organisations (NGOs) in several countries, as well as legal obstacles that affect certain types of SSE entities such as mutuals or co-operatives in other jurisdictions. Similarly, expansion of associations beyond borders may face scrutiny by local regulators, especially when they engage in issues such as human rights advocacy. Establishing a conventional business may usually be relatively easier when going international and seeking external financing.

**Even when there are SSE frameworks in both the origin and destination countries, differences in their SSE regulation and cultures may still present important challenges.** Many regulators and legislators develop policies based on assumptions that all SSE entities possess the same or similar ownership and governance structures, which at the international level may create problems. For example, international organisations such as the International Cooperative and Mutual Insurance Federation (ICMIF) and the Association of Mutual Insurers and Insurance Cooperatives in Europe consistently advocate for a “fair and balanced” regulatory treatment of insurance cooperatives worldwide to account for such differences. Furthermore, cooperatives voice concerns about significant barriers posed by differences in cooperative legislation, limited recognition in some countries and the limited cooperative culture in the countries where they expand. For example, Groupe SOS, a non-profit group, established social businesses in foreign markets to overcome institutional barriers (Box 3.1). Increased visibility of SSE entities internationally can also propagate their specific models, which can in turn stimulate transformative change in the way goods and services are provided and people and entities are organised.

### Box 3.1. Groupe SOS (France)

**From Marseille to the world, the international development of a group of social enterprises is now present in 21 countries.**

#### **Overview**

Groupe SOS is a non-shareholder and non-profit group that takes action and innovates for the benefit of vulnerable people, future generations and underserved territories. Its activities include establishing non-profit hospitals, providing residences for seniors, supporting people with disabilities, and offering housing and social services for the homeless, among many others. Since its creation in 1984 in Marseille, France, Groupe SOS has been fighting all forms of exclusion, carrying out groundwork, helping associations to safeguard their activities, and innovating in the face of arising social, societal and environmental challenges. With more than 650 facilities, associations and social businesses, 22 000 employees and 15 000 volunteers, Groupe SOS serves 2 million beneficiaries across 40 countries each year (Egypt, Madagascar, Morocco, Romania and Senegal among others).

#### **Groupe SOS' internationalisation journey**

Groupe SOS has offices and representations in 21 countries around the world. It also co-operates with other SSE and public actors in 15 European countries, participating in several European Union-funded projects. The turnover of the internationalisation branch created five years ago is around EUR 30 million and it counts on around 500 staff members, most of whom are local staff.

It is also an active member in multiple international networks working to make the SSE the new normal, such as Pact for Impact, Catalyst 2030, European Venture Philanthropy Association, Euclid Network and Global Alliance for Social Entrepreneurship.

The internationalisation process of the Groupe SOS consists of partnerships with local entities or setting up social businesses (for-profit types of social enterprises) to adapt to the local policy and regulatory scene in countries. The main funds to finance its international activities are public and private grants. However, Groupe SOS is driven to also explore diversified financing modalities such as impact investments (through loans or equity-mezzanine) in the coming years. Groupe SOS' next strategy is envisioned to involve all sectors of the group engaging in international operations.

In the case of international members under the form of NGOs/associations entering the group, Groupe SOS remains to face challenges in overcoming local policy barriers and innovating in the governance of such new members.

Source: Direct sources and from <https://www.groupe-sos.org/>

### ***Difficulties of maintaining participatory governance and increased managerial challenges in operating across a multitude of countries***

**SSE entities uphold democratic and participatory governance, which may present particular challenges when they set out to expand beyond borders.** SSE entities often have horizontal governance structures where all members have a say, which can create frictions when SSE entities internationalise. This could become even more relevant when SSE entities choose to internationalise by establishing for-profit enterprises abroad. Co-operatives and mutuals have specific considerations in decision-making for management and human resources that are different from conventional enterprises. MONDRAGON, for example, uses a transparent and customised compensation system for expatriates to ensure equal treatment for all job categories (Bonache and Zárrega-Oberty, 2020<sup>[48]</sup>).

**Governance may become particularly difficult when SSE groups operate across countries with different frameworks for particular legal forms.** The concept of “ownership” in the SSE differs from traditional acquisition models, and it becomes challenging to ensure democratic ownership and decision-making, especially in cooperatives and associations. Resorting to hybrid models to sustain some level of control in the destination country or entity may create problems in terms of participatory governance (Bretos and Marcuello 2017).

**As an entity starts operating across a multitude of countries, managerial risks and challenges also arise.** The specific ownership structures largely observed in co-operatives and mutuals have been discussed. Similarly, some social enterprise models (e.g. family firms) can encounter challenges in management reach and communications. Local governance and management models significantly differ from one country to another, which complicates efforts to maintain centralised control. In addition, given their particular structure, SSE entities may encounter limits on the remuneration of employees and management, which can disfavour the attraction of high skills. In Italy, specific legislation aimed to address this, precisely to meet the need of some SSE entities to attract skills that otherwise, due to market rules, remained inaccessible.

### ***Difficulties in accessing funding and financing***

**The complexity of the issues addressed by SSE entities requires increased funding, but two main obstacles hinder meeting these heightened needs.** It should be noted that many SSE entities historically emerged with few resources at their disposal to respond to local societal challenges. First, there is a demand for more sophisticated financial instruments, including forms of debt with equity traits such as quasi-equity funds, tailored specifically to support SSE entities. Second, the global financial landscape is biased towards investments with higher profit potential. In a financial world driven by a focus on rapid and maximum profits, less funding is available for SSE entities that engage in investments with lower financial performance and that face governance barriers that could affect how investors obtain financial returns. The financing problems may be exacerbated as international activities may also encounter tariffs as well as material currency risks.

**Over time, SSE entities explored different channels to diversify sources of funding and financing** (Barco Serrano et al., 2019<sup>[49]</sup>). The recent development of alternative financing models such as impact investing and multilateral funding facilitated the initial adoption of tools more suitable to fund activities under the “hybrid” model previously described. Nevertheless, the level of financing does not meet the demand and is not equally available across sectors, types of enterprises or stages of business development. Structuring impact investments, despite the social and environmental objectives being pursued, is facing challenges when confronted with SSE entities with more horizontal governance and stricter limited profitability, representing more challenging exit strategies (Barco Serrano and Pastorelli, 2022<sup>[23]</sup>).

### ***Concerns around potential mission drift***

**The tension between the social and financial objectives of SSE entities might be exacerbated when SSE entities expand activities.** Prioritisation of social objectives over financial objectives may be forgone when involving stakeholders and communities with different social, economic, political and legal contexts. For example, social enterprises adopting hybrid scaling strategies could face challenges aligning with the multiple and often competing goals and logics of new partners, particularly when they establish for-profit corporations abroad. This situation could lead the social enterprise to prioritise market concerns at the expense of its original mission-driven goals. Similarly, competitive strategies adopted by the SSE entities to maintain activities beyond borders need to be carefully designed since they may not always align with their “social” rather than “competitive” DNA. These concerns can be mitigated through reinforced social accounting, participatory governance, a robust and rigorous impact measurement framework that includes relevant indicators and a sound data strategy, and the institutionalisation of training in mission-driven values. Nevertheless, their perception in the eyes of consumers and legitimacy from stakeholders might also change negatively as organisational growth may be seen as a threat to the SSE identity (Bretos, Díaz-Foncea and Marcuello, 2020<sup>[2]</sup>).

### ***Lack of tailored business development support***

**Specialised services for SSE internationalisation are currently available only in a limited number of countries, including Korea, the Netherlands, Spain and the United Kingdom** (Barco Serrano and Pastorelli, 2022<sup>[23]</sup>). Moreover, private incubators or consultancies do not typically provide services for the internationalisation of SSE entities. Accelerators, which usually focus on facilitating business scaling, often exclude certain types of SSE entities, such as associations, cooperatives or NGOs, from their services. Furthermore, incubators tend to be less helpful to SSE entities due to the absence or inadequacy of management tools specifically adapted to their needs. There are notable exceptions, such as the Impact Hub and its international network, which actively contribute to supporting the internationalisation of SSE entities. However, specialised incubators with a specific focus on assisting SSE entities in their internationalisation efforts are scarce and cover only part of the needed services.

### ***Challenges in assessing social impact across borders***

**Measuring the impact generated by the SSE entities may prove difficult across geographies.** This is largely due to a lack of established metrics and differences in impact indicators which may be more relevant for some countries while less so in others. Building and managing an impact management and measurement system to carefully account for the specificities of different geographies can be an arduous task. Efforts to create an aggregated and comparable repository of data on social impact by the SSE are further complicated by the differences in how SSE entities are recognised across different countries.

### ***Gap in research on the internationalisation of SSE entities***

**Another important challenge faced by SSE entities when internationalising is the lack of research on the processes, requirements and tools for their internationalisation.** This lack of specific knowledge hinders their ability to meet their unique needs and interest of achieving societal objectives. Consequently, this challenge affects the availability of management tools, inadequacy to assess potential impact and even the capacity to adequately design mechanisms to support the internationalisation of SSE entities. There is a gap concerning research and training on how to manage an internationalisation process for SSE entities. Such lack of knowledge leads to the very limited management tools tailored to SSE entities. In addition, due to the absence of tools to evaluate the impact of internationalisation efforts in SSE entities, the assessment of how these assets contribute to the entity's value or their social impact goals receives less attention.

### **Success factors driving internationalisation practices among SSE entities**

**Multiple success factors shape and drive the internationalisation practices of SSE entities, enabling them to increase social impact at local and international levels.** Innovation in business models plays an important role as SSE entities seek to navigate the challenges of internationalisation by developing novel approaches and solutions. Additionally, the increasing access to digitalisation opportunities enables SSE entities to participate in international projects and events, reducing costs and facilitating accessibility (e.g. CoopCycle and Loomio). Furthermore, the dedication of resources to research and development (R&D) fosters valuable outcomes and assets, contributing to the success of SSE internationalisation. A supportive ecosystem that provides tailored support, funding and international management capabilities is vital for SSE entities to engage in internationalisation efforts. Additionally, the improvement of systemic conditions and the role of networks present themselves as key to the success of internationalisation.

## ***Innovation, digitalisation and R&D***

**Innovation plays an important role in the success of SSE entities, particularly when it comes to internationalisation.** Due to the lack of available guidance for SSE internationalisation, SSE entities often find themselves needing to innovate. Innovation is present in various internationalisation strategies employed by SSE entities. Strategies include control-based approaches such as direct investments, acquisitions and mergers (e.g. MONDRAGON and Groupe SOS, and Up Group). Altruistic-based strategies are also driven by innovation; for example, when facilitating the exchange of intangible assets, such as sharing identities, business models and brands. Hybrid-based strategies, such as franchising or licensing, also involve innovation (e.g. Social Enterprise Academy) (Bryan, 2021<sup>[50]</sup>).

**SSE entities can unlock more internationalisation opportunities by embracing digitalisation.** Enhanced access to digitalisation and the widespread use of information and communication technologies enable SSE entities to actively participate in international projects and events, while reducing associated costs. This accessibility is especially beneficial for rural or isolated SSE entities, which may face additional geographical barriers. Furthermore, the advantages of online participation extend beyond immediate engagements, as digitalisation strategies offer long-lasting and profound impacts on internationalisation efforts (e.g. platform cooperatives). Therefore, improved access to digital technologies serves as a stand-alone success factor and even forms the cornerstone of certain internationalisation strategies. For instance, SSE entities operating in response to the gig economy (e.g. Fairbnb, Loomio and Resonate) leverage on digitalisation from the start to establish an international presence. Additionally, other examples demonstrate how a high degree of digitalisation in their core business facilitates international dissemination strategies (e.g. Smart group in Europe, Fairmondo and CoopCycle).

**SSE entities, their networks and support organisations could allocate resources to R&D efforts.** These outputs encompass intangible elements such as patents, specialised software and innovative business models. The collaboration case of La Fageda, the R&D initiatives of MONDRAGON group concerning business models, the core activity of Development Alternatives, the software and business model transfer of CoopCycle, and the whole business of Loomio are examples.

## ***Conducive ecosystems for internationalisation***

**Having a clear institutional and legal framework around the SSE can facilitate internationalisation efforts by SSE entities.** Notably, many successful examples stem from ecosystems with well-established policy frameworks and strong SSE cultures, such as the United Kingdom, especially Scotland, Spain, including Catalonia and the Basque Country, Quebec (Canada) and France. While internationalisation programmes by public actors are relatively scarce, they can play a pivotal role. Notable examples include the European Social Fund's transnational pillar (particularly the EQUAL programmes), the Scottish Internationalisation Strategy for Social Enterprise, Catalonia's Social Economy support programme in Spain facilitated by the specialised agency for internationalisation, and the Korea International Cooperation Agency (KOICA) Creative Technology Solution programme from Korea.

**Particularly through social innovation, SSE entities can introduce effective solutions to address societal challenges.** Disseminating the SSE culture can facilitate these innovative ideas' replication across borders. Some efforts to this end include fostering a cooperative culture, supporting postgraduate courses to address human resources needs and collaborating with public authorities on innovative policy development projects. These efforts are not limited to resource-intensive approaches adopted by large organisations such as Development Alternatives in India (Box 3.2) or Groupe SOS (Box 3.1), but also include examples such as La Fageda (see Box 2.5) or CoopCycle (see Box 2.4), where the focus of internationalisation is on disseminating business models.



### Box 3.2. Development Alternatives (India)

#### An Indian SSE group centred around technological transfer

##### Overview

Development Alternatives Group is dedicated to creating models that generate sustainable livelihoods in large numbers both within India and through South-South collaboration. The group was initiated as an Indian social enterprise set up in 1983.

It is a unique collaboration of organisations with not-for-profit research and charity objectives and social enterprise ambitions. It comprises the Society for Development Alternatives, Society for Technology and Action for Rural Advancement (TARA), and its affiliate social enterprises that are committed to accelerated impact in the areas of entrepreneurship and job creation.

##### *Development Alternatives' internationalisation journey*

It has implemented transfer of technology and knowledge solutions across 32 countries, and its internationalisation strategy rests on three pillars:

transfer of innovative technology solutions

exchange of knowledge and experience through projects involving training and consulting and through technological platforms

collaboration and partnerships with local and national government agencies, involving key private players of the sector to disseminate solutions and increase impact.

Over two decades between 1990 and 2010, Development Alternatives built on sharing knowledge and advocacy to influence global, national and local institutions. In the last ten years, the emphasis of Development Alternatives has shifted to a more tactical approach, looking at strategic partnerships in target countries, often with actors in business and industry in addition to civil society organisations and governments. Some examples from their work include:

- transfer of green building material technologies (e.g. Eco Kiln and Micro Concrete Roofing tiles to South Africa, Malawi, Indonesia, Nepal and nine more countries through local partners)
- inclusive entrepreneurship, by partnering with organisations such as Diesis, Climate Kic and Global Sparks build platforms that promote social and solidarity economies through exchange of knowledge and expertise among peers
- influencing policy action in Malawi to look at alternate, cost-effective technologies such as vertical shaft brick kiln by collaborating with government departments.

Source: Development Alternative/TARA case study from project SILK available at <https://www.silk-project.info/stories>

**Networks serve as platforms for collaboration, knowledge exchange and capacity building for SSE internationalisation.** Informal and formal networks are recognised as valuable intangible assets that contribute to sustainable competitive advantage for all types of organisations (Hall, 1993<sup>[22]</sup>). In the case of SSE entities, these networks play a particularly important role due to the collaborative and cooperative values that promote peer-to-peer support. Many examples involve SSE entities directly or indirectly participating in advocacy networks or networks focused on strengthening members' capabilities. In the case of advocacy networks, notable examples include the International Cooperative Alliance (ICA), the International Organisation of Industrial and Service Cooperatives (CICOPA), the Intercontinental Network for the Promotion of SSE (RIPESS), and Social Economy Europe. In the case of strengthening member

capabilities, networks such as Diesis Network or Impact Hub (which is also a network of incubators) are involved. These networks not only facilitate exchanges, training, visibility and technical assistance, but also contribute to fostering identity and brand recognition. For instance, ICA promotes and supports the “.coop” domain name for formal cooperatives, and networks in the fair trade movement support corresponding certification processes.

**Networks play a crucial role in the implementation of international projects and events, which significantly contribute to inward and outward internationalisation.** Events such as the Global Social Economy Forum (GSEF) and the Social Enterprise World Forum (SEWF) serve as platforms that facilitate the flow of intangible assets and funds towards SSE entities. Participating in international projects and events also offers advantages that extend beyond financial returns in the local market of origin (Barco Serrano and Pastorelli, 2022<sup>[23]</sup>). For instance, networking could lead to collaborations between local social entrepreneurs and international SSE networks such as CoopCycle or the Scottish Social Enterprise Academy. Additionally, participation in these events can enhance visibility and branding for local social economy providers of public services.

### ***Developments in social finance and impact investments***

**The development of solidarity finance and other SSE financial instruments in recent decades has facilitated SSE internationalisation.** There has been a growing trend towards promoting hybridity in investments to combine financial performance and social impact, usually seen as combining grants, debt and/or equity mechanisms together in a single financial scheme. This trend includes impact investment, responsible finance, sustainable finance, social finance and blended finance, among others. While these approaches have their limitations in addressing the financial needs of SSE entities, they nonetheless broaden the possibilities for SSE entities to access international funding (Barco Serrano et al., 2019<sup>[51]</sup>; Barco Serrano and Pastorelli, 2022<sup>[23]</sup>; Sinclair, McHugh and Roy, 2019<sup>[52]</sup>; Teasdale et al., 2022<sup>[53]</sup>). For example, the Torino Social Stock Exchange in Italy, which was launched by Torino Social Impact in 2019, brought together different institutions and private actors to create a capital market for businesses that internationally, additionally and measurably achieve positive impact (Torino Social Impact, n.d.<sup>[54]</sup>). Similarly, frameworks such as the EU Sustainable Finance Disclosure Regulation (SFDR) can be promising efforts towards diversifying sources of financing also for the SSE.

### ***Increasing international recognition of the SSE***

**The SSE has gained political prominence in recent years as well as considerable international recognition.** Furthermore, the series of crises experienced in recent times, particularly the COVID-19 crisis, has highlighted the SSE as an important part of the response (OECD, 2020<sup>[55]</sup>). As a result, there has been an increase in research efforts, improvements in national policy and legal frameworks, and a proliferation of opportunities for SSE entities to participate in international value chains and collaborate with non-SSE enterprises. Additionally, many of the success factors mentioned earlier have experienced a rise or improvement as a consequence of this heightened profile of the SSE.



# 4 Designing policy for SSE internationalisation

## Areas of policy intervention for social and solidarity economy internationalisation

**By presenting an alternative for provision of goods and services and capitalising on local roots, the social and solidarity economy (SSE) can address local development challenges.** Thanks to their particular nature, SSE entities can flexibly adapt to local development needs. They do so by inherently focusing on the societal impact on stakeholders generated as part of their strategies and by prioritising social value over profit. In doing so, they can already account for the negative externalities stemming from activities, stimulate new productive behaviours that are more inclusive and sustainable, and foster trust by building local social capital (Noya and Clarence, 2007<sup>[56]</sup>). Under conducive conditions, internationalisation can help SSE entities expand and deepen their impact, complementing public and private action. Supporting increased footprint of SSE entities can help policy makers achieve societal objectives, while it can also generate positive spill-overs to boost social entrepreneurship and innovative capacities domestically.

**Targeted supportive policies and measures for SSE internationalisation are very limited.** This is in contrast with the much broader research on policies to nurture SSE ecosystems within countries. Nevertheless, the well-established ecosystem approach can be used to examine different areas of intervention for policy makers to support the internationalisation of SSE entities. Policy could support institutional recognition of the SSE and also promote its competitiveness through targeted measures (Chaves and Demoustier, 2013<sup>[57]</sup>). In short, policies to support internationalisation can be classified as:

- **institutional and knowledge building** by supporting clear legal frameworks and other programmes to increase visibility, coaching, training and research
- **promoting competitiveness** in the different parts of the value chain (such as provision of financing and consulting) and access to public markets (such as inclusion of social clauses in public procurement) (OECD, 2023<sup>[58]</sup>).<sup>1</sup>

**Conventional internationalisation policies, not specific to the SSE, have undergone change in recent decades.** Typically, policies focused on increasing exports and improving the trade balance. Recently, developing inward flows of intangible assets (e.g. patents, other intellectual and capital resources) has become more prominent. The role of intangible assets (e.g. branding, organisational culture) is more recognised to improve competitiveness, while it is also acknowledged to provide innovative solutions to sustainable development challenges. Current internationalisation policies for SSE entities, general or specific initiatives or individual actions, are numerous, some of which can be seen in Table 4.1 below.

- i. **general** initiatives that aim to support the development of the SSE ecosystem while including internationalisation as an element
- ii. **specific** initiatives with specific and multiple SSE internationalisation measures and actions
- iii. **individual** actions that are introduced to support SSE entities' internationalisation.

**Table 4.1. Suggested policy initiatives for SSE internationalisation and international examples**

Policy area	Inward or outward orientation	Example
<b>General initiatives that aim to support the development of the SSE ecosystem while including internationalisation as an element</b>		
Institutional policies (such as internationally agreed resolutions/recommendations)	Not relevant	Organisation for Economic Co-operation and Development (OECD) Recommendation on the SSE and Social Innovation
Framework laws with an article or paragraph on internationalisation	Both	Not available
SSE strategy with a chapter on internationalisation	Both	2023-2027 Spanish Strategy for Social Economy and Strategic Investment Plan for the Social and Care Economy from Spain
Trade agreements with specific SSE clauses	Both	Not available
<b>Specific initiatives with specific and multiple SSE internationalisation measures and actions</b>		
Internationalisation programmes and strategies at supranational level	Both	Transnational co-operation platform of the European Social Fund, European Social Entrepreneurship Funds (EuSEF) label, MedUP! Promoting social entrepreneurship in the Mediterranean region, International Labour Organization's (ILO's) Strengthening the SSE in Asia project
SSE internationalisation strategy	Both	Scottish Strategy for Internationalisation of Social Enterprises
International social investment strategies	Inward	UK International Social Investment Strategy
Traditional co-operation for development programmes	Outward	Cooperative Development Program of United States Agency for International Development (USAID)
Specific support services on SSE internationalisation	Outward	International Social Economy Service of the Catalan Agency for Business Competitiveness ACCIÓ (Catalonia)
Specific support services with a sectoral focus (creative industries, social services, etc.)	Outward	Korea International Cooperation Agency (KOICA) Creative Technology Solution programme
Research programmes on or including SSE internationalisation	Both	Not available
International events with SSE networking, exchanges and trainings	Both	The Global Social Economy Forum (GSEF)
<b>Individual actions that are introduced to support SSE entities' internationalisation</b>		
Specific support projects on SSE internationalisation	Outward	T.O.M. – Tuscany on the Move
Research projects on SSE internationalisation	Both	Enabling Social Entrepreneurs to Scale their Impact Internationally (ESESII)
Specific SSE projects with internationalisation as a key component	Both	<i>Rodando Juntas</i> (Mexico)
Education programmes on international management of SSE entities	Both	Not available
Support to international networks of SSE entities	Not relevant	OECD Global Action on Promoting SSE Ecosystems (especially Peer Learning Partnerships)
International events with SSE networking, exchanges and trainings	Both	2017-2018 Social Capital Markets (SOCAP) trade missions for Dutch social enterprises

Note: The matrix includes suggested policy initiatives to support SSE internationalisation, regardless of whether they have existing examples or not.  
Source: Authors' elaboration.

**The level of government is another important element to complement the potential policy areas.**

The majority of these policy areas can be developed at four levels of government: supranational, national, regional or local. Traditional internationalisation policies only recently included SSE entities. Supranational internationalisation programmes, strategies or traditional development co-operation programmes have been around for quite some time, while their inclusion of all SSE entities (and not just some specific types) has been rather recent. A very relevant policy example in this area is the transnational component of the EQUAL programme within the European Social Fund (ESF) programmes. The EQUAL programme (2000-2006) was focused on supporting innovative, transnational projects aimed at tackling discrimination and disadvantage in the labour market and included a specific principle that required all projects to establish at least one transnational co-operation. ESF continues to support SSE internationalisation through its Transnational Cooperation Platform and ESF Social Innovation+ to scale up innovative solutions and facilitate knowledge exchange.

**The table above shows that some policy instruments may not have an international example to learn from.**

For example, thus far, no framework law includes internationalisation as a specific element in its articles, albeit often they don't specify all of the policies that should derive from them. The absence of a specific mention of SSE within trade agreements could stem from two reasons: i) the traditional view of trade agreements as the realm of profit-maximising companies; and ii) the rejection by part of the SSE of the practices traditionally included in such agreements. SSE could become a pivotal actor in promoting more value-based supply chains, both as an economic actor more strongly engaged in international value chains, and as an alternative model that does not put profit maximisation at its core, but is rather driven by a social mission.

**The gap in SSE internationalisation research and training is in part due to its novelty.**

The gap in education could be also a matter of time. Despite strong developments of postgraduate courses and MBA programmes related to the SSE, they do not develop specific courses on the management of internationalisation processes specific to these types of entities. However, intangible assets more generally are increasingly addressed by targeted policies. An example is Spain's Strategic Investment Plan for the Social and Care Economy with one of its three main objectives aimed at setting up "a vanguard hub to become a reference in the social economy at the service of the transfer and exchange of knowledge" (Spanish Government, 2022<sup>[59]</sup>). The Social Enterprise Strategy 2016-2026 implemented by Scotland, United Kingdom, also includes "efforts to increase a two-way dialogue learning between Scotland and partner countries" and "plays on disseminating knowledge and best practices, increasing import/export activities through the support pipeline and multinational networking via improved communication with partners" (Bodini et al., 2021<sup>[47]</sup>; Scottish Government; Scottish Enterprise; Scottish Development International; Highlands and Islands Enterprise, 2016<sup>[60]</sup>).

**Internationalisation policies tend to focus on outward-oriented measures, calling for more efforts to tap the potential inward-oriented efforts.**

International activity incorporates an increasing level of inward-oriented flows (e.g. knowledge, services), and policies are trailing behind the practice (Fletcher, 2001<sup>[61]</sup>). There are very few existing policies in this area, with the strategy from Spain being one example. There has also been some mistrust historically within the SSE community in relation to internationalisation policies rising on concerns that they may benefit only a few entities and not the whole ecosystem. Internationalisation may also be seen as posing a challenge to the SSE identity as a local actor. Inward-oriented policies could help overcome such mistrust.

## Recommendations for policy making to support SSE internationalisation

### **Internationalisation of SSE entities remains a niche but emerging field for policy and research alike.**

Stand-alone measures to specifically target SSE internationalisation are very few, while some SSE programmes and policies include elements of SSE internationalisation, directly or indirectly. Countries show significant variation in the level of development of the SSE policy ecosystem, with only a few introducing SSE internationalisation strategies or overall policies with internationalisation components, while others may offer specific interventions. Notwithstanding, many actionable areas could be identified to help SSE entities aspiring to extend their operations beyond borders through targeted policy.

### ***Engaging in international efforts to mainstream SSE concepts to account for country differences in their recognition and regulation***

**An important barrier for SSE entities when they enter foreign markets and countries is the ambiguity around their legal forms and statuses.** Many countries still lack clear definitions for all types of SSE entities, while significant differences may remain in their recognition and respective regulation. A culture of cooperatives varies significantly across countries. When the parent entity sets out to establish operations in a foreign market, it may encounter significant regulatory barriers if the destination country's cooperative ecosystem and legislation are different from that of the country of origin for the parent entity. This drives many SSE entities to look for alternative legal forms to adopt when establishing abroad, with for-profit business structures as highly feasible options.

**While many countries have relatively easy processes to facilitate establishment of foreign-owned businesses, the same is not necessarily true for many legal forms adopted by the SSE such as associations.** Given that countries may have concerns about foreign associations with conflicting advocacy for human rights, for example, establishing associations abroad may be more challenging compared with establishing businesses. Similarly, mutual recognition remains very limited with a lack of a common understanding across countries, which hinders their development and scaling-up efforts within or across borders (GECES, 2016<sup>[62]</sup>).

**Promising developments have been taking place to address the legal and administrative barriers in operating beyond borders.** The European Commission adopted a Proposal for a Directive on European Cross-Border Associations on 5 September 2023. This Directive aims to ease the challenges encountered by non-profit associations operating in more than one EU country. It also aims to facilitate the recognition of their legal status across the EU by introducing the additional legal form of a European cross-border association (ECBA) in national legal systems specifically for cross-border purposes (European Commission, 2023<sup>[63]</sup>). In June 2023, Spain published its 2023-2027 Strategy for Social Economy, which also included elements on SSE internationalisation. Recognition of SSE in the legislation and regulation at state, regional and international level was among the lines of action proposed in the new strategy. For cooperatives, the International Cooperative Alliance (ICA) and the EU work together to propagate the cooperative model by supporting networking, advocacy and capacity building as well as research on legal frameworks across different countries.

**Working towards a shared understanding of what the SSE constitutes while accounting for country nuances is important to facilitate the replication of SSE entities across borders.** International forums and platforms (e.g. the Global Platform for Promoting Social Economy (GSEF)) provide an important opportunity for policy representatives to become familiar with SSE practices elsewhere. Similarly, international frameworks such as the OECD Recommendation on the SSE and Social Innovation, Resolution and Conclusions Concerning Decent Work and the Social and Solidarity Economy, the United Nations Resolution on Promoting the SSE for Sustainable Development and the EU Council Recommendation on Developing Social Economy Framework Conditions help arrive at a common understanding of SSE internationally.<sup>2</sup> Regional programmes to support social entrepreneurship

(e.g. transnational component co-operation platform of the European Social Fund and European Social Entrepreneurship Funds (EuSEF) label) could be relevant avenues where geographically closer countries could facilitate partnerships and cross-border operations of social enterprises, while becoming more familiar about their different legal forms. Programmes such as the Interreg programme co-funded by the EU provide significant opportunities to promote regional interconnectedness, especially of social entrepreneurs. Its Support Network for Social Entrepreneurs (SuNSE), for example, aims to establish a network of social entrepreneurship hubs across Northwest Europe, bringing together expertise, support agencies, local authorities, universities and enterprise support specialists in a transnational partnership.

### ***Introducing SSE entities as part of trade agreements and establishing clusters to promote cross-border operations***

**Many SSE entities do participate in the production and provision of goods and services internationally.** Nevertheless, they are often seen as charitable organisations with often weak business and financial sustainability. A lot of SSE entities, on the other hand, host significant potential to export and import goods and services, particularly co-operatives and social enterprises. As the global economic system moves to adopt a more sustainable and inclusive model, inclusion of SSE entities as part of international trade agreements can help promote trade flows that contribute to a green and just transition. The consumer base in many countries is becoming increasingly attentive to the origins and footprint of the goods and services purchased, while many policy makers are moving towards sustainable and socially inclusive measures such as social procurement practices. Given their strong local roots, increased trade flows by SSE entities could also help increase the share of local producers, suppliers and distributors in international and domestic value chains. Policy makers can therefore advance on their social and environmental goals by promoting the share of SSE entities in trade flows.

**Establishing regional clusters to facilitate flows of goods and services, investment, and intangible assets among SSE entities could also help them scale up and extend beyond borders.** Building on competitiveness objectives, countries could establish clusters for SSE entities to increase their co-operation while promoting cross-border and regional co-operation. The Grande Region Cluster for Social and Solidarity and Circular Economy (*Cluster Grande Region de l'économie sociale, solidaire et circulaire*) brings together social enterprises from Luxembourg, France and Belgium to promote their cross-border partnerships and operations.

### ***Introducing general SSE internationalisation strategies, specific programmes or individual actions to prioritise internationalisation efforts by SSE entities***

**Specific policies and strategies directly targeting SSE internationalisation remain few.** While more examples of general strategies that include an internationalisation component or elements exist (e.g. the Social Economy Action Plan of the EU, Ireland's National Social Enterprise Policy 2019-2022 or Scotland's Social Enterprise Strategy 2016-2026), there is only one known fully fledged internationalisation strategy aimed at the SSE, namely the Scottish Strategy for Internationalisation of Social Enterprises (Box 4.1). Policy makers could make use of a dedicated roadmap to increase the international exposure of their SSE entities by establishing working groups to design an action plan around how to promote SSE internationalisation with specific attention to their needs, sectoral concentration and competitive advantages. Scotland's ten-year Social Enterprise Action Plan also includes a specific internationalisation dimension in addition to the stand-alone strategy.



#### Box 4.1. Scotland's Internationalising Social Enterprise, 2016-2026 (United Kingdom)

##### A strategy to support internationalisation of Scottish social enterprises across four strategic pillars

Scotland published the ten-year Internationalising Social Enterprise Strategy in 2016. The strategy aims to serve the overall objective to contribute to sustainable economic growth domestically and to increase the presence and impact of Scottish social enterprises around the world. This strategy is aligned with an already developed policy framework to strengthen Scotland's links with the global economy and international community. This policy framework comprises other frameworks and strategies such as Scotland's International Framework, Trade and Investment Strategy, Economic Strategy, and Social Enterprise Strategy among others.

The strategy adopts a holistic approach to support the internationalisation of social enterprises across for strategic priorities:

1. **Global citizenship:** Scotland aims to contribute to its role as a good global citizen and extend its international impact by promoting social enterprise through framing, leading and accelerating global developments in the field. Action areas include fostering intergovernmental engagement, promoting partnerships for international development and building bilateral relationships for shared objectives.
2. **Trade:** Scotland aims to empower its social enterprises by making them more aware of international opportunities and more global in their outlook through international sales and impact. Action areas include promoting research to gather intelligence, increasing awareness around international opportunities and helping social enterprises expand activity in overseas markets.
3. **Investment:** This pillar aims to increase social enterprises' access to investment to help them expand their international reach and to position Scotland as a destination of choice. Action areas include promoting social investment mechanisms, targeting support towards account managed-social enterprises with a strong cultural, heritage and tourism offering, and supporting inward visits to enhance Scotland's reputation and promote networks.
4. **Education:** Finally, Scotland aims to become a recognised world catalyst for knowledge on social enterprise. Action areas include sharing Scotland's learning with the world through partnerships, promoting leadership development programmes and extending educational offerings to foster social entrepreneurship.

Source: (Scottish Government; Scottish Enterprise; Scottish Development International; Highlands and Islands Enterprise, 2016<sup>[60]</sup>)

**The 2023-2027 Spanish Strategy for Social Economy published in June 2023 also dedicated a specific line of action to internationalisation of the SSE.** The sixth line of action focused on increasing the level of internationalisation of the SSE through five action points (Ministry of Labour and Social Economy, 2023<sup>[64]</sup>):

- i. analysis of the specific needs of SSE entities for internationalisation
- ii. inclusion of SSE in the internationalisation plans and programmes by the government
- iii. specific internationalisation programmes for SSE entities dedicated to vulnerable groups and non-profit organisations
- iv. promotion of internationalisation by agri-food co-operatives,
- v. promotion of SSE internationalisation through digital channels and product innovation.

**Similarly, countries could introduce dedicated elements to SSE internationalisation within their overall SSE policies to identify areas of intervention.** KOICA, Korea's official development co-operation organisation, implemented the Creative Technology Solution programme, which focused on promoting innovative technological solutions to official development aid projects in developing countries by supporting entrepreneurs, start-ups and social venture innovators. Social enterprises with a status of corporation are eligible to participate in the programme, which provides seed financing and mentoring networks to strengthen the innovative technology business models.

**Initiatives to promote SSE internationalisation should not overlook the local characteristics of different countries and impose a transplantation of what works in a certain country.** A legal framework that works in one context may not be conducive in another. Therefore, designing international statutes and programmes should still allow for flexibility to adapt to the specific institutional and cultural conditions of different countries.

### ***Providing financial and business advisory support to enhance competitiveness of SSE entities***

**The need of SSE entities for financial and intangible resources to enhance competitiveness in international value chains is similar to those of others micro, small and medium-sized enterprises.** Many of them engage in the production of goods and services, just like conventional businesses, but often at a disadvantage in access to financial resources and public business advisory services. This barrier in access could be explained by the fact that many SSE entities with tradable income and sustainable business models are often perceived as charitable organisations. Providing financial and business advisory support programmes specifically targeting SSE entities could strengthen their competitiveness in international trade, while generating sustainable solutions to transnational social and environmental challenges.

**Many countries have already started experimenting with specific support programmes to SSE internationalisation.** One of the most prominent examples is from Spain, where the Catalan Agency for Business Competitiveness (ACCIÓ), offers expert advice to enhance social enterprise competitiveness internationally (Box 4.2). In 2015, the UK government partnered with Social Enterprise UK to highlight available support to social enterprises to increase their exports through the [www.great.gov.uk/](http://www.great.gov.uk/) website. The website provides a one-stop shop for small businesses of all types, including social enterprises, to start exporting.

#### **Box 4.2. ACCIÓ and the Social Economy Programme to support social enterprise internationalisation (Spain)**

##### **Inclusion of direct support to social economy entities within broader business competitiveness programmes**

ACCIÓ is the public entity of the government of Catalonia to support innovation and internationalisation of Catalan small and medium-sized enterprises (SMEs). ACCIÓ also promotes the business competitiveness of SMEs by improving access to business financing, attracting foreign investment and promoting the clustering policies. The programme Economía Social is a broad programme led by the Directorate-General for the Social Economy of the Government of Catalonia, which aims to enhance the sustainability of the social and cooperative economy. This is achieved through support actions in the definition of their strategic approach and the improvement of their growth and internationalisation potential.

Within Economía Social, ACCIÓ has supported the internationalisation projects for social enterprises since November 2016 through its Trade and Investment Offices and the International Social Economy service. It publishes annual calls whereby eligible applicants could benefit from a series of actions including: i) identification and selection of the most appropriate marketing channels; ii) preparation of product suitability market studies; iii) search for distributors and partners in the new market; iv) detection of end consumers; v) personnel selection at destination; vi) support and guidance in the processes of accessing EU and multilateral funding to increase international competitiveness; and vii) roll-out abroad.

From November 2016 through June 2021, ACCIÓ's Trade & Investment offices carried out four editions of the service International Social Economy with 86 individual internationalisation projects for 57 social enterprises. The programme helped social enterprises to receive special attention for their internationalising efforts by ACCIÓ, while improving the capabilities of ACCIÓ employees to better assess and work with social enterprises.

Sources: [Case study "International Social Economy" Service \(Economía Social Internacional\)](#) for OECD Global Action PLP and (ACCIÓ, n.d.<sup>[65]</sup>)

### ***Investing in inward-oriented activities by SSE entities***

**Bringing in financial resources as well as intangible assets such as research and development, branding, and data from abroad could facilitate SSE internationalisation.** SSE entities show variation in their internationalisation objectives, with some pursuing instrumental ends to deepen or scale up impact, while others participate in knowledge exchange altruistically to foster the global SSE community. In both cases, inward-oriented flows play an important role. Mexico's National Institute of Social Economy (INAES) implemented specific initiatives to strengthen, link and generate SSE entities through inward internationalisation strategies including the importation and adaptation of organisational business models, the adoption of new technologies, and the promotion of knowledge and know-how transfer through collaboration via international multilateral networks for capacity building (Box 4.3).

#### **Box 4.3. INAES *Rodando Juntas* initiative (Mexico)**

##### **Designing inward-oriented policies for SSE internationalisation**

INAES is the administrative body in charge of implementing public policy for promoting the social sector of the economy. Among many policies to support the development of the SSE ecosystem in the country, INAES led specific initiatives to support internationalisation of SSE entities. The *Rodando Juntas* initiative is one of those with high relevance especially for policies facilitating inward-oriented flows for SSE.

*Rodando Juntas* was a pilot project which was born out of the need to increase formal social protection, especially for self-employed and informal sector workers in the cooperative sector. The project aimed to promote a sustainable mode of urban delivery such as bikes while improving the working conditions of delivery workers, strengthening the professionalisation of their network, cooperativising the services provided by couriers, and promoting cooperative education within SSE entities. It was carried out jointly with the Institute for Transportation and Development Policy (ITDP) as manager and investor, the Inter-American Development Bank (IDB), the Ministry of Labour and Employment Promotion of Mexico City, and CoopCycle, an international federation of bicycle delivery cooperatives (see Box 2.4). CoopCycle's digital platform has a cycle-logistics tool that allows Mexican bike messaging collectives to deliver more efficiently and competitively. Since the software is protected by a reciprocity licence, which reserves its use to cooperatives, the requirement established by CoopCycle to license the platform was the commitment of the bike messaging collectives to form a cooperative and become legally constituted within a period of no more than two years.

Two prominent inward-oriented flows were targeted to achieve these objectives: i) forming an agreement to disseminate and transfer knowledge and best practices; and ii) an international licensing agreement that allows bike messenger collectives to make use of CoopCycle's digital platform. INAES provided support to train the cooperative capacities of the bicycle messaging collectives of *Rodando Juntas* through their Socio-Entrepreneurial Training Methodology so that they can access the CoopCycle digital platform. Seven collectives participated in the strategic training cycle lasting six months. As a result, three collectives have been legally constituted as cooperatives. *Rodando Juntas* demonstrated how a policy supporting inward-led internationalisation process successfully facilitated the initially outward strategies of CoopCycle to benefit both the federation and the Mexican social entrepreneurs.

Source: [Case study "Building capacities not cooperatives: an inward approach for the internationalisation of social economy policies in Mexico"](#) for OECD Global Action PLP.

### ***Establishing repositories of knowledge and networks of support to help SSE entities grow internationally and create formal and informal partnerships***

**Given their distinct motivations and strategies to go international, SSE entities need both market and non-market resources to do so.** Given the importance of intangible assets and partnerships in SSE internationalisation, SSE entities also need policy support to make connections with international partners and explore any formal or informal collaboration avenues. For example, Scotland's International Social Enterprise Observatory has been established to support the growth of social enterprises internationally and facilitate inward flows of investment for social enterprises. It does so by organising events and publishing material to increase visibility of existing international opportunities. It also provides direct support and expertise to entities looking to enter new markets. Significant benefits could be reaped from such exchange activities for SSE entities.

### ***Hosting and/or supporting forums, events, trade missions and fairs for knowledge exchange and networking to convene SSE entities***

**The role of learning from peers is particularly important within the SSE context where altruism-based internationalisation approaches are more relevant.** SSE entities may partake in international activities to share their learnings and import know-how without pursuing expansion of their services or increasing resources. International events, forums, missions and fairs to convene SSE entities are significant opportunities for many SSE actors with limited visibility and awareness of international opportunities. Policy makers could increase the participation of SSE entities by investing or hosting such events or providing financial contributions to SSE entities wishing to attend international events or conduct trade missions to specific countries to form bilateral relationships. In 2017 and 2018, two trade missions to the Social Capital Markets (SOCAP) event in the United States were organised for Dutch social enterprises through public-private partnership (PPP) consortia. The PPP included public partners such as the cities of Amsterdam, Rotterdam and the Hague, the Ministry of Economic Affairs, the Netherlands Enterprise Agency and ecosystem builders such as Social Enterprise NL, Social Impact Ventures and Amsterdam Impact Hub.<sup>3</sup> These missions supported 28 social entrepreneurs to raise funding, strengthen their network, acquire knowledge and expertise, and expand to overseas markets.

**Umbrella organisations including business associations can help promote internationalisation efforts by SSE entities.** In Spain, the Discover the European Cheestories with Cheeses from Spain campaign was co-financed by the EU and InLAc, a non-profit organisation operating in the dairy sector to promote Spanish cheese in the US market. Including agri-food co-operatives such as Cooperativas agroalimentarias de España, the campaign focused on attendance at fairs, exhibitions, tastings, actions at the point of sale and collaboration with American importers and distributors to promote Spanish cheese.<sup>4</sup>

### ***Commissioning targeted internationalisation research on the entire SSE ecosystem rather than focusing only on social enterprises***

**So far, the few internationalisation studies that exist focus only on social enterprises.** National and local authorities with competence on SSE policy could address this gap by commissioning field studies and analyses to better understand the patterns of internationalisation of different SSE entity types given differences in governance structures among other factors. A more comprehensive understanding of how different types of SSE entities such as associations, cooperatives, mutual organisations and foundations, in addition to social enterprises, could help better understand the nuances between various SSE entity groups and their internationalisation patterns.

## Notes

<sup>1</sup> Inclusion of social clauses in public procurement contracts entails ensuring consideration of societal value in procurement contracts by public institutions when they purchase goods and services from other parties.

<sup>2</sup> Following the adoption of the [OECD Recommendation of the Council on the Social and Solidarity Economy and Social Innovation](#), an informal expert group has been established to support the dissemination and implementation of the Recommendation. The overall objective of the informal expert group is to provide a stable and inclusive network for expert debates on the social economy and to create a community of practice.

<sup>3</sup> The full list of PPP partners include the Netherlands Consulate General in San Francisco, Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland, RVO), Dutch Ministry of Economic Affairs, the department responsible for innovation missions (only in 2017) and the Dutch Good Growth Fund (DGGF), Amsterdam Impact, the Impact Entrepreneurship Programme of the City of Amsterdam and Impact Hub Amsterdam (only in 2017), Social Impact Ventures, Social Enterprise NL, Enviu, the City of Rotterdam (2018) and the City of The Hague (2018).

<sup>4</sup> See <https://cheestories.eu/> for details.

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