

Expanded abstract

Understanding the Social and Solidarity Economy through the Lens of Contemporary Institutional Economics

Objectives

This article aims to expand the theoretical and methodological understanding of the Social and Solidarity Economy (SSE) through the economic institutionalism approach, particularly from the contemporary perspective of the Original Economic Institutionalism (OEI) tradition. Faced with the terminological and organizational diversity of the entities that make up the SSE across different regions of the world, the study seeks to identify a common set of principles that enables its analytical delimitation beyond legal or regional classifications. Notably, the proposed criteria include the same entities as those identified under generally accepted definitions, though based on common rather than complementary principles.

Accordingly, the article puts forward an operational definition of the SSE based on three core principles, maybe criteria: 1) Non-Prioritization of Personal Gain (NPPG), that is, like a subordination of the personalistic profit, 2) the issuance of social transfers in-kind (STK and extended STK, including social surplus generated by volunteer and non-market provision), and 3) the existence of organizational routines grounded in shared identity and collective benefit. Hence, based on these principles, the article develops a methodology to measure the impact through the proposal of Generation of Income Satellite Account for SSE, supported by comparative empirical evidence from Colombia and Spain.

Furthermore, the paper seeks to contribute to a broader epistemological debate by positioning the SSE as an evolving institution shaped by historically rooted norms, beyond its functional role in welfare provision. This perspective opens the door to comparative institutional analyses across regions and underscores the relevance of the SSE in shaping new economic paradigms.

Design / Methodology / Approach

The methodological approach combines theoretical analysis rooted in OIE with empirical applications via the design and estimation of Satellite Accounts. The article begins with a conceptual review of institutionalist economics, contrasting the OEI and New Institutional Economics (NIE) perspectives to argue the former's relevance in framing SSE as an economic institution. Within this framework, the three proposed principles are presented as analytical criteria for identifying organizations within the SSE perimeter.

The article then proposes an extension of System of National Accounts through the creation of Satellite Accounts that incorporate not only Gross Value Added from production (GVA) but also Gross and Social Value Added (GSVA), by including both standard STK (as recorded in National Accounts) and extended STK' (such as social surplus generated by voluntary work and price differentials in goods, services, and production factors offered by SSE market organizations).

This methodology accommodates both non-market entities (such as associations, foundations, NGOs, or the *Misericórdias* in Portugal) and market-based entities with redistributive structures across various regions (such as cooperatives, mutuals, worker-owned enterprises, employee funds in Colombia, or *ejidos* in Mexico).

Additionally, the methodology incorporates an interpretive layer by considering the cultural, legal, and social diversity of organizational forms across countries. This cross-contextual sensitivity ensures that the proposed analytical criteria can be adapted without distorting the core principles of the SSE, and that the Satellite Account model remains robust even under varying data environments and institutional capacities.

The article draws on official secondary sources and consolidated databases (structural figures and Surveys of INE and DANE, several economic reports on cyclical and structural conditions about the constituent organizations or CONFECÁMARAS, for example, and headline figures of CIRIEC-Spain, among others) with the necessary estimated figures according to those information sources to obtain the annual series of the SSE's economic and social impact in both countries for the 2016–2022 period.

Findings

The findings confirm the feasibility of a coherent conceptual and methodological delimitation of SSE based on institutionalist principles. The estimates for Colombia and Spain demonstrate that organizations aligned with the proposed criteria exhibit distinctive economic behaviours, both structurally and cyclically. The non-market component of the SSE shows remarkable stability even during crises (such as the COVID-19 shock in 2020), serving as a social buffer. Meanwhile, the market component also shows relevant participation, although more sensitive to economic cycles.

These results highlight the SSE's unique ability to function as a stabilizing force in times of uncertainty, offering public-good outcomes even in the absence of state intervention. This confirms that SSE entities not only fill welfare gaps but also constitute an endogenous component of economic resilience and social cohesion in both developed and emerging economies.

In both countries, the inclusion of STK and STK' significantly increases the SSE's share of general GDP. In Spain, GSVA reaches up to 3.6% of GDP in 2022, while in Colombia it accounts for 3.1%. The comparative analysis also reveals structural differences: in Spain, the non-market component dominates (up to 33% of SSE's GVA), whereas in Colombia the market component is stronger. Moreover, STK' enables the visualization of the social value generated by market entities that are not driven by profit, reinforcing the NPPG principle as an identity-defining feature.

Research Limitations / Implications

While the proposed instrument—Generation of Income Satellite Account for SSE—is designed for feasibility and data accessibility in many countries (aided by auxiliary statistics), one key limitation remains the availability and quality of data, especially in contexts dominated by informal or weakly institutionalized organizations. In many countries, community-based or popular economy practices lack systematic records, hindering their inclusion in aggregate estimates. Additionally, clearly identifying which transfers qualify as STK' requires further methodological work in defining and monetizing organizational routines.

Another major challenge lies in developing Financial Satellite Accounts for SSE, given that many entities such as credit cooperatives, mutuals, or non-financial cooperatives are formally categorized under different institutional sectors in national accounts. The proposal thus calls for the construction of an auxiliary institutional sector to justify the “satellite” designation for that Generation of Income for SSE. Despite being replicable and internationally applicable, its implementation depends on political will, inter-institutional coordination, and improved national statistical systems.

Practical Conclusions

The adoption of the proposed institutionalist framework enables a precise and operational definition of the SSE's scope, helping to overcome legal and semantic ambiguities. This approach supports the identification of SSE in different national contexts, its integration into public policy, and its statistical inclusion through Satellite Accounts.

The use of indicators such as GSVA and the quantification of STK and STK' offers concrete tools for making SSE's contributions visible in both economic and social terms. This also supports standardized international comparisons and informs sector-strengthening strategies.

Furthermore, recognizing NPPG principle as a unifying organizational criterion allows for a clearer distinction between SSE entities and others with similar legal forms but lacking redistributive logics or solidarity-based identity. In this regard, the proposal contributes to conceptual clarity and improved governance of the sector.

Originality / Value

The article's primary contribution lies in proposing a functional, measurable, and replicable definition of SSE based on economic institutionalism. Instead of relying on normative or legal approaches, it offers an analytical model founded on routines and practices that shape solidaristic, self-managed, and community-oriented economic behaviour.

By combining the institutionalist framework with a concrete methodological tool —Generation of Income Satellite Account for SSE— the article enables accurate measurement of the SSE's impact in terms of social value creation. This framework transcends the limitations of traditional market- or state-centric approaches by incorporating the diverse organizational forms that define the SSE in practice.

In sum, the article provides a significant theoretical, empirical, and methodological contribution to advancing knowledge of the SSE, supporting its recognition as a transversal institution and its full integration into economic analysis. Its value lies in equipping the SSE with a robust and operational analytical framework that enhances its visibility, legitimacy, and transformative potential, especially in contexts of increasing inequality and social vulnerability.

As a result, the article lays the foundation for future research, including the development of satellite financial accounts, longitudinal assessments of institutional habits, and international comparisons. It also provides policymakers and researchers with a conceptual toolset for recognizing, supporting, and measuring the SSE as a legitimate and indispensable part of national and global economic systems.