

Popular and solidarity economy in Ecuador: institutional pluralism and contradictions between public policy and organizations' rationale

Author: María-José Ruiz-Rivera

Institutional affiliation: Université catholique de Louvain, Chaire d'économie sociale et solidaire au Sud, Centre d'Études du Développement (DVLP), Centre Interdisciplinaire de Recherche Travail, État et Société (CIRTES).

Country: Belgium

Email: maria.ruizrivera@uclouvain.be

Abstract

Since 2008, as a part of a project of state transformation driven by an apparent post-neoliberal shift towards *Buen-vivir* (Gudynas, 2011), Ecuador has constitutionally acknowledged a plural economy, which includes private capitalistic and public statist forms of economic organization as well as a popular and solidarity sector. Popular and solidarity economy organizations (EPS for its Spanish acronym) have recognized themselves through historically particular institutional paths, such as the cooperative tradition, popular associations and more recent expressions of community economy (Ruiz-Rivera & Lemaître, 2016). Those initiatives vindicate a common rationale not driven by the sole purpose of profit maximization, but based on work's value and the securization of their members livelihoods (Sarria Icaza & Tiriba, 2006). Since 2011, the Organic Law of Popular and Solidarity Economy undertook a set of legal arrangements aimed at the regulation, promotion and control of EPS organizations. Hence, public policy design and implementation may nowadays be shaping the practices of organizations (Vega Ugalde, 2016).

There is growing interest among neo-institutionalist scholars in sociology and management studies in the way that organizations respond to “institutional complexity” (Greenwood, Díaz, Li, & Lorente, 2010; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). Institutional complexity is both translated and determined by the various logics involved and interacting in a particular framework. Greenwood et al. (2011, p. 334) argue that “the higher the number of logics in an organizational field, the greater will be the complexity facing organizations”. On one hand, this notion of multiplicity of institutional logics implies that the latter might be mutually incompatible (Kraatz & Block, 2008). On the other hand, as these prescriptions and proscriptions appear to be incompatible, they provoke tensions for the actors involved (Château Terrisse, 2012). The organizational responses to these tensions and their peculiarities are thus an important topic that deserves attention in social and solidarity economy research.

Through empirical research (participative observation, documentary analysis and semi-directive interviews conducted with EPS organizations and policy makers from April to May 2015, April to June 2016 and from January to April 2017), we analyze the tensions drawn from the institutionalization of EPS in Ecuador, particularly the institutional complexity arising from the inadequacy between the criteria underpinning public policies and the EPS plural operating logics. We argue that the conception and the implementation of government programs mobilize two contradictory logics: on one hand the political recognition of economic pluralism (linked to a notion of *Buen-vivir*) and on the other hand the integration of the economy to a predominant market logic (partially due to imperatives of efficiency) according to a formal sense of the economy (Polanyi, 1977). These two logics, coexisting in

public policies, are confronting the plurality of socioeconomic logics underpinning EPS organizations.

The aim of this paper is twofold. First, the various logics mobilized within one emblematic government program for EPS promotion, *Compra Pública Inclusiva*, are exposed through the analysis of the criteria applied during its operationalization. The results from in-depth case studies with EPS organizations show these mutually incompatible logics are being materialized in the current practices of organizations and the tensions the latter are coping with, in terms of fragmentation, and conflict. Second, we question whether and to what extent EPS initiatives tackle the pressures arising from institutional complexity and how these trade-offs (in terms of strategies) are determined. We draft thereby a typology of responses from EPS organizations that involve actions of adaptation, inter-cooperation and resistance.

To conclude, on the basis of the notion of political embeddedness (Lemaître, 2009; based on Polanyi, 1977), we argue that the interplay between EPS organizations and their institutional environment rarely occurs in a one-sided way: it is often a process of mutual influence. Previous research has shown that EPS organizations may shape public policies (Ruiz-Rivera & Lemaître, 2016). This paper examines, in turn, how public policies influence EPS, but showing that organizations can no longer be regarded as passive receptors of institutional prescriptions: organizations are likely to interpret, translate and transform the former by their enrollment in public action.

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