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L'avenir de la direction et de la composition organisationnelle de l'économie sociale au Canada : la demande démographique et la différence par la diversité

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The Future of Social Economy Leadership and Organizational Composition in Canada: Demand from Demographics, and Difference through Diversity

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Introduction

- 1 The purpose of this paper is to describe changes in the leadership and composition of Social Economy organizations in Canada due to macroeconomic and demographic trends. The paper argues that a fundamentally different support system is required in order to enable and to support the future diverse Social Economy in Canada. Diversity of the social economy is described along two primary parameters, socio-economic diversity and ethno-racial diversity. Bourdieu's framework of *capital*, *habitus* and *field* is used as a theoretical framework for analysis.
- 2 The first trend to affect the social economy is increasing demand for social services resulting in an increase in the number and size of social economy organizations supplying social services. With income inequality increasing across Canada, and simultaneously different levels of government continuing to reduce services due to fiscal constraints, social economy organizations will inevitably be providing many social services previously provided by government. The size of the social economy, including the number of organizations, will grow and require additional human resources. A critique of the social economy related to income inequality is Elite Resource Capture,

where elites are able to accrue more benefits from the development and management of social economy organizations compared to lower socio-economic status clients.

- 3 The second trend is changes in the demographic makeup of Canada, based on immigration and Indigenous population growth. First, the majority of immigration to Canada is now from non-European countries. Second, the Indigenous population is the fastest growing group in Canada. With these demographic changes there will be a corresponding growth in the demand for culturally appropriate social economy services and organizations for immigrants and Indigenous communities. The social economy will grow not only by expanding the cultural competencies of existing organizations but also by the formation of new organizations, started by diverse groups of leaders with different lived experiences and cultural capital. A second critique of the social economy and the feminist movement comes from women of colour who argue that mainstream feminist organizations do not challenge hegemonic cultural assumptions and therefore do not represent their interests.
- 4 The Social Economy in its current form has organically grown to support existing organizations, and is not designed to support the growth of new and different organizations, started by a broader diversity of individuals and groups. Individuals and groups starting new social economy organizations face multiple barriers in terms of class and race, barriers that exist broadly in different forms of entrepreneurship. The third critique of the social economy comes from an anti-racist and Marxist philosophy and identifies issues at the intersection of race and class in the social economy, where specific groups are continually disadvantaged in the social economy. In summary, if the Social Economy as a whole is to support the development of different organizations, many of which will not essentially emulate current organizations, a different and more diverse approach supporting transformational social innovation from the margins of the social economy is required.

Definition of the Social Economy

- 5 The social economy is known by different names in different countries, such as the solidarity economy, third sector, nonprofit sector, voluntary sector, and civil society. The scope of the social economy utilized here includes nonprofit, social enterprise and cooperative organizations, as described by Quarter, Mook and Armstrong (2009), and Mook, Whitman, Quarter & Armstrong (2015). The social economy including nonprofits, cooperatives and other social purpose organizations, is a significant part of the economy in Canada (Quarter, Mook and Armstrong, 2009), the United States (Mook, Whitman, Quarter & Armstrong, 2015) and globally (Bouchard & Rousselière, 2015).
- 6 Quarter, Mook and Armstrong (2009) utilize a broad definition of the social economy, where the social economy includes Non-Profit Organizations (NPOs) and Non-Governmental organizations (NGOs), unincorporated social organizations, and cooperatives. The social economy is very diverse in its organizational forms, as described by Mintzberg (2015). This particular document focuses on social economy organizations providing social services. Social economy organizations providing social services can be developed in different forms, including non-profit organizations, social enterprises, and cooperatives providing housing and childcare services. The common goals across different organizational forms are presented in the normative description of the social economy by McMurtry (2009). As many social economy organizations have common

characteristics that are separate from organizational form, implications for the broader social economy can be derived from an analysis of a subset of social economy organizations.

Bourdieu's Framework of Capital, Habitus and Field

- 7 Bourdieu's theory of different types of *capital* (social capital, cultural capital, financial capital, and symbolic capital), provide a useful framework for analyzing developments in the social economy (Bourdieu, 1986). Bourdieu's framework of capital and fields has been applied to the social economy at the inter-sectoral level (Woolford, 2011), inter-organizational level (Gordon, 2008; Greenspan, 2013) as well as at the intra-organizational level (McGovern, 2014). From a Bourdieusian perspective, the social economy as a sector is in a struggle for power with public and private sectors. Organizations within the social economy struggle for position and resources between each other, and within organizations there is a struggle for power and domination by individuals. The social economy can therefore be considered to be a *field*, as described by Bourdieu to include agents, logic, and rules (Woolford, 2011). The social economy field is a site of a struggle, where different agents, whether individuals or organizations, compete to gain power and continually redefine the field to their own benefit. An increasing market orientation of the social economy provides advantages to agents with economic and cultural capital (Woolford, 2011). Although the social economy is engaged in economic and social justice issues, the opportunities for individuals, who are directly facing economic and social issues to start and develop organizations, are becoming increasingly limited within the social economy itself. As the social economy has become more professionalized and has more recently favored marketization and managerialist skills, agents with existing privilege and skills in the new environment, or *habitus* as described by Bourdieu, are able to start up different social economy organizations as well as move into leadership and management positions of existing social economy organizations. The ongoing changes in the ability of equity seeking individuals and groups to start and develop social economy organizations in Canada remains an under-researched area. As the social economy grows in size and importance, we need to be conscious about who is advantaged, and who is disadvantaged in the changing dynamics of the social economy.
- 8 In Bourdieu's terms, the social economy is involved in the struggle for reproduction of existing power structures versus change in the distribution of power and resources. If solutions from equity seeking groups are to be implemented in the form of social economy organizations, the class, race and gender individuality of founders and leaders of social economy organizations become more important. Existing social economy organizations can be considered to be incumbent, whereas new social economy organizations are challengers to existing models. Christensen (1997) concludes that incumbent organizations are invested in current technologies, and therefore have less incentive to change and are unable to innovative as much as newer rivals. Westley, Zimmerman & Patton (2006) describe the circular process as an "adaptive cycle" of creative destruction in different sectors. In the social economy, the incumbent organizations are invested in not supporting radical change, but a creative destruction process of new organizations gradually replacing existing organizations is necessary.
- 9 Increasing the organizational plurality enables a greater diversity of individuals to make meaningful contributions in the social economy. The corollary is also true that enabling a

greater diversity of individuals to start and develop social economy organization results in a greater plurality of organizations, which are required to solve the increasingly complex and demanding social problems that remain unsolved. Page (2008) conducted empirical research to find that the more diverse the groups of people solving complex problems, the better the solutions. McKinsey & Company (2015) studied gender and racial diversity across organizations, and concluded there is a significant positive relationship between an organization's gender and racial diversity and its financial performance. A broader diversity in the types of organizations, individuals and groups leading organizations in the social economy is therefore beneficial to the social economy as a whole, developing different solutions to complex issues, and "wicked" problems where solutions have been elusive (Rittel & Webber 1973). As described by the author and founder of 350.org, Bill McKibben, there are no "silver bullet" solutions to complex environmental problems; we need lots of "silver buckshot" (McKibben 2006). In other words, there is no single organizational solution that will solve complex problems. We need a broad range of organizational solutions simultaneously applying different approaches to solve these problems.

The Major Economic and Social Trends Affecting the Social Economy

- 10 The first trend to affect the social economy is increasing demand for social services resulting in an increase in the size of the social economy. The second trend is changes in the demographic makeup of Canada, based on immigration and Indigenous population growth. These trends are described in additional detail in the following sections, accompanied by critiques of the direction of the trend with respect to the social economy, arguing that the social economy is a contested space.

Growth in Demand for Social Services

- 11 The first trend affecting the size of the social economy in Canada is continuing growth in demand for social services. There are two macroeconomic trends in turn causing the growth in demand for social services. First there is a long-term increase in the unemployment rate and associated income inequality, and second, there is a decrease in government social spending. The unemployment rate affects the social economy in a number of different ways. The social economy is a significant employer in Canada, but more significantly the unemployment rate affects the number and needs of clients served by the social economy. Increases in long-term unemployment results in an increase in the long-term demand for social service provision by social economy organizations.

Increased Demand for Social Services From Long-term Unemployment

- 12 A major macroeconomic trend affecting the growth of social services is the rate of unemployment. A study completed by Statistics Canada (2015a) indicates a downward trend in full-time employment in Canada, and an increase in precarious part-time employment. Statistics Canada (2015a) also indicates that youth aged 17-24 experienced the greatest long-term decline in full-time employment between the years 1976-2014; men have experienced decreases in full-time employment across all age groups while

women have gained full-time employment from 1976-2014. The social economy interacts with the unemployment rate in three different ways. First, social economy organizations are a major employer in the Canadian economy (Statistics Canada, 2007), and therefore often hire individuals who would have otherwise been unemployed. Statistics Canada (2007) reports that the core non-profit sector is larger than Motor Vehicle Manufacturing, Agriculture, Accommodation and Food Services sectors, and therefore the social economy has a significant labour “footprint” in the economy. Second, the social economy provides services to unemployed individuals, including employment readiness and job training services, and work in employment oriented social enterprises. Third, the social economy develops and maintains alternative organizations that necessarily challenge and change the existing economic paradigms, including alternative forms of ownership and employment.

- 13 The longer the period of unemployment, the greater the social economy needs of individuals experiencing unemployment. The unemployment rate in Canada is a macroeconomic factor that interacts with the social economy at multiple levels, at the same time it is a macroeconomic factor that is not under the control of the social economy. A long-term trend in increasing unemployment is one of the factors that have led to increasing income inequality in Canada (Parliament of Canada, 2013).

Income Inequality and the Social Economy

- 14 Income inequality, described by the World Economic Forum as the primary challenge for the year 2015 (World Economic Forum, 2015), has become increasingly important to the size and scope of the social economy. In an insightful study, Kim (2015) finds a strong correlation between the level of economic inequality measured by the Gini coefficient, and the number of non-profit organizations in a county-level study of the United States. Kim (2015) theorizes that a greater number of people with lower incomes in a geographical area generate demand for additional services provided by non-profit organizations, and at the same time a number of individuals at higher incomes are required as they have the resources to support the supply of additional non-profit organizations and services. Kim (2015) additionally theorizes that a homogenous local population has a lower number of non-profit organizations per capita since homogeneously higher income areas have greater resources and therefore fewer nonprofit service needs, while homogeneously low income areas have fewer resources and therefore unable to form a sufficient number of organizations to meet the demand for greater social needs. One of the primary conclusions by Kim (2015) is that economic inequality within a county, measured by the Gini coefficient, is an enabling factor in the formation of non-profit organizations. In other research the number of non-profit organizations has been determined for poor or wealthy areas using average measures of income and wealth, while Kim (2015) suggests it is the importance of the spread of wealth or income inequality that is important for the number of nonprofits in an area.

Elite Resource Capture in the Social Economy

- 15 Jevtovic (2013) introduces a critique of the interaction of the social economy and income inequality, in finding evidence of “Elite Resource Capture” related to social enterprise in Western metropolises in Canada. Jevtovic (2013) utilizes BALTA (British Columbia and Alberta Social Economy Research Alliance) project data on social enterprises such as the

ability to earn income, age, number of full-time staff (Hall, Elson, Wamucii 2013; Hall, Elson, Wamucii 2014), and measures of community wealth to point out that elites are able to benefit more from leading, managing and operating social enterprises in Canada than members of economically marginalized groups. Jevtovic's thesis supports previous work by Wolpert (1993) who indicates the decentralization of social services tends to benefit elites and reduces services for marginalized communities. McGovern (2014) describes elite resources capture in leadership for a social economy organization in the UK utilizing Bourdieu's framework of capital, where the new leadership had higher "funding" capital compared to the founders who had higher "needs" capital. McGovern (2014) also points to Bourdieu by describing new leadership who also had the market oriented skills or habitus which enabled them to navigate the social economy field which now apportions higher value to these market oriented skills over understanding client needs. Nicholls (2010) discusses the process of legitimation of social enterprise by resource rich actors. Domhoff (2009) provides evidence of elite resources capture in the United States describing connected networks of elite groups of people who maintain power through leadership in political, corporate and nonprofit organizations. Analysis of elite networks in Canada involving the social economy is an under-researched area (Reed & Selbee, 2001). As income inequality has been increasing in Canada (Procyk, 2014) there are additional opportunities for elite resources capture in the social economy, where a significant proportion of the financial resources invested in the social economy as a form of income redistribution is captured by elite actors in the system.

- 16 Social economy organizations have an important role in addressing social mobility and income inequality, yet economic research indicates the non-profit sector has had little overall effect on income redistribution (Clotfelter, 1992). Pratt and McCambridge (2015) urge social economy organizations, including nonprofits and philanthropic organizations, to take a more active role in addressing social mobility and income inequality. Palotta (2008) on the other hand argues that nonprofit executive compensation should not have any restrictions in order to attract the best talent for leadership. Bourdieu's framework can be used to analyze Palotta's argument. It can be argued that Palotta supports higher compensation for individuals who have higher economic and social capital. The argument about making the social economy more equitable for individuals and communities who don't possess high levels of capital in this paper, is more congruent with Pratt and McCambridge (2015) than Palotta (2008).
- 17 Whereas many social economy organizations were previously developed by the middle class (Putnam, 2000), the opportunities for creation and management of social economy organizations is becoming more limited to elites. Supporting the narrative of a disappearing middle class, Walks (2013) concludes that not only is income inequality increasing in Canada, but income *polarization* is also increasing across major Canadian municipalities with growing "poor" and "rich" classes associated with a declining middle class. The increase in income inequality is not evenly geographically distributed, creating homogenous geographical areas of poverty and of wealth which has subsequent results of the size of the local social economy (Kissane, 2010). A study by Murdie, Maaranen & Logan (2014) of eight Canadian Metropolitan areas (Calgary, Halifax, Hamilton, Montreal, Ottawa, Toronto, Vancouver, Winnipeg) found that inequality in Canada's cities is increasingly spatialized, with low-income areas increasing in proportion to other areas. In agreement with the nonprofit density hypothesis presented by Kim (2015), Murdie, Maaranen & Logan (2014) find that homogeneously low-income areas have a lower

density of services. Research on the lack of social economy services in low-income areas of Canadian cities includes lack of necessities such as food (Canadian Environmental Health Atlas, 2016), and long travel distances for healthcare services (City of Toronto, 2013). The implications of elite resource capture are that the opportunity to start and grow social economy organizations are increasingly limited for low-income communities, and elites are able to capture more funding and related opportunities in the social economy. The result is a reduction in the economic diversity of social economy entrepreneurs, and a resulting loss of potential for communities to develop solutions to their own issues.

Intergenerational Mobility and the Social Economy

- 18 Bourdieu utilizes the concept of life trajectory to describe the difference between an individual selecting their own path and societal influences on the capital available to individuals. Corak (2013) describes the negative relationship between economic inequality and intergenerational mobility in Canada and the United States. Often described as the “Great Gatsby curve”, intergenerational mobility decreases as income inequality increases across different countries. The implications for the social economy is that the opportunities for starting social economy organizations that are dependent on financial resources, extends across multiple generations for low-income groups. An earlier study by Corak (2010) finds that although income inequality is lower in Canada than the US, the economic aspirations are similar, including expectations of social mobility. Chetty (2015) analyzed the relationship between family backgrounds and innovation (measured by the number of patents produced by individuals) by studying the relationship between parental income, neighborhood, and education in the United States. In a perfectly meritocratic society, parental income, for example, should have limited effects on the level of innovation by individuals across economic class and race differences. Chetty (2015) finds that children from a low socio-economic background are less likely to produce patents as adults, a measure of innovation. Conversely, children of parents with high economic status are much more likely to produce patents through cumulative advantages of opportunity. There is a high degree of overlap between the factors that enable innovation and entrepreneurship in the broader economy, and the factors that enable social innovation and social entrepreneurship in the social economy. Based on rising income inequality and corresponding lack of intergenerational social mobility, there is multi-generational “opportunity gap” in the ability to implement social innovation and develop social economy organizations by low-income individuals and groups.

Government Expenditures on Social Services

- 19 The second macroeconomic trend affecting the size of the social economy is government expenditures on social services. Elson (2007) describes the changing relationship between the government and the social economy in Canada, particularly the role of government as the primary funders of social economy organizations. With different levels of government continuing to reduce services due to fiscal constraints, social economy organizations inevitably fill the resulting void. According to Elson, even after downloading a number of social services to the provinces, the federal government remains the largest social service funder. Although federal governments have been formed by political parties of different

ideologies, the trend since the 1990s has been a continuing reduction in the funding of social services (Quarter, Mook and Armstrong 2009). Based on experience in the UK, a country at the forefront of government devolution to the social economy, Unwin (2004) classifies the government funding relationship with social economy organizations into giving, shopping and investing categories. According to Unwin (2004), *giving* typically involves transfer of funds from the government to social economy organizations through grants, *shopping* typically involves loans to social economy organizations, and *investment* involves government investing in equity. In Canada, the availability of grants has been reduced in favor of performance-based loans and equity investments, which provide financial and social returns to investors (MARS Centre for Impact Investing & Purpose Capital, 2014). Therefore the types of funding available to social economy organizations in Canada have changed significantly over time.

- 20 As funding from governments is being reduced across the social economy, social economy organizations are finding ways to grow revenues from alternative sources. Charities, in particular, continue to be dependent on government funding for the majority of their revenues (Imagine Canada, 2013). In addition to changes in the type of funding being available to social economy organizations in Canada, the level of funding has decreased compared to other Organization for Economic Co-operation and Development (OECD) countries. A report by the Centre for the Study of Living Standards (2012) compared public social spending in Canada over 20 years, from 1981-2010, and found that over the past twenty years, public social spending by Canada has fallen significantly below the OECD average. The rate of increase of public social spending in Canada was found to be lower than Germany, United Kingdom, and the United States. The study found that “if Canada’s redistributive efforts were to be raised to the OECD average, nearly two-thirds of the increase in after-tax inequality that has taken place in Canada since 1981 would be eliminated.” (Centre for the Study of Living Standards, 2012). Government social spending, a form of income redistribution, has direct outcomes on poverty rates, income inequality and the social economy.
- 21 Government funding for social economy organizations in particular demonstrates directional trends. Elson (2007) summarizes the current trends in government funding by referencing a report by the Canadian Council on Social Development (2003):
- 22 “This parsimonious funding regime, established since the early 1990s, has embedded itself across all levels of government and sub-sectors in the voluntary sector (Scott, 2003). It is characterized by: 1) increased targeting of funds; 2) a shift from the core to project-based funding; 3) increased and often unjustified demands for accountability and reporting; 4) funding contingent on compulsory collaboration; 5) an on-going perception that volunteers are readily available reserve labor pool; and 6) a belief that market models will automatically lead to greater self-sufficiency (Scott, 2003).”
- 23 The Satellite Account of Nonprofit Institutions and Volunteering produced by Statistics Canada (2007) reports that between 1998 and 2007, the core nonprofit sector (excluding hospitals, universities and colleges) grew faster than GDP. At the same time as government social spending in decreasing, the size of the social economy is growing due to growing demand for social services, requiring additional human resources. The support systems for starting and growing social economy organizations are piecemeal compared to other industries and sectors, leading to a significant pipeline problem (Canadian Task Force on Social Finance, 2010).

Demographic Changes in Canada

- 24 The second trend is changes in the demographic makeup of Canada. First, the majority of immigration to Canada is now from non-European countries including the Philippines, China, India, Pakistan, and Iran (Citizenship and Immigration Canada, 2015). In addition to population growth through immigration, the Indigenous population is the fastest growing group in Canada (Statistics Canada, 2015c). There is a corresponding growth in the demand for culturally appropriate social services for immigrants and Indigenous communities. The need for culturally appropriate services has been expressed most compellingly by Indigenous communities in Canada, since these communities have experienced the deepest negative effects of cultural domination. Sinclair & Grekul (2012) describe the value of culturally appropriate services in reducing Indigenous youth gang activities. Fallon, Chabot, Fluke, Blackstock, MacLaurin, & Tonmyr (2013) describe the cultural factors in decisions in placing Indigenous children to other families by child welfare agencies. Durst, Bluehardt, Morin, & Rezansoff (2001) describe the differential treatment by the healthcare system of Indigenous individuals who have disabilities. The social economy will grow not only by expanding the cultural competencies of existing organizations but also by the formation of new organizations, started by a diverse group of leaders with different lived experiences and cultural capital.
- 25 The effects of government policies have had unequal socio-economic results for different ethnic and racialized communities. Ornstein (2006) analyzed the “vertical mosaic” (p. 82) or socio-economic profile of various ethno-racial groups in Toronto, and found that the Indigenous community experiences the greatest level of socio-economic marginalization, followed by African and West Asian ethno-racial groups. A similar study by Ornstein (2007) in Montreal and Vancouver indicates that Aboriginal, Caribbean, and South Asian (Indian, Pakistani, Bangladeshi, Sri Lankan) groups are particularly disadvantaged. The findings by Ornstein (2006) are supported by more recent and in depth research for the Indigenous population in Toronto, through the Toronto Aboriginal Research Project (Toronto Aboriginal Support Services Council, 2011). The intersectionality of race, class and gender have been experienced most acutely by Indigenous communities in Canada through colonialism, capitalism, and patriarchy (Palmater, 2011). Although there is a significant quantity of research on issues in Indigenous communities, there is limited research on solutions to these issues by Indigenous organizations, particularly social economy organizations that are a critical component of developing community asset-based solutions.

Ethno-Racial Diversity and the Social Economy

- 26 Statistics Canada (2015b) indicates that Canadian communities large and small are becoming more ethno-racially diverse primarily due to immigration. The conditions that have led to the growth of the social economy, such as income inequality, now need to take into account growing ethno-racial diversity. The central argument made in this manuscript is that there are systematic changes required in the way the social economy addresses ethno-racial diversity in Canada. Intergenerational mobility is limited not only by class, but also by race in Canada. Corak (2008) for example, concludes that

intergenerational mobility in Canada is limited to immigrants from particular ethnic groups, namely Caribbean, African and Latin American immigrants.

- 27 If there are no structural adjustments, the result can be similar to the outcomes in the United States where increased ethno-racial diversity in an area has been related to decreased social capital (Putnam, 2007) and a smaller number of non-profit organizations (Kim, 2015). The Human Resources (HR) Council for the Non-Profit Sector (2013) research indicates 6% of employees in the non-profit sector are visible minorities, compared to 20% of the general population. The disproportionately lower percentage of visible minorities in the social economy is not due to lack of interest in social and environmental causes, as immigrants and visible minorities have the same level of interest in social and environmental issues as other Canadians. Earth Day Canada (2012) surveyed interest in environmental issues for immigrants and found a strong level of interest in environmental issues, but the issues identified by immigrants were different from those focused on by mainstream environmental movement. Toronto Workforce Innovation Group (2011) found a difference in over-representation of Black individuals in worker roles, and under representation as managers in non-profit organizations in Toronto. A report by the Mowat Centre (2014) on the social economy in Ontario indicates there is a demographic gap in ethno-racial diversity between leadership in the Social Economy in Ontario and its client population. An earlier report on nonprofit sector diversity in Toronto echoes this finding (DiverseCity, 2012). Diversity has become a significant focus for the organization representing social entrepreneurs in the United States, the Social Enterprise Alliance (Lynch, 2014). The HR Council for the Non-Profit Sector (2013) indicates the benefits of diversity on non-profit boards include ability to access community resources, ability to respond to external changes, and better decision making identifying the full range of opportunities and risks.
- 28 A broader diversity in the types of organizations, individuals and groups leading organizations in the social economy is beneficial to the social economy as a whole, developing different solutions to complex issues and wicked problems where solutions have been elusive. Loh (2014) provides a critique of the current composition of the “New Economy”, a coalition of social economy organizations in North America, indicating it should be more diverse: “For the movement to succeed, it must be led by the dispossessed—those for whom the mainstream economy has never worked.” The term “new economy” is a broad term positioning social economy organizations in the form of an alternative futurity, a future where organizations are socially responsible, environmentally sustainable, and democratic. One of the impetuses for the New Economy has been the Occupy movement (Breau, 2014). Chetty, Hendren, Kline & Saez (2014) conclude that where a person is born, and to which parents they are born, limits intergenerational mobility by geography, class and race in the United States. There are strong signals that Canada is heading in the direction of the United States in terms of higher income inequality, lower intergenerational mobility and lower socio-economic opportunity by geography, class and race (United Way of Greater Toronto, 2015).
- 29 Meinhard, Faridi, O’Connor & Randhawa (2011) describe two different ways in which visible minorities participate in the leadership of the social economy in Canada. First, participation as leaders, managers and volunteers in mainstream organizations. Second, formation of ethno-specific voluntary organizations that represent their specific interests. In Ontario a number of organizations are demonstrating promising human resources oriented diversity practices based on recommendations of previous reports

(McIsaac & Moody, 2014; DiverseCity, 2012). The Ontario Nonprofit Network, has partnered with the Toronto Region Immigrant Employment Council (TRIEC) to offer diversity training. This initiative addresses the first form of participation described by Meinhard *et al.* (2011), participation as leaders, managers and volunteers in mainstream organizations, but fails to address Meinhard *et al.*'s second method of participation, ability to form new organizations. Meinhard *et al.* (2011), finds an inverse relationship between the number of ethno-specific charitable organizations representing visible minority groups, and the participation of visible minorities on the boards of mainstream charitable organizations. The research by Meinhard *et al.* (2011) conducted across Toronto, Vancouver, Calgary, Montreal indicates that when ethnic communities do create their own institutions, individuals have a greater choice in organizations they can contribute to, and often choose ethnic institutions that reflect their community. Conversely, when fewer ethnic institutions exist, individuals compete for the limited number of board positions in mainstream organizations. Intergenerational mobility in Canada is limited across second and third generations of immigrants, even for individuals who are born in Canada, based on Corak (2008) finding that inter-generational mobility in Canada is limited to immigrants from particular ethnic groups.

- 30 The United Way of Greater Toronto's Strong Neighborhood Strategy provides a different place based example. Based on the ground-breaking report, *Poverty by Postal Code* (United Way of Greater Toronto, 2004), the United Way of Greater Toronto has developed a Strong Neighborhoods Strategy that invests specifically in designated Neighborhood Improvement Areas in Toronto, including setting up hubs that support co-working spaces for non-profit organizations. Although this strategy is geographically based, and geared towards provision of new services in low income, racialized neighborhoods, and therefore will alleviate some of the service deficit issues in low-income areas, outcomes for organization level ethno-racial diversity are yet to be determined.
- 31 Efforts to increase economic and ethno-racial diversity in social economy organizations through human resource practices, for example, promotion of members of equity seeking groups to leadership positions in existing organizations have significant limitations. The problem a social economy organization addresses and the solution direction is primarily determined by the founders of the organization. Different groups and individuals will find different problems to be salient, and different solutions to be appropriate. It is therefore the founding and startup stage of social economy organizations where the effort to increase diversity has to be focused. The barriers faced by equity seeking groups in entrepreneurship in the broader economy, such as class, race and gender issue, apply to starting up organizations in the social economy. Meinhard *et al.* (2011) find that even though Toronto has the largest visible minority population it has the lowest number of ethno-specific charities per thousand visible minorities among the four large Canadian metropolitan cities studied. More broadly, the two most ethnically diverse cities in Canada, Toronto and Vancouver, have the lowest percentage of ethnic charities. As charities are a type of "pinnacle" organization in the social economy, trends in charities tend to reflect trends in the broader social economy.
- 32 Kim (2015) makes an important finding that ethno-racial diversity is negatively correlated with the number of non-profit organizations in an area, in line with Putnam's (2007) theory of "hunkering down" or that communities with higher ethno-cultural diversity have a lower level of social capital due to lower social cohesiveness. Based on

survey data from the US, Putnam found that in areas of greater ethno-racial diversity, there is:

- “Less expectation that others will cooperate to solve dilemmas of collective action.
- Less likelihood of working on a community project.
- Lower likelihood of giving to charity or volunteering.” (Putnam, 2007:150)

- 33 Therefore Putnam (2007) provides evidence that the building blocks of social economy organizations are weaker in more ethno-racially diverse communities, and Kim (2015) subsequently confirms that the resultant density of nonprofit organizations is lower in areas of greater ethno-racial diversity.
- 34 Garrow (2015) completed a longitudinal study on the relationship between changing racial composition and the size of the social economy in Los Angeles County. Garrow found that an increasing percentage of Blacks and Latinos in Los Angeles County was associated with a greater number of disbanded (closed or abandoned) non-profit organizations, while an increasing percentage of Whites reduced the number of disbanded non-profit organizations. Bourdieu indicates that fields, including the field of the social economy, is not a level playing field. White communities who have historically had more economic and social capital are able to sustain organizations which serve local interests, whereas Black and Latino communities having lower levels of economic and social capital are unable to sustain all existing organizations. The inability of increasing Black and Latino communities to start new organizations that would replace disbanded organizations can be explained in Bourdieu’s terms, the ability to reproduce existing power structures is more prevalent than the ability to change the distribution of power and resources.
- 35 Couton (2013) studied the relationship between Canadian ethnic communities and immigrant serving charities and employment factors and found a negative relationship between the density of charities and employment and income, and a positive relationship with self-employment. In other words, ethnic and immigrant serving charities were located in low-income areas where unemployment is high, and where self-employment is seen as a solution to lack of unemployment. A report on immigrant entrepreneurship in Toronto by Newcomer Women’s Services Toronto, Social Planning Toronto, Toronto Womens City Alliance (2014) supports this finding, indicating that immigrant self-employment is strongly based on entrepreneurship of *necessity* rather than entrepreneurship of *opportunity*. In summary, the research indicates that ethno-racial diversity is negatively correlated with the density of social economy organizations. Where ethnic community related charities exist, they do not have a positive effect on unemployment, but there is a positive correlation with self-employment. Self-employment as studied by Couton (2013) and Toronto by Newcomer Women’s Services Toronto (2014) includes private for profit business, rather than social economy organizations. The enablers and barriers for the formation of social economy organizations by ethno-racial groups, remains an under-researched area.

Barriers to Social Economy Organization Formation by Ethno-Racial Groups

- 36 In order to direct efforts towards a desirable future where everyone from different communities has the same opportunities to start up social economic organizations, we must understand historical restrictions on social economy organizations. In Bourdieu’s

framework, the social economy as a field has resisted the formation of organizations by ethno-racially diverse groups.

- 37 A significant critique of the social economy and its ethno-racial diversity is provided by the feminist movement, particularly women of colour. In the acclaimed book, *The Revolution Will Not be Funded: Beyond the Non-Profit Industrial Complex* (Incite! Women of Color Against Violence, 2007), the authors make the case that the mainstream civil sector organizations often act against the interests of grassroots organizations, particularly since the societal changes demanded by grassroots require genuine changes in power structures. Incite (2007), emphasizes the efforts of racialized feminist groups and the suppression of efforts by mainstream feminist organizations. Incite (2007) suggests that mainstream feminist organizations essentially do not want to alter power structures. In Bourdieu's analysis, mainstream feminist social economy organizations have been able to gain power through the use of different forms of capital, while women of colour do not have the capital to gain proportional levels of power. Woolford (2012) uses Bourdieu's framework to analyze the social service sector in Manitoba, and concludes that Indigenous organizations are able to reflexively identify and counter neoliberal direction, while other mainstream social economy organizations are unable to engage in the same level of reflexivity. Wolch (1999) provides a broader critique of the non-profit sector indicating the sector has lost its advocacy role by becoming closer to the government and private sectors.

Entrepreneurship Suppression and the Social Economy

- 38 Light and Dana (2013) describe suppression of entrepreneurship when the social capital of a dominant group inhibits entrepreneurship of other groups. Light and Dana (2013) indicate there are two types of entrepreneurship suppression, malevolent and inadvertent entrepreneurship suppression. Historically, malevolent entrepreneurship suppression was experienced by Indigenous, Black and Immigrant communities in the United States and in Canada.
- 39 The Global Entrepreneurship Monitor (GEM) studies are the broadest survey based on studies of entrepreneurship across countries (www.gemconsortium.org), including social entrepreneurship. GEM separates entrepreneurship in different countries by factors driven, efficiency driven, and innovation driven categories, placing Canada and the UK in the innovation driven category. Harding (2006) completed one of the main GEM studies specifically surveying Social Enterprise, and indicates there is a higher intention for starting social enterprise among minorities, but a lower number of owner managers are minorities, particularly Black Africans and Black Caribbeans. The Toronto Workforce Innovation Group (2011) provides evidence that the non-profit sector has a higher than population proportion of Black workers in the social economy, versus lower than population proportion of Black leaders in the social economy. These two reports indicate that the Black community has both intention to start organizations and employment in the social economy, but has limited leadership and management opportunities.
- 40 One of the sharpest critiques of the intersection of class and race in the social economy comes from Allen (1969) and his contemporaries (Chrisman, 2010), who describe social economy organizations as instruments of neo-colonial policies. As described by Graefe (2006), social economy organizations, can "flank" (work with) neoliberal economies, and simultaneously work in opposition to neoliberal economies. In a related Marxist critique,

Roelofs (1995) describes the social economy or the third sector as a protective layer of capitalism, where social economy organizations are a form of pacification of more radical racialized movements that would realign power and economic structures. Allen (1969) describes the treatment of Black communities in the US as a form of domestic colonialism. Allen (1969) characterizes the racialized urban areas of American cities as part of the ghetto infrastructure and the existence of a ghetto buffer class of small Black business owners and Black social service organization managers. Allen (1969) describes Black capitalists as a form of social control, and educated and trained Blacks who are managers of social economy organizations to be new managers of the ghetto. Allen therefore implicates not only the state, but the private sector, as well as the social economy in maintaining racial inequalities. Allen (1969) describes a class of racialized unemployed and precariously employed people who are part of the internal colonies who serve as repositories for a reserve supply of labour. In other words, Allen indicates there is a strong intentionality to limit opportunities for low-income, racialized individuals to only employees in the social economy, rather than creators and founders. Given the findings from the social economy labor force survey (Toronto Workforce Innovation Group, 2011) that demonstrate a higher than population proportion of Black workers in the social economy, versus lower than population proportion of Black leaders, the theories described by Allen warrant further examination.

The Social Economy and Indigenous Communities in Canada

- 41 Indigenous communities in Canada include First Nations, Métis and Inuit communities. The Indigenous population of Canada consists of 4.3% of the total population and is the fastest growing population group in Canada (Statistics Canada, 2011). A number of broad provincially based social enterprise surveys by the British Columbia and Alberta Social Economy Research Alliance project (BALTA) highlight the interactions between social enterprise and Indigenous communities in Canada. In the BALTA surveys, Hall, Elson, & Wamucii (2013) indicate that 37% of Alberta's and 33% of British Columbia's social enterprises served Indigenous clients. Related surveys indicate the following percentages of surveyed social enterprises which served Indigenous communities in other provinces: 29% in Manitoba (Canadian CED Network, 2012), 28% in New Brunswick (Hall, Elson, & Wamucii, 2014), 16% in Nova Scotia (Tarr & Karaphylis, 2011), and 22% in Ontario (Canadian CED Network, 2013). The survey results indicate a pattern of engagement between Indigenous communities and social enterprise in Canada that is proportionally much greater than the Indigenous population. Sengupta, Vieta & McMurtry (2015) indicate that although Indigenous communities are overrepresented as clients of social economy organizations, Indigenous communities led organizations are underrepresented in the social economy. Indigenous communities led social economy organizations in Canada are shaped by the population, geographic distribution, history of colonization, and local and global contexts. In Bourdieu's framework, Indigenous organizations are in a struggle with non-Indigenous organizations in the social economy field for the legitimacy of Indigenous knowledge. Indigenous knowledge is often suppressed by the hegemony of Eurocentric knowledge in the Social Economy in Canada. Battiste and Henderson (2000) argue for the benefits the Western world can gain from Indigenous knowledge.
- 42 Woolford (2012) uses Bourdieu's framework to conclude that Indigenous organizations are more reflexive than other mainstream social economy organizations, as these

organizations are engaged in countering a long history of racism and colonialism. There are three basic types of social economy organizations engaged with Indigenous communities in the struggle for legitimacy of Indigenous knowledge.

1. Organizations developed by Indigenous communities, utilizing Indigenous knowledge and philosophy, primarily serving Indigenous clients.
2. Organizations developed by non-Indigenous communities, utilizing Euro-centric knowledge, serving Indigenous and non-Indigenous clients.
3. Organizations developed by non-Indigenous communities, utilizing both Euro-centric and Indigenous knowledge (usually through the employment of Indigenous personnel) serving Indigenous and non-Indigenous clients.

- 43 The second type of organization is the most prevalent type of social economy organization interacting with Indigenous communities in Canada (Diamantopoulos & Findlay, 2007). Eurocentric and non-Indigenous knowledge is utilized to address Indigenous client needs of the majority of social economy organizations, often resulting in additional risks rather than benefits. As the Indigenous population of Canada grows, there will be a growing need for culturally appropriate services provided by social economy organizations. Culturally appropriate services can be provided by social economy organizations that genuinely implement Indigenous knowledge and values into its mission, long-term strategy and day-to-day operations. The appropriate adoption and utilization of Indigenous organizational principles and philosophies, such as planning for the next seven generations, are beneficial to Canadian society as a whole, not just Indigenous communities. Although there is a substantial volume of research on Indigenous populations, the relationship of Indigenous communities and social enterprise within the broader social economy is an under-researched area (Wuttunee, 2009).

Conclusion

- 44 This paper has described socio-economic and demographic trends precipitating changes in the leadership of the social economy in Canada. The trends affecting the growth of the social economy include a growing income inequality and a long-term period of fiscal restraint by different levels of government in Canada. Another trend affecting the social economy is the changing demographics in Canada, particularly population growth from immigration and Indigenous communities. One of the key conclusions is that the agency and leadership opportunities of marginalized and equity seeking groups in starting and maintaining social economy organizations is limited by current system structures.
- 45 An analysis utilizing Bourdieu's framework of capital, habitus and field indicate existing support systems for starting and developing social economy organizations are designed to maintain existing power structures. The important subtlety of Bourdieu's framework can be reiterated through comparison with Putnam's theories of social capital. Social capital has been described as a base upon which social economy organizations are developed (Putnam, 2001). In more recent research, Putnam (2015) describes the decrease of social capital in ethno-racially diverse communities, and differential social capital and opportunity due to income inequality. Bourdieu's framework of analysis can be differentiated from Putnam's analysis on two aspects. First Bourdieu stresses the importance of conflict between agents, where the social capital gained by a dominant group can be utilized to gain advantages over non-dominant groups. Putnam considers an increase in social capital for a community to be good for the whole community, where

a rising tide lifts all boats, whereas Bourdieu raises the issue of the gain of social capital by one group, which can be at the expense or loss of capital by another group. Second, Putnam puts greater emphasis on the role of economic class and underestimates the role of race, particularly in the leadership and formation of organizations in the social economy. Bourdieu's framework has been applied here to the intersection of class and race in the social economy, differentiating different types of capital (economic, social, cultural), and the ability to gain advantage through the ability to play the game or habitus in the field of the social economy. Bourdieu's framework is used as a basis in this manuscript to highlight three primary critiques of the social economy, including elite resource capture, exclusion of women of colour, and control of racialized communities.

- 46 One potential avenue for addressing the critiques and ongoing conflict in the social economy is addressing the support systems for the formation and leadership of social economy organization in the form of social economy education. Social economy education has to be diversified in two related directions. First, social economy education has to consciously increase the diversity in types of organizations that are taught and supported. The social economy education field is highly siloed between educators who teach cooperatives, social enterprises, and community economic development. Current trends in social economy education is towards institutional isomorphism, and this trend can only be countered by including different worldviews which relate to different forms of organizations. Second, social economy education has to be consciously inclusive of diversity of individual backgrounds, including economic class and race, in the case studies, philosophies, and educators themselves. These two challenges are related; providing a greater range of organizational options will enable a greater diversity of individuals to start and lead social economy organizations.

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ABSTRACTS

This paper describes the necessary and inevitable changes in the leadership of the Social Economy in Canada due to socio-economic and demographic trends. The first macroeconomic trend affecting the growing size of the social economy in Canada is growing income inequality. The second macroeconomic trend is a long-term period of fiscal restraint by different levels of government in Canada. Another trend is the changing demographics in Canada, which has two components, population growth from immigration and population growth in Indigenous communities. The trends are accompanied by critiques of the direction of the trend with respect to the social economy, arguing that the social economy is a contested space. One of the key conclusions is that the agency and leadership opportunities of marginalized and equity seeking groups in starting and maintaining social economy organizations is limited by current system structures. Bourdieu's framework of capital, habitus and field are used as theoretical frameworks for analysis to argue that the existing support systems for starting and developing social economy organizations are designed to maintain existing power structures.

L'article qui suit décrit les changements nécessaires et inévitables qui devraient être introduits dans la direction de l'économie sociale au Canada en raison des tendances démographiques et socioéconomiques actuelles. Les deux premières tendances sont macroéconomiques. Il s'agit, respectivement, de l'inégalité croissante des revenus et des restrictions budgétaires de longue durée aux différents paliers de gouvernement. La modification de la réalité démographique au Canada, en particulier la croissance de la population des communautés immigrantes et autochtones, est l'une des tendances socioculturelles majeures. L'économie sociale est un espace contesté et l'une des principales conclusions tirées de l'étude est que les occasions de pouvoir et de direction offerte aux groupes marginalisés et en quête d'équité, se trouvent limitées par les structures du système actuel. Les concepts de capital, d'habitus et de champ de Bourdieu servent de cadres théoriques pour montrer que les systèmes d'appui actuels au démarrage et à l'établissement d'organisations dans le champ de l'économie sociale sont conçus pour maintenir les structures de pouvoir existantes. Des structures de soutien distinctes devraient dès lors être établies.

INDEX

Mots-clés: autochtone, économie sociale, immigration, inégalité, sans but lucratif

Keywords: Immigration, Indigenous, Inequality, Nonprofit, Social Economy