

## **Social Entrepreneurs, Local Initiatives and Social Economy: Foundations for a Socially Innovative Strategy to Fight against Poverty and Exclusion<sup>1</sup>**

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The objective of this paper is to present a comprehensive reflection on the topic of development through local initiatives by social entrepreneurs who mobilize resources of the social economy in order to fight poverty and exclusion at the local level. The reflection is based on a set of case studies which were undertaken in the context of a research program on territorial reconversion and socio-territorial

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innovation. By territorial reconversion, we mean the institutional and organizational changes that take place in local collectivities as the result of voluntary actions aiming to adapt those collectivities to the changing global economic environment. By socio-territorial innovation we mean the new social configurations and governance modalities that coordinate the actions which allow for the reconversion.

While those case studies have already given rise to many publications and communications, this paper differs in that we summarize the case studies in order to identify the context in which those initiatives are implemented, their conditions of success, as well as a comprehensive explanatory model of their territorial effect. For that purpose, we begin by discussing poverty and exclusion from a territorial perspective. Second, we indicate to what extent the social economy constitutes a major support for the development of local initiatives likely to reduce or counterbalance the process of impoverishment and exclusion in local collectivities. Here, we focus in particular on the Quebec context, namely, the “Quebec model,” where local development and the social economy are part of a socio-economic development strategy promoted by the government as well as by civil society. Third, we then summarize the cases that serve as our basis. These cases comprise initiatives launched by local social entrepreneurs who mobilized resources from the social economy, thereby tapping into larger networks and resources, either of endogenous or exogenous origin. Starting from those cases, we identify the conditions of success of the local initiatives, which will allow us, in the fourth step, to propose a more comprehensive interpretative model of their collective effect. Those sections will allow us to present the main approach, namely that of the local initiative. Lastly, we return to the framework of the analysis by proposing elements for identifying the markers of what could be an innovative comprehensive territorial perspective.

What we would like to show is that local initiatives can trigger processes of socio-territorial innovation that allow the trends of impoverishment and exclusion to be countered, i.e., trends that provoke the devitalisation of local collectivities. In so doing, local initiatives re-dynamize the collectivity and provide social entrepreneurship with a context that is essential for a territorial development inspired by social justice. However, we also want to show that the success of a strategy based on those initiatives depends not only on the local actors but also on all actors of society, including the various levels of the institutional fabric of society, and in respect for each group. This calls for the implementation of a flexible and pluralist mode of governance.

### **Poverty and Exclusion: A Territorial Perspective**

Our territorial perspective with regard to the innovative effect of local initiatives and local social entrepreneurs in the fight against poverty and exclusion leads us to begin by discussing the processes that provoke that situation in various territories. Those processes are complex and constitute the combination of many mechanisms, which, as shown by Moulaert et al (2007), operate on many levels

combined and provoke major social and territorial inequalities. Some of those inequalities are provoked by characteristics that are inherent to capitalism, such as disparities in terms of investments and income, while others result from the current characteristics of that system.

Capitalism is founded on disparities which are observed in the differential enrichment of the social classes. These disparities provoke inequality in terms of access to goods and services. This is not to say, of course, that capitalist societies cannot implement regulation policies. In particular the post-war period, with the adoption of Keynesian economic policies, was very innovative for its time and ensured a certain redistribution of income, thereby attenuating inequality. However, the effect of those policies differed in various countries and regions, as demonstrated by income distribution data from local to global scales. Moreover, since the 1980s, those Keynesian measures have been called into question in different countries, although they may be returning to the forefront after the financial crisis of 2008. Thus, despite the implementation of modalities for redistributing wealth, inequalities among the rich and the poor have become more intense.<sup>1</sup>

Those social inequalities are anchored territorially, given that wealth and poverty are unequally distributed in space due to the differential location of public and private investments and the concentrated accumulation of wealth. Centres and peripheries can thus be distinguished as the two main socio-territorial polarities of capitalism.<sup>2</sup> However, we postulate that this classic inequality is compounded by another, more recent one, concerning the importance of networking in the new economy.<sup>3</sup>

It has been largely shown that capitalism has evolved toward informational forms where the capacity to benefit from opportunities opened up by globalization depends largely on the participation in networks at all levels (financial, technological, manufacturing, politics) (Castells 1997). The fact that the many opportunities opened up by globalization remain inaccessible to major sectors of society explains the frustration felt by certain authors (Stiglitz 2002; BIT 2004). The connection to networks or disconnection from them thus separate two social groups with regard to their capacity to benefit from opportunities generated by globalization. The sectors connected to central areas and networks receive

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1. For example, on a global level, the International Labour Organization (ILO) established in 2004 that the difference in wealth between the twenty poorest and the twenty richest countries of the world increased by 287% between 1962 and 2002, with the average annual GDP of the poorest countries rising from \$212 to \$257, while that of the richest rose from \$11,417 to \$32,339 (in 1995 US dollars) (ILO 2004). Moreover, on the Canadian scale, a report from Statistics Canada on the inequalities and the redistribution of income established: "The ratio of after-tax income of the top 10% to the bottom 10% rose from 6.58 in 1989 to 8.85 in 2004 (up by 35%), and the Gini also rose. The results indicate that after-tax-income inequality was higher in the post-2000 period than at any other point since 1976" (Heisz 2007: 6).
  2. Many economists have analyzed and explained the centre-periphery relation. For the most important studies, see Prebisch (1950), Pinto and Kňákal (1972), and Amin (1973).
  3. On this new dimension of post-industrial and post-fordist capitalism, see Veltz (1996) and Castells (2004).

**TABLE 1 The Socio-Territorial Divide under the New Economy**

| Divide               | Central areas  | Peripheral areas |
|----------------------|----------------|------------------|
| Connected sectors    | Network hubs   | Polarization     |
| Disconnected sectors | Devitalisation | Exclusion        |

information that allows them to benefit from the opportunities and the transformations associated with the new economy, i.e., the knowledge, while the disconnected sectors become progressively excluded. This creates a hiatus between types of professions, socioeconomic and socio-professional categories, age groups, ethnic groups, and so forth.

By combining those two types of inequalities in a matrix, we show the set of situations which, according to our analysis, informs the processes of impoverishment and exclusion (Table 1). That matrix highlights four main types of situations. In the central areas, such as the “global cities” (Scott et al 2001) or the “winning regions” (Benko and Lipietz 1992), we find connected sectors as well as disconnected sectors. The connected sectors (e.g. companies attached to the most productive lines of business, public sector, financial, production sites of the knowledge and information sector, and the arts) are the most performing hubs of networks with regard to innovation, manufacturing, or services. Those hubs are connected to the global space (Amin and Thrift 1992; Veltz 1996; Sassen 2002). In those same areas, we also find productive sectors that are becoming unviable due to the negative effects of international competition. This affects major groups of residents (certain ethnic groups, age groups, or civil statuses) who are not participating in the new economy and who are concentrated in devitalized zones. A zone is considered devitalized if it is losing or has already lost its sources of employment and its capacity to ensure a quality of life acceptable to its residents as a result of various factors, including transformations on the level of global capitalism that provoke closures and relocations of businesses, rendering productive infrastructures useless (Fontan et al 2003).<sup>4</sup>

In peripheral areas (regions with economies concentrated on the exploitation of resources), we also see connected sectors that are linked above all to certain categories of employment (government, education, certain manufacturing sectors, or the exploitation of resources that are in strong demand).<sup>5</sup> The exploitation of resources, even if it leads to major increases in productivity, as is the case with Alcan-Rio Tinto in Saguenay, for example, often creates few jobs. Moreover,

4. In Montreal, boroughs such as Rosemont, Hochelaga-Maisonneuve, and the Sud-Ouest, facing devitalization since the economic crisis of the 1970s, illustrate this situation. See Fontan et al (2005) and Tremblay et al (2009).

5. The exploitation of natural resources often leads to very strong variability in economic activity due to international competition. New innovations and increased productivity by companies often result in layoffs, which generates exclusion processes that are difficult to reverse simply by relying on the market.

disconnected sectors are experiencing progressive exclusion, i.e., the increasing inaccessibility to networks and links that constitute the institutional backbone of society. The collectivities affected by exclusion thus see themselves restricted in exercising their rights and access to services.

## **The Place of the Social Economy in Local Development in Quebec**

It is in this analytical context that we study local development initiatives. We emphasize these types of initiatives because they constitute the modes of action with which local leaders, as social entrepreneurs, launch projects to counter the effects of poverty and exclusion. We also choose this context because the effectiveness of the direct action of the State in dealing with these challenges has been questioned over the past years by many theoretical and empirical studies, with many favouring the leadership of the local and regional collectivity (Stöhr and Taylor 1981; Arocena 2001; Joyal 2002). The question that inspired our reflection is the following: What are the conditions of success of those initiatives, i.e., the conditions allowing local initiatives to contribute to the improvement of the quality of life of the citizens belonging to the collectivities affected by the process of impoverishment and exclusion, thereby allowing them to connect to or create empowering networks? We will try to respond to that question by focusing on local initiatives that mobilize resources of the social economy, those being the initiatives that are accessible to social entrepreneurs.

### **Why the Social Economy?**

Many authors in Quebec and elsewhere agree that in devitalized collectivities, whether urban or rural, the fight against poverty should be based in the social economy and the social capital of those collectivities (Develtère 1998; Demoustier 2004; Moulaert and Nussbaumer 2005). Their work thus insists on the importance of the social economy as a basis of action in the fight against poverty and exclusion. According to them, local projects anchored in the social economy contribute to the creation of jobs, the reinsertion of the excluded, and the provision of services to the poorest citizens (on social economy in Quebec, see Tremblay et al 2009).

However, although all these authors agree on the role of the social economy with regard to the reinsertion of the excluded, services to the poor, and the viability of collectivities undergoing economic devitalisation, some authors hesitate when it comes to viewing the social economy as the basis of a more global political action to fight poverty. The success of the projects, they argue, is not guaranteed and often the positive effects are few and short-lived. The most frequent critiques concern the sustainability of jobs. As well, the services provided by community organizations are often seen to institute instability and to contribute to social polarisation, especially in the more peripheral regions (Amin et al 2002).

Finally, many authors feel that public policies based solely on social capital or on the capacity of local actors to implement development projects could exacerbate the already heavy burden carried by devitalised local communities (Markey 2005; Amin 2005; De Mattos 1999).

The hypothesis emerging from this debate is thus that local initiatives anchored in the social economy are significant but that they alone cannot reverse the strong trends toward impoverishment and exclusion. Initiatives are here seen to need an interrelation with activities anchored in the private or the public economy, which would be the basis of a “pluralist economy” that is more equitable than the economies dominated solely by private capital and the market (Bouchard 2004; Fontan et al 2005). On the local level, the interconnection of social economy organizations and businesses, public organizations, as well as private entrepreneurs and their organizations takes the form of “local systems” (Guillaume 2005), even development coalitions where conflicts are settled locally (Hula et al 1997; Stone et al 2001) and where the actors “learn” to make decisions for the benefit of the collectivity and develop collective competencies (Prévost et Sévigny 2006).

The mobilization of social economy resources that are available at the local level thus appear very important for launching initiatives and for allowing social entrepreneurs to lay the foundation for their success. However, they should be combined with other resources to sustainably counter the factors that provoke impoverishment and exclusion. The challenge thus lies in the capacity of local actors to mobilize a set of social, public or private, as well as local or exogenous resources, while maintaining local leadership. It is by mobilizing exogenous resources that these actors insert themselves into networks at the supra-local level, and it is by combining them with local resources that they create or recreate strong social bonds in a community. Such a mobilization of the actors and citizens generates a positive identity, which promotes self-esteem and the involvement in economic and social projects that have effects on the quality of life of the collectivity. The social economy serves as a platform for social entrepreneurs to launch initiatives allowing for that mobilization.

### **The Quebec Context: The Link between Local Development and the Social Economy as a Component of a Model**

It is important to specify that our analysis is based on the Quebec context, which presents specificities concerning the organizational and institutional framework in which local initiatives take place; that framework operates in what is referred to as “the Quebec model” (Bourque 2000; Lévesque 2001). We also point out that local development movement in Quebec builds on a historical process that led to that model. In the 19<sup>th</sup> century, the local level was structured as a strong institutional framework based on a coalition between civil municipalities and religious parishes. Therefore, at least until the 1960s, the local level was the basis of a local power committed to the protection of the specificity of the civil society of Quebec in terms of language, religion and social institutions.

That context changed radically in the early 1960s, when a social and

economically based coalition began a modernization process of Quebec structures. A modern and modernizing state apparatus was thus created in Quebec. Confronted and in interrelation with that modernizing action, the local level then began serving as a basis for the movements that were to claim the solution to specific problems, provoked either by the modernization or by an unequal insertion therein, and were to claim a power to act and participate in decision-making with regard to their specific situations.

In this way, two social trajectories opened up that led to a more or less unified social movement which was structured around the idea of local development and which gave a specific colour to the Quebec social economy. In the rural areas, that movement quickly generated a vision of economic development which has been, since 1973, advocating the integration and local control of resources. Regional development cooperatives and community-based local corporations were established in some resource regions in order to take control of resources (Dionne et al 1983). In urban regions, the social movement first took the form of a protest movement in the form of citizens' committees (Hamel 1991). However, starting with the Fordist crisis in the late 1970s and its concomitant deindustrialisation, the urban social movement developed its own kind of vision of economic development, which emphasized the local level (the borough) as a basis for the creation of businesses and jobs as well as for democratisation (Fontan 1991). This led to what became the community economic development approach (Favreau et Lévesque 1996) and the Community Economic Development Corporations (CEDC) (Fontan 1991; Morin et al 1994).

That vision was strengthened when the Quebec government changed its course of action in the 1980s following, among other factors, the economic crisis that affected the Fordist manufacturing structures. Concerning development, the Quebec government thus adopted successive policies that gave a new place to local organizations. The former centralized regional development policies at the Canadian or Quebec level were replaced by more decentralized actions. The role of the State in development was thus transformed: State intervention did not disappear entirely, but the State began assuming more the role of facilitator, or guide than that of initiator. The State then became a partner. Since then, the government has been implementing new development management and financing modalities inspired by the experiments which the social movement had made in the 1980s. The place of the social organizations susceptible of participating in the development of collectivities was thus strengthened by the importance which the notion of the social economy gained and by the strength of its promoters, in particular the "Chantier de l'économie sociale".

This was a kind of compromise, the strength of which was reconfirmed by a new definition of public action in economic development which came forth in 1998. The government then created the "Centre local de développement" (CLD), which mobilized civil society in the structuring of decentralized planning organizations for local development and which were largely inspired by the Community Economic Development Corporations (CEDC) and the first development experiences made in the rural sector. The government designed these organizations as support fund managers for businesses (private as well as social

economy businesses) and allowed them to establish their own planning and evaluation framework.

Experiences begun by the community movement then fed into this new trend, with social entrepreneurs refusing to confine themselves to actions in the context of an economy of poverty. The Technopôle Angus, for example, combines in the same complex high-tech private businesses and social economy corporations (discussed further below). Multimedia development cooperatives became established in the urban and rural levels, while rural social organizations began demanding opportunities to participate in technological development.

The link between local development and the social economy thus appears to be an essential element of the Quebec model. It incorporates a territorial movement that has roots in history but that develops new avenues supportive of a more participative notion of economic development and of community governance. The strength of that movement is all the more important as it mobilized a good part of civil society.

## The Cases and their Conditions of Success

Our reflection is based on case studies undertaken in Quebec in the framework of other projects that were all part of a research program on territorial reconversion conducted by our team since 1994.<sup>6</sup> Many of these studies have since been published and referred to in the scientific literature. Here, we review those case studies with the goal of extrapolating certain main characteristics that explain their evolution. This serves to identify the conditions of success of the local initiatives led by social entrepreneurs and to propose a more comprehensive explanatory model.

### The Case Studies

1. *The Technopôle Angus, located in Rosemont, formerly an industrial neighbourhood of Montreal.* The project was initiated by the Community Economic Development Corporation (CEDC) of Rosemont-Petite-Patrie. Following the closure of a major Canadian holding company (Canadian Pacific), the CEDC implemented a non-governmental organization (the Société de développement Angus) mandated to acquire, enhance, and promote the land that had been a brown-field since the closure. After many years of research, networking, and redevelopment of the land, a “Technopôle” was created that brings together some forty private, public, and social economy

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6. This research program received financial support from many organizations, among them the Social Sciences and Humanities Research Council (SSHRC) of Canada and the Fonds québécois de recherche sur la société et la culture (FQRSC), and benefited from the participation of many doctoral and masters students. It gave rise to many works. For a summary, see Fontan et al (2005), as well as Tremblay et al (2009).

businesses.<sup>7</sup>

2. *The Cité du multimédia, located close to downtown Montreal, at the entry of the Lachine Canal and in the former “Faubourg des Récollets” district.* Once one of the main hubs of industrialization of Montreal, this project involving the reconversion of an industrial brown-field was conducted by the Quebec government in partnership with a consortium of property management organizations from the municipal, government, and union sectors. A CEDC-type organization, the Agence du Faubourg des Récollets played a large role in the mobilization of resources in the first stages of the project; however, it did not succeed in maintaining a protagonist role in the implementation stages of the reconversion process.<sup>8</sup>
3. *The fur district, located in downtown Montreal.* This study concentrated on the governance modalities implemented by a non-profit organization representing entrepreneurs from the fur trade: the Fur Council of Canada (FCC). Prompted by increasing competition in the fur trade, the FCC initiated a networking process for the businesses and spurred collaboration among the main firms. That effort resulted in the implementation of a local production system.<sup>9</sup>
4. *The Lab Créatif, an experiment being conducted in the Mile-End, in the borough of the Plateau-Mont-Royal—Centre-Sud.* Following the initiative of certain fashion designers located in the neighbourhood, the CEDC Centre-sud—Plateau-Mont-Royal created a cluster of fashion designers, in partnership with government organizations and fashion schools. The creation of that cluster is part of a more comprehensive strategy of the CEDC to turn the Mile-End neighbourhood into an important hub of design and creation.<sup>10</sup>
5. *The Sud-Ouest borough of Montreal, a devitalized industrial zone that has undergone many reconversion experiments.* The study concerns the role of two CEDCs – the Regroupement économique et social du Sud-Ouest and Transaction pour l’emploi (CEDC Lasalle-Lachine since 1997) – in the revitalisation of the zone of the Lachine Canal. This zone has been affected by the crises following the closing of the Canal in the 1960s and the industrial closures and relocations of the 1980s. The convergence between the actions of the federal and provincial governments, the City of Montreal, and the CEDCs ensures that the reconversion of this zone takes into account the interests of the local collectivity and evolves in a context of diversity and

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7. This case study was studied on an ongoing basis between 1994 and 2007 by means of many projects which gave rise to many publications. For the most important works, see Fontan et al 2004, as well as chapter 4 of Fontan et al (2005). See also Tremblay et al (2009).

8. For this case, see Chapter 4 by Fontan et al 2005, as well as Tremblay and Rousseau (2005; 2006a, b). See also the doctoral thesis by Bordeleau (2003).

9. For this case, see Fontan et al 1999, 2005 and Tremblay et al 2009.

10. For this case, see Klein et al 2008 as well as Tremblay et al 2009. The Lab Créatif case, as well as the Multimedia city have been studied in the context of a SSHRC project directed by David Wolfe (Innovation Systems Research Network), and the research on the clothing-fashion-fur sector is still ongoing in the context of this project.

social cohesion.<sup>11</sup>

6. *The village of Saint-Camille, a rural municipality located some thirty kilometres to the east of the city of Sherbrooke.* This municipality is an emblematic case of local development in a rural setting in Quebec. Faced with demographic decline, in the early 1980s, local leaders launched a development cooperative that has since spawned nearly 25 organizations that realize cultural, productive, educational, housing, and service projects and that ensure a participatory village governance. These organizations have many partners on the private and public as well as regional and national levels.<sup>12</sup>

### **Conditions of Success**

While the scope of this paper does not permit an exhaustive review of these case studies, their analysis does allow us to identify certain conditions of success of the efforts deployed by social entrepreneurs to contribute to the revitalisation and the re-dynamisation of their life setting.

#### *The presence of a central stake in terms of the maintenance and development of productive activity and local employment*

All the cases studied are part of a process that evolved as a response to a crisis, or to the loss of assets with regard to the productive fabric, the community, and the services. Such a crisis manifests itself in job losses as well as in an organizational loss and the devitalisation of the local setting. The first condition of success for local initiatives fighting that devitalisation consists of their capacity to transform the perception of that crisis into a common cause that mobilizes the local population. Thus identified, the crisis then functions as a trigger for the launch of development initiatives by social entrepreneurs.

#### *The presence of an innovative public action*

The role of the public actor is central in supporting those initiatives. Aside from the fact that the government ensures a presence and provides financial, technical, and organizational resources to development projects by local actors, our case studies show how important it is that the relationships between government agents, elected officials, and social entrepreneurs in charge of local initiatives be based on mutual trust. Such a relational asset is not easy to build. A relationship of trust evolves when the stakeholders develop a dialogue respectful of the intervention mechanisms of each type of actor (public, private, social). Once established, these relationships allow public programs to be adapted and government resources to be

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11. For this case, see Silvestro et al 2004. See also Klein et al 2008.

12. This case was studied exhaustively by Christine Champagne, under the direction of J.-L. Klein. See Champagne (2008).

used in an innovative way.

*A large mobilization, including research and training resources*

One effect of the new economy has been to increase the level of human capital required for the success of development projects. For social entrepreneurs, the development of their project in the form of a local initiative often requires, as is the case for most of the projects we studied, the linkage to centres of knowledge production. The modalities of collaboration are becoming more and more sophisticated and diversified, ranging from the consultation of specialized centres to partnership research, the whole via interfaces with instructors and researchers on various levels. The contacts among leaders of local initiatives and researchers of diverse types of institutions influence the activities of training, research, and development as well as projects for the promotion of new knowledge. It is important that the educational and research communities adapt their services in order to make the development of a partnership with the social entrepreneurs possible and efficient, thereby ensuring the leadership of the local initiative in question. At the same time, for the social entrepreneurs, the linkage to the world of education and research do not appear spontaneously. It requires the transformation of behaviours, because the way to mobilize those resources relies less on the definition of a research or training request than on a co-productive effort in the training or research activity.

*Shared leadership and the construction of social entrepreneurship*

Our case studies show that the question of leadership is crucial for the mobilization of resources and the success of local initiatives. Even though they often demonstrate a leadership personality and significant drive, social entrepreneurs who ensure leadership in the cases studied stand apart from the traditional entrepreneurs of the world of business. They promote community projects less for personal profit than to allow for a collective enrichment. Social entrepreneurship can thus develop as a result of the knowledge gained throughout the different projects in which the actors operate. The community also learns from the experiments made by the local initiatives. The collective know-how increases with the accumulation of the actions made by the social entrepreneurs. Local initiatives thus contribute in a certain way to making the community a learning community.

*Support to the social economy: one vector of the revitalisation of a community*

The cases teach us in various ways about the mobilization by the social entrepreneurs of the social economy resources, in addition to showing us how those resources are connected to others (public and private). Although the social economy contributes to the revitalisation of a community, it cannot guarantee revitalisation. Two outcomes stand out in our empirical studies: One, the successful outcome, in which the efforts deployed in a community by different actions were fruitful and the interventions undertaken led to the implementation

of local, social economy-type initiatives. And two, the less successful outcome, in which the effort was not able to counter the decline because the devitalisation process was too powerful and advanced. Thus, the social economy-type of local initiative cannot, on its own, be a gage of success of the development of a community. It nevertheless constitutes a platform that can generate projects, strengthen the identity, and act as an intermediary with the performing sectors and regions.

#### *Citizen involvement and pluralist governance*

If public intervention and the social economy are two of the key elements for revitalizing a disadvantaged community, what are the other elements? One concerns citizen involvement, either in the form of community volunteering by individual citizens or else through efforts deployed by entrepreneurs and officials of public programs who believe in the capacity of local communities. Citizen involvement needs to be well coordinated; otherwise, the initiatives generated will disperse in many directions without any convergence. A local, flexible and pluralist form of governance (i.e., involving public, social, and private actors) that is built and constantly rebuilt together with the actors and not imposed authoritatively seems crucial for the emergence and implementation of a vision that allows for progress in one direction and facilitates the synergy between the actions.

A pluralist governance does not necessarily mean that all the members of the community participate and that only one single vision is shared by all. That is impossible and is not desirable; indeed, it is through the debates and conflicts, to the extent to which the community gives itself the means to hold them, that innovative initiatives can develop. The advantage of a local pluralist and flexible governance is that it facilitates interaction between the local leaders, allowing the establishment of local leadership. The cases studied also showed that social entrepreneurs achieved success in their local leadership to the extent to which they were able to inspire the community with a type of long-term vision and collective vision alongside one or more powerful short-term projects.

### **The Structuring Effect of the Local Initiative: Proposition for an Interpretative Model**

The local initiatives we referred to and the success factors that we identified have allowed us to develop a model that brings into play the diverse elements that contribute to local dynamism (Figure 1) in a long-term perspective. Dynamic communities are the result of lengthy processes that allow actors to mobilize the social capital that is anchored territorially (the socio-territorial capital). That capital includes all the tangible and intangible assets that local communities can mobilize to realize a development process.

This model identifies the vital stages for the success of a process begun locally. The first stage of that cycle is the launch of an initiative, i.e., an individual

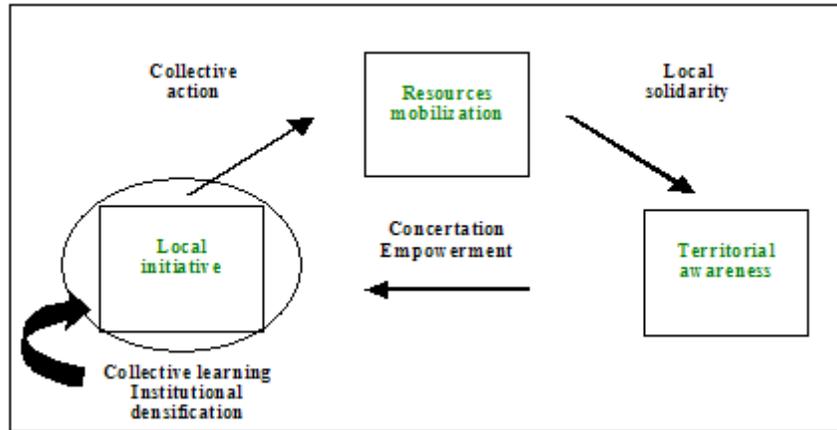


FIGURE 1 The Structuring Effect of Local Initiatives

project designed by a leader, a citizen, or a group of leaders or citizens, who thus become social entrepreneurs. These projects may also focus on productive or social objectives and could thus involve the valorisation of a cultural or human resource or the protection of an aspect of the collective heritage. The promoters then mobilize to convince other actors of the pertinence of their project and to get their support. The project, at first individual, then becomes a collective project, driven by the social actors and groups that constitute the local collectivity.

At that stage, the actors must establish the legitimacy of the project as well as their own legitimacy as leaders recognized by the local collectivity and by external actors. This is all the more important as many of these actors are less in a position to invoke political legitimacy given that they do not participate actively in the local government (municipalities), which is often seen as an opponent rather than a supporter. Social economy-based organizations here play a fundamental role to the extent to which they can provide the local actors with a set of resources (human, organizational, financial) that contribute to the viability of the projects. The social economy thus spurs and strengthens the project.

The second stage is when the actors mobilize endogenous and exogenous resources in order to advance the project. By resources we mean human, organizational, and financial resources that are accessible to them. At that stage, the social economy organizations provide the projects and their promoters with the social capital that they often lack. They give them the legitimacy required for mobilizing other resources, along with the opportunity to access local as well as other, larger, networks. The local actors must demonstrate a capacity to act creatively to use the existing public resources and to eventually attract private capital, all the while maintaining the local leadership. The resources are mobilized by exerting pressure on the actors who have the political or economic power. These confrontations intensify the actors' feeling of belonging to their local territory and consolidate the relationships with each other.

The third stage is when the actors' feelings of belonging are transformed into

a territorial conscience. The collective action strengthens the actors' feeling of belonging to the local territory, which leaves sustainable traces in their collective practices and local mechanisms for dealing with conflicts. The territorial awareness leads the actors to nuance their differences for the benefit of the collectivity. However, the challenge here is not to create a closed community that stifles the actors' capacity to create and innovate. It must remain sufficiently open to the outside in order to avoid becoming isolated or losing opportunities to innovate, all the while centering on the community to reinforce the territorial awareness. This awareness constitutes an essential basis for the joint action of the local social and economic actors, which is a foundation for partnership-based entrepreneurship. It brings the actors to act together and to consult each other, which increases their capacity to succeed with their project and gives them power. That is what is referred to as the actors' "social capacity" or "institutional capacity" (Healey 1998)<sup>13</sup>.

This cycle summarizes the course of events of projects that succeed. What constitutes the basis for building a sustainable local dynamism is the capacity of the actors to reproduce that cycle and to enhance it each time with new objectives that can spawn new projects. They do so by utilizing the knowledge that each repetition produces and by codifying the experience so as to build an institutional density that ensures governance for the benefit of the local community.

Not all local initiatives induce collective processes or contribute to the construction of a dynamic community – far from it. Many projects are private and remain private or limited, even when they mobilize collective resources. In other cases, a project is singular and leads to nothing else. Our interest lies, however, in the initiatives that result in the implementation of a collective approach and that rechannel and renew the innovative dynamism. The cases we studied present such a dynamic. Through repetition of the above-mentioned cycle, a development process takes root and leads to the implementation of a set of projects that revitalize themselves and which render the community receptive to learning. In different locations, organizations dedicated to development implement local structures destined to promoting local governance and social entrepreneurship and act as platforms for launching development initiatives.

## **A Comprehensive Territorial Perspective**

In a more comprehensive perspective, a strategy favouring social entrepreneurship and local initiatives must take into account the variety of factors that provoke the socio-territorial divide depicted by the matrix profiled at the beginning of this text, including the diversity of situations generated by that matrix. We want to stress the fact that we have central areas and peripheral areas on the one hand, and areas that are either connected to, or disconnected from the networks of the new economy

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13. For a summary and an application of the notion of institutional capacity in Quebec cases, see Tardif (2007).

**TABLE 2 Local Initiatives Faced with the Socio-Territorial Divide and Impoverishment of Collectivities in the Context of the New Economy**

| Divide               | Central areas                           | Peripheral areas                   |
|----------------------|---|------------------------------------|
| Connected sectors    | Clusterisation<br>social/intermediation | Local and regional networking      |
| Disconnected sectors | Reconversion/<br>Plurality              | Entrepreneurial<br>experimentation |

on the other hand (Table 2).

The cross-over of those two types of divide allowed us to identify four types of situations: network and devitalisation hubs in the central areas; polarisation and exclusion in the peripheral areas. An efficient reaction against poverty and exclusion stands to gain from applying an integrated territorial strategy (Hillier et al 2004), all the while taking account of the specificity of those situations. In the central areas, where the enrichment generated by insertion in the most performing sectors of the new economy exists alongside the devitalisation provoked by the falling into obsolescence of other sectors, it is important to create bridges that allow devitalized communities and sectors to reconvert and revitalize. As the cases show, the action of the intermediary organizations, such as those representing certain business sectors, union groups, educational institutions, and basic community development organizations, is crucial in allowing for the territorial dissemination of the economic vitality.

One example of this type of action is the transformation of the Lachine Canal area in Montreal, where the action of the Regroupement économique et social du Sud-Ouest (RESO), a Community Economic Development Corporation (CEDC), allowed to intervene in the reconversion of the neighbourhood by concerting with private actors (e.g., for the construction of social housing) as well as with public actors (e.g., for recreational-tourism projects). Another example is the Mile-End, another partly-devitalized neighbourhood, where the CEDC is currently implementing projects aimed at locating various activities related to fashion and design in the neighbourhood, thereby benefiting from the design boom in Montreal and the fact that Montreal was designated as a “City of Design” by UNESCO. Thus, the combined actions of the social economy actors and the public and private actors create a context where local coalitions of actors can implement development dynamics that favour social cohesion and inclusion and that are essential for a creative economic dynamic.

In the peripheral areas where we find social institutions and categories linked to the networks of the new economy – in connection to the performing sectors of the centres, but not in a number sufficient to promote a more global dynamism in the whole region, alongside sectors and areas excluded from those dynamisms – the task is to create strong networks of a territorial and sectoral nature. The excluded sectors stand to gain from creating their own networks starting from entrepreneurial and social experiments, thereby benefiting from the local social capital. However, at the same time, they must be connected to regional and global

networks by means of, for example, the sectoral networks established by the social economy organizations themselves.<sup>14</sup>

To illustrate this type of case, we mention the case of Saint-Camille and its link with the network of rural actors represented by Solidarité rurale, a non-profit organization that acts as a government stakeholder with regard to rural development. Another example is the CEDCs and their connection to the Chantier de l'économie sociale, which represents all Quebec social economy organizations and also acts as a government representative in that respect. The experiments made could thus connect excluded communities to polarized sectors in peripheral regions, thereby empowering them, as well as to representative organizations that act on the national scale and that put pressure on the instances of power to ensure a balanced territorial development. This cannot be done without a strong social mobilization that forces those networks and organizations to well represent the excluded communities.

An integrated territorial strategy can thus not limit itself to the local level or to only one type of resource. It can only be ensured by the actors who assume governance at the level of the public bodies that have considerable powers of intervention along with the political legitimacy to act in the name of the collectivity. At that level, public action is fundamental; however, it must be reconsidered with regard to the realities of the new economy (or knowledge economy) that favour the creation of local systems and the interconnection of those throughout the networks. That action thus needs to be strong and proactive – we are far from advocating any kind of withdrawal of the State – in addition to being flexible in a way that allows creative action of the local initiative to flourish and to profit fully from the resources of the local community.

## **Conclusion: The Challenges for Local Initiatives**

Our empirical studies allow us to validate our working hypothesis, according to which the success of local initiatives that mobilize social economy resources, i.e., that have the capacity to counter devitalisation and to generate processes that improve the level and quality of life of the citizens, depends on a certain number of conditions; nevertheless, success is never assured. The first condition is to not confine oneself only to the resources provided by the social economy at the local scale. The social economy appears like a large platform for allowing local social entrepreneurs to launch projects and to ensure their viability in the early stages of their development. At the same time, the link to the social economy ensures the

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14. The results are evidently not guaranteed in all cases, and we do not want to give the impression that these criteria ensure success at all times. Our aim here is rather to give some indications of the success factors that were revealed by our empirical studies and which seem to have been lacking in the cases that failed. Thus, our purpose is to provide information here and not guidelines or norms that are applicable in all cases.

collective dimension of the project as well as its embeddedness in the local economy. However, those resources are insufficient to ensure the progression of those projects and to automatically transform these into factors of sustainable collective enrichment.

The principal challenge of a community thus resides in the capacity of its actors to go beyond the social economy and the local territory. The task here is to mobilize diversified exogenous resources and to combine them with local resources. However, this poses the problem of leadership. The actors need to build the instances and measures which make it possible to maintain a local leadership. If not, the mobilization of the local actors might only serve to increase the value of the territory and to reintegrate it in the market circuit, but not necessarily for the benefit of the local communities. It could give rise to a gentrification process, in an urban or rural setting alike, which could possibly alienate the local population.

The other important challenge resides in the integration of local projects in local as well as global networks. By mobilizing diversified local resources and by allowing for coalitions of actors around projects that involve private, public, and social types of capital, the local community becomes empowered through the constitution of local networks and coordination mechanisms of the actors. Those mechanisms ensure the regulation of local conflicts and allow for collective decision-making. A local governance is thus possible. By mobilizing exogenous resources, local initiatives contribute to the integration of their community in global networks, which makes it possible to benefit from financing and market opportunities as well as to access more global alliances with other actors and projects operating in related sectors.

Development through local initiatives thus takes the form of a collective fight, of a social movement that is territorially anchored. The collective actions through which those initiatives take shape generate and strengthen the actors' feeling of belonging. The pride in the success can increase their involvement with their community as well as their capacity to combat impoverishment and exclusion.

The identification of the success factors of the local anti-poverty and anti-exclusion initiatives, as well as the analysis of the overall context in which those initiatives can lead to an integrated comprehensive strategy, brings us to emphasize: i) the networks that allow the actors to mobilize and combine diversified resources, ii) the capacity of the local actors to integrate themselves in those networks in a urban and rural context, and iii) the leadership that they must exercise in order to implement the initiatives and the resulting projects. Such a perspective leads us to consider the social economy as an innovative "new economy"; we thus refuse to restrict this term to high-level technologies and investments in advanced sectors. The view therefore aligns itself more with an understanding that regards social innovation as an essential element of a form of economic development based on social justice (Klein and Harrisson 2006). Finally, our research analyzes strategies that address the local collectivity (local development, community economy, solidarity-based economy, grassroots economy, community action, social creativity) and that identify the reinsertion of the local community into global networks as a condition of their success. It is in this way that the social economy can provide sustainable solutions to local collectivities while participating in the development of a more just and pluralist global economy.

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