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Social Enterprise as a Catalyst for Sustainable Local and Regional Development

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Abstract: This study aims to present an integrated theoretical framework of sustainable local and regional development with an emphasis on social economy theory. The theoretical literature on social economy and sustainable local and regional development are reviewed and integrated focusing on the obstacles of sustainability and the function of social economy in local and regional development. Conflict and competition among sustainability values necessitates agreement and cooperation among those who embrace such values. Social enterprises are the core components of a social economy that reflects local and regional needs and pursues complex goals. In the social innovation process, social enterprises collaborate with various stakeholders regarding their business and social goals. Social enterprises have positive effects that influence local and regional development by satisfying local and regional needs, creating jobs in the community, developing relational assets in business processes, and restoring community solidarity. In social economy theory, social enterprises can facilitate sustainable local and regional development by including relational assets which embody social capital in social innovation processes. In the context of local and regional development, relational assets are important reinforcements of institutional capabilities, networks, and community or regional cooperation. Although social enterprises are not the dominant resources in traditional local and regional development, they can solve problems related to collective actions by networking and applying social norms to the situation.

Keywords: social enterprise; social economy; social capital; sustainable development; local and regional development

1. Introduction

For a long time, the meaning of local and regional development (LRD) has focused on local and regional economic growth, with market-driven strategies aimed at improving economic efficiency. LRD has historically been dominated by economic concerns such as the sustained increases in employment, income, and productivity integral to economic development [1–4]. The market-centered strategies of development have included import substitution industrialization, public investment, land reform, comparative advantage strategies, and export-oriented industrialization. However, this relatively narrow focus has been criticized because social demands and political motives tend to determine the direction of development strategies [4,5].

Stimulated by growing concerns about the character and quality of LRD, the economic focus of development has broadened in an attempt to embrace a wider range of considerations such as quality of life, social integration, and environmental protection [6–8]. The socially-oriented approaches emerged as part of alternative development strategies aimed at transcending the narrow focus on economic development by encouraging broader multi-dimensional conceptions of sustainable development

which emphasize the interdependence and interaction between social, economic, and environmental issues. Hence, reducing social inequality, promoting environmental sustainability, encouraging inclusive government and governance, and recognizing cultural diversity have been emphasized to varying degrees within broadened definitions of LRD [4].

Social economy activity is a unique feature of the changing conceptions of LRD, in contrast to entirely market-centered development strategies. Social economy activity is concerned with creating an inclusive and more fully democratic society that promotes the social and economic well-being of local communities. The primary motivation of social economy activity is not maximizing profit but satisfying social needs [9]. Therefore, social economy activity is based on community-based practical value, which in this context means community-based value rather than monetary worth. Community-based practical value connects the typical hurdles addressed by LRD (such as job creation, wage inequality, and education) to community issues that are relevant to the relationships among stakeholders. A variety of stakeholders participate in the LRD process and represent a relational asset of social capital in the problem-solving process. In this new approach, community obstacles are considered within the framework of social economy activities, which are often associated with attempts to foster democratic engagement, collaborative governance, and participation within local communities as a means to generate self-help, counter social exclusion, and build grassroots empowerment [10].

Organizations that employ social economy activities include non-governmental organizations (NGOs), non-profit organizations (NPOs), voluntary groups, community businesses, and social enterprises. Among others, social enterprise has recently emerged along with social innovation processes, or social entrepreneurship [11,12]. Social enterprise is distinct from other organizations; it involves social entrepreneurship that concentrates on individual motivation and leadership and has a dual social and economic purpose [13–15]. Social enterprise is characterized by a business orientation and innovative approach focused on the delivery of social benefits through trading to ensure the financial sustainability of the organizations concerned [11,16]. In light of this, social enterprise is an important agent that can help realize a community's practical value through social entrepreneurship [17].

This study aims to present a theoretical discussion on sustainability in LRD, with an emphasis on social economy theory. This study reviews the literature on social economy, social enterprise, and sustainable LRD, and then tries to draw the integrated framework, focusing on functions and values of social economy theory. Theoretical review is comprised of two parts: (i) social economy, social enterprise, and social capital; (ii) sustainable LRD in the social economy.

Building on social economy theory, social enterprise provides an alternative to the defects of the market-centered development model and can contribute to sustainable LRD through the production and promotion of social capital embedded within communities, groups, and the wider society. Thus, the present paper highlights the link of the functions of social enterprise to the problems of LRD, especially in relation to social capital and sustainability, and how this might expand our understanding of social enterprise as a catalyst of sustainable LRD.

2. Social Economy, Social Enterprise, and Social Capital

2.1. Social Economy and Social Enterprise

Social economy is comprehensively concerned with the constitution of society and economy, including NGOs, NPOs, and social enterprises, discussed as niche sectors between the government and market sectors [18,19]. The niches between the market and state emerge as the background for the transition to a global economy and diffusion of neoliberalist ideology and the financial crisis of welfare states [20–22]. In the social economy, the third sector is viewed as an independent sector, complementing the role of the government and the market [23,24].

Social enterprise is a typical organization in the social economy [25–29]. Social enterprise has two purposes: meeting the principle of profit maximization and addressing social and environmental

purposes, which includes reinvesting in the community [26,30–32]. These two purposes are aimed to be fulfilled simultaneously, as both allow profit gain in a market economy [31,33]. The part of the profit distributed to several shareholders is the enterprise's reinvestment for social and environmental purposes [34]. Social enterprise emphasizes that the main goal of a company or organization is for social purposes, such as providing social services for a low-income group, creating job opportunities for women, and caring for homeless people, juvenile delinquents, and disabled persons [31,35,36]. Social enterprises carry out these activities using the reinvestment for society instead of asking for government subsidy [33].

Social enterprises emerge and maintain company and social services through the social innovation process [13,15,37,38]. The social entrepreneur and social entrepreneurship constitute the majority of social innovations, that is, the innovative thoughts and decision-making process for social purposes [37,39–41]. To solve social problems, social entrepreneurs devise new products using appropriate technology. Moreover, new social service models and working processes are innovated [42]. Social innovation is possible in any government, economic and social institution, as well as any NGO, NPO, private company, and so on [43,44]. Among these institutions, the social enterprise is a typical organization that implements social innovation [25]. The social enterprise differs from other organizations of the public sector because it focuses on niche sectors existing in the ineffective parts of the market sector or those undersupplied by the government [13]. The innovative thoughts of a social entrepreneur should aim to discover the item in the niche sector between the market and the government, to supply goods and services through market mechanisms, and to reinvest in society [45–47].

Recently, some empirical studies have tried to measure these characteristics and performances of social enterprise. The dual purpose or value of social enterprise is discussed to verify the singularity of social enterprise [46,48]. The performance of social enterprise is evaluated by the holistic framework including input, organizational capacity, outputs, outcomes, and public value accomplishment [49,50] or by the financial framework such as the social return on investment [51,52] and operating cost [53]. In relation to social innovation, the process to solve the social problems [54,55], the role of innovation to social impact [56], internal implementation factors of social innovation [57,58], and externally environmental factors [59] are discussed.

2.2. Social Enterprise and Social Capital

Social enterprise composes the internal governance. The achievement of social purposes has the role of incentive, covering the economic aspect, on the members of the social enterprise [15,60–62]. The trust of governance is based on transparency, reliability, and democracy [63]. A social entrepreneur positively develops new social values in collaborating with employees, volunteers, and the target population, thereby enabling solidarity, collaboration, and social capital to sustain the organization of the social enterprise [22,31,64,65]. Social capital is defined as the relational structures and institutional norms of social bonds and behaviors [66–70]. Social capital promotes trust in organizations or communities, and is the foundation of the links between morality and internal norms [68]. The usefulness of social capital in social enterprise is verified by the relationship between employees for inducing the dual purpose [47], survival of social enterprise and form of employment [71], and making the intrinsic forces and searching the partner for social purposes [72].

In addition, the local and regional governance is constituted by the relational asset of the social enterprise. The social enterprise mobilizes resources by forming relational assets with external stakeholders [15,73,74]. Social ownership involves the collaboration between governance and the community [21,75,76]. In the privity of contract, a number of business enterprises, other social enterprises, subcontractors, financial institutions, and social investors are included in the economic activity [77–79]. Furthermore, in collaborative relationships, social enterprise contains several NGOs, NPOs, local and central governments, residents, and the media in social activity [26,80,81].

The social enterprise is the main object of the social economy paradigm; it uses social capital in the process of social innovation and makes social capital through collaboration and participation in the community [65,82,83]. Social capital in the social enterprise refers to the relational asset beyond the transaction cost. The relational asset is based on trust, common values, and norms of the community [84]. In the context of LRD, the relational asset is an important factor, reinforcing institutional capability, network, and collaboration in the community or region. The enhanced regional capability leads to regional competitiveness [85–87].

3. Sustainable Local and Regional Development in the Social Economy

3.1. Sustainability and Sustainable Development

Sustainability contains three main aspects: the economy, the environment, and society [88,89]. These concepts have a number of systematic relationships and are not separated from each other. In the economic perspective, sustainability is the provision of goods and services for human needs while minimizing environmental damage. Sustainability in the economic perspective covers all production processes, consumption, and distribution. In the environmental perspective, sustainability indicates maintaining the natural mechanism. Sustainability in the environmental perspective means that the diversity of species is conserved, the natural resources are maintained for biological systems, and the natural and human society have self-cleansing properties. In the societal perspective, sustainability aims to preserve the universal values of liberty, peace, and equity. It makes human societies sound and healthy. Sustainability in society aims to eradicate unequal social structure, improve redistribution of income, promote equality of opportunity, and provide consideration to socially disadvantaged people.

Sustainability is determined from the collaboration among person-made capital, natural resources, human capital, and social capital. The concept of sustainability is divided into weak sustainability and strong sustainability as equilibrium between values [90–92]. Weak sustainability regards the four resources as one mixed totality and as mutually substitutable concepts. In this framework, the importance of natural resources is relatively weak. On the other hand, strong sustainability treats the four resources as not substitutable but complementary. Natural resources have the possibility of extinction and irreversibility. Therefore, strong sustainability argues the extensive protection of natural resources.

Sustainable development comprises efforts and changes regarding the quantity and quality of conditions for sustainable economic, environmental, and social outcomes. Several conflicts may arise while pursuing sustainability values. The conflict and competition among values in academic discourse by Campbell [6], Connelly [8], and Godschalk [93] suggest several questions as to what the target of sustainable development is and how an entity can sustainably develop. The first question concerns nature, life support, and community [94]. Life support means the conditions that maintain human life, such as ecosystem services, resources, and the environment. The debate on the environment deals with natural resources for human life and ecosystem services in general, from the biological circumstances necessary for survival to cultural phenomena. The second question concerns development problems related to economic growth and social development, including education, inequality, social capital, human rights, and community [94].

3.2. The Role of Social Capital in Sustainable Local and Regional Development

The target of sustainable LRD is shifted from economic and physical objectives to social and community concerns. Hence, social capital performs an important part in sustainable LRD. However, the argument of sustainability is irreversibly focused on environmental value and is not easily connected with social value [95,96]. In terms of economic value, trade-off is present in using the natural resources directly. Social value is related to poverty, equity, and redistribution of wealth, thereby connecting the environmental value through the economic method. Social value exists in weak

relationships among sustainability values. As interest in social capital has increased, social values have gained new roles in sustainable LRD [96–98].

The realization of sustainability is based on social consensus building. As suggested by Campbell [6] and Connelly [8], the conflict and competition of sustainability values require consensus and collaboration among the values. A great number of obstacles arise for consensus building due to the stance of stakeholders, the difference of information and knowledge, and the lack of mutual understanding [99–101]. The concepts of relationships in the social capital context are divided into two, namely, the bonding capital and the bridging capital. The bonding capital refers to relationships in the community or organization, whereas the bridging capital refers to networks between the organization and community [102]. The expansion of the bridging capital encourages various stakeholders to exchange information and alleviate the difference of opinion, thus generating a number of bases for interaction to ensure sustainable development in the community and region. Therefore, social capital has a key role in collaborating social consensus and realizing sustainable LRD [103,104].

The concept of social capital can be discussed in terms of “livability”, which Godschalk [93] proposed. Livability involves community life from the neo-Tocqueville perspective, as well as physical planning. The community, based on trust, is the base of a voluntary association in a region. The community develops civic virtues used to solve conflicts and “the tragedy of the commons”, a concept studied by Ostrom [105]. Moreover, positive externalities aimed at increasing productivity are enhanced. In the environmental perspective, the practice of sustainability is basically used via economic incentives [97]. Both the market and society obtain short-term effects to achieve the sustainable policy goal. However, this perspective on sustainability does not translate to fundamental changes and positive externalities. According to Ostrom [105], nature, as the sustainable resource for humans, is in a dilemma due to collective action problems. Social capital provides individual benefits and costs to transform civil participation [106]. Norms formed by social consensus and the relationship with trust comprise social reputation and moral responsibility at the community level [107].

As presented in Table 1, Rydin and Holman [98] pointed out the problems of sustainable practices, and the role that social capital plays in sustainable development. They proposed the following barriers to sustainable development: a lack of participation, will, cooperation, and resources, as well as conflict over the definition of the concept. These are the reasons why sustainable development does not materialize. Social capital can help people overcome these obstacles by providing an incentive to participate, persuading stakeholders, facilitating consensus building, distributing resources, and building capacity. The problem boils down to the people who generate their social capital in the community. If the actor who acquires social capital does not exist, its positive function is not authentic.

The type of collaborative network involved relates to the spatial scope of its members. This scope consists of social capital in sustainable LRD and the relationships that are built, depending on where the members live. Bonding capital forms in particular spaces such as communities, regions, or organizations. However, bridging capital is not limited by space [98,108]. Thus, some spatial boundaries are accepted based on trust in institutional limits [109]. Pretty and Ward [97] classify the relationships among individuals, internal organizations, and external organizations into five types: (i) intra-local connections; (ii) local-local connections; (iii) local-external connections; (iv) external-external connections; and (v) intra-external connections. A region or community might comprise the domain of public opinion, as well as contain the collaborative conditions of sustainability value [96]. It is easier to achieve local and regional sustainability when a territory is a community or region, rather than at the national or global level.

Table 1. The role of social capital in sustainable development.

Obstacles	Sources of Problems	Functions of Social Capital
<p><i>Lack of participation by:</i></p> <ul style="list-style-type: none"> • civil society/ communities • other stakeholders 	Collective action	Alter the incentives for participation
<p><i>Lack of will in:</i></p> <ul style="list-style-type: none"> • political organizations • civil society • economic organizations 	Stakeholders fail to accept that sustainable development is in their best interests or that it is a high priority	Facilitate links to those who can persuade stakeholders of the benefits
<p><i>Conflicts over the definition of sustainable development within/between:</i></p> <ul style="list-style-type: none"> • government organizations • tiers of government • government, civil society, and economic organizations 	Various perspectives from different interests or views of those interests	Facilitate links between stakeholders to generate consensus on sustainable development
<p><i>Lack of resources and capacity in:</i></p> <ul style="list-style-type: none"> • government organizations • civil society • economic sector 	Stakeholders lack the capacity to act on their own due to insufficient resources or power	Facilitate links between stakeholders to distribute resources and build capacity
<p><i>Lack of cooperation between:</i></p> <ul style="list-style-type: none"> • government and business • government and civil society • civil society and business • civil society, business, and government 	The incentivizing structures available to stakeholders do not foster cooperation	Alter incentives to encourage cooperation

3.3. Social Enterprise as a Catalyst for Sustainable Local and Regional Development

Social economy theory uses social enterprise to respond to the needs of the new paradigm in LRD. In the context of LRD, scholars consider social enterprise a relatively new idea that provides sustainable goods and services [16,28,29,110–112]. Social enterprises provide regions with necessary assets and social infrastructure, such as an understanding of the region or community based on the context of social enterprises [113]. Table 2 presents the relationship between types of values and their functions in LRD. Bridge et al. [114] discussed the role of social enterprises in LRD based on the performance of these values. In business and entrepreneurship, performance is related to factors and values of LRD.

Table 2. The types of social enterprise values and their functions in local and regional development (LRD).

Types of Values	Functions
Economic value	<ul style="list-style-type: none"> • Produce goods and services • Foster enterprise and competitiveness • Create employment, especially for socially marginalized individuals and groups • Train people and help them find jobs • Facilitate economic/social development with grants (e.g., from foundations) and low-interest loans (e.g., from credit unions)
Social value	<ul style="list-style-type: none"> • Supplement public sector social services and address welfare state problems with solutions such as affordable childcare • Foster innovative services and introduce new or improved services (to be later adopted by the public sector) • Provide alternative social service business models • Aid recovery by providing services to those whom other initiatives cannot or do not reach • Foster social inclusion, social cohesion, and social capital • Enhance civic involvement through volunteering
Regional value	<ul style="list-style-type: none"> • Contribute to enterprises with low levels of private entrepreneurship • Create and manage workplaces • Facilitate land, structure, and resource ownership for community use • Provide local facilities in remote communities, such as shops and pubs • Refurbish old structures to preserve local history that could otherwise be lost to redevelopment • Provide local public amenity spaces
Environmental/ cultural/artistic value	<ul style="list-style-type: none"> • Promote and practice environmental sustainability • Implement recycling systems when financial returns to the private sector is low • Facilitate artistic and sports activities
Political value	<ul style="list-style-type: none"> • Advocate for an equitable society, democratic participation, and involved citizenship • Facilitate stakeholder engagement and pluralism • Provide an alternative economic approach and show that business is for more than maximizing profit and personal enrichment • Provide an alternative model

Social enterprise is the main agent of social economy theory, which uses social capital in the process of creating social innovation; then, social capital is produced through collaboration and community participation [31,65,82]. In social enterprises, social capital refers to relational assets beyond transaction costs. Relational assets are based on trust, common values, and community norms [84,115]. In the context of LRD, relational assets are important reinforcements of institutional capabilities, networks, and community or regional cooperation. Enhanced regional capabilities lead to regional competitiveness [85,86].

Although social capital is not the dominant resource in traditional LRD, it can solve problems related to collective actions by networking and applying social norms to the situation. A social enterprise makes social capital a social value and is devoted to the community in question, or the regional processes of social innovation [9,116,117]. Birch and Whittam [11] proposed three dimensions of social capital that improve LRD: (i) organizational social capital; (ii) activity-based social capital; and (iii) motivation-based social capital. Organizational social capital refers to the stakeholders, groups, and group resources that help social enterprises meet their goals [9,118]. It creates regional assets by mobilizing internal resources and develops mutual solidarity within regions [119–122]. Activity-based social capital forms networks among organizations to help maintain social enterprises as businesses. It builds local governance, including informal networks among associations [84]. Motivation-based social capital emerges from social entrepreneurship, and it comprises organizational and activity-based social capital [32,123]. It especially deals with embedded characteristics to understand regional and community needs in the process of social innovation.

Rydin and Holman's [98] discourse, which stresses the role of social capital in the practice of sustainable LRD, connects to the characteristics of social economy theory (such as relational assets, location, and social innovation). In this study, we can extend Rydin and Holman's [98] position to social enterprises, as shown in Table 3. Firstly, social enterprises form active relationships with stakeholders in the social innovation process. We can, thus, solve the lack of participation, which is a sustainable obstacle. Secondly, social entrepreneurs create social purposes and values, which connect to regional sustainability. We can, thus, fix the problem of the will to achieve sustainability. Thirdly, the relational assets of social enterprises help settle conflicts among governments, businesses, and NPOs. In the business processes, social enterprises share sustainable purposes with stakeholders. Fourthly, social enterprises mobilize resources through market mechanisms and then reinvest those resources to serve their social purposes. In terms of obstacles to sustainability, we can use social entrepreneurship to find the solution to a lack of resources and capacity. Finally, we can solve the issue of collaboration among different sectors via social enterprises, which characteristically share their social purposes and participation with each other.

In order to achieve their dual economic and social purpose, social entrepreneurs go through a process whereby their sustainable values are in conflict with each other. In Figure 1, we can see the local and regional problems and their social purposes. We can identify stakeholders, who can coordinate their activities and strategies to sustain their organizations and purposes. We can understand the aims of social enterprises (in relation to sustainable values and collaborative processes with stakeholders) as a new method to achieve sustainable LRD. Social enterprises can give rise to relational assets, locality, and social innovation to create economic and social objectives. We can achieve sustainable development via social enterprises and innovation. Mobilizing regional resources to make a profit or create a business requires social capital, which includes a variety of regional or community stakeholders.

During the social innovation process, sustainability values are integrated as relational assets of social enterprises [11,119,120,124]. From this perspective, relational assets are a community's or region's bonding and bridging capital. "Social needs" refers to all a region's or community's needs in the context of a social enterprise. Social enterprises focus on such needs, which have remained ambiguous because the criteria for social enterprises do not explain them. Sustainability values can be a criterion for understanding them. Based on sustainability values (including locality), we can classify social needs into the following categories: economic, social, and environmental. Moreover, sustainability values comprise the framework needed to understand social entrepreneurship; it is important to grasp that framework in order to accurately identify the things that social entrepreneurs pursue.

Table 3. The role of social enterprise in sustainable LRD.

Obstacles	Sources of Problems	Functions of Social Capital	Functions of Relational Asset	Functions of Social Enterprise
<p><i>Lack of participation by:</i></p> <ul style="list-style-type: none"> – civil society / communities – other stakeholders 	Collective action	Alter the incentives for participation	Promote active relationships between stakeholders through entrepreneurial processes	Promote participation of stakeholders and the community in the process of creating social enterprises
<p><i>Lack of will in:</i></p> <ul style="list-style-type: none"> – political organizations – civil society – economic organizations 	Stakeholders fail to see sustainable development as in their best interests or as a high priority	Facilitate links to those who could persuade stakeholders of the benefits	Share sustainable values in the process of forming social purposes	Connect to sustainable LRD for highly motivating social purposes
<p><i>Conflicts over the definition of sustainable development within/between:</i></p> <ul style="list-style-type: none"> – government organizations – tiers of government – government, civil society, and economic organizations 	Various perspectives based on different interests and ways of perceiving those interests	Build links between stakeholders to generate consensus on sustainable development	Specify the definition and purpose of “sustainable LRD” among stakeholders in regions	Build consensus on a definition of social enterprise and purpose in the internal processes of creating social enterprises
<p><i>Lack of resources and capacity of:</i></p> <ul style="list-style-type: none"> – government organizations – civil society – economic sector 	Stakeholders lack the capacity to act on their own due to insufficient resources or power	Build links between stakeholders to distribute resources and build capacity	Make social investments, provide institutional support, and improve economic profit of social enterprises	Achieve sustainable LRD by reinvesting profit
<p><i>Lack of cooperation between:</i></p> <ul style="list-style-type: none"> – government and business – government and civil society – civil society and business – civil society, business, and government 	The incentivizing structures available to stakeholders do not promote cooperation	Alter incentives to encourage cooperation	Suggest incentives using social motivation	Collaborate with sectors as a social enterprise

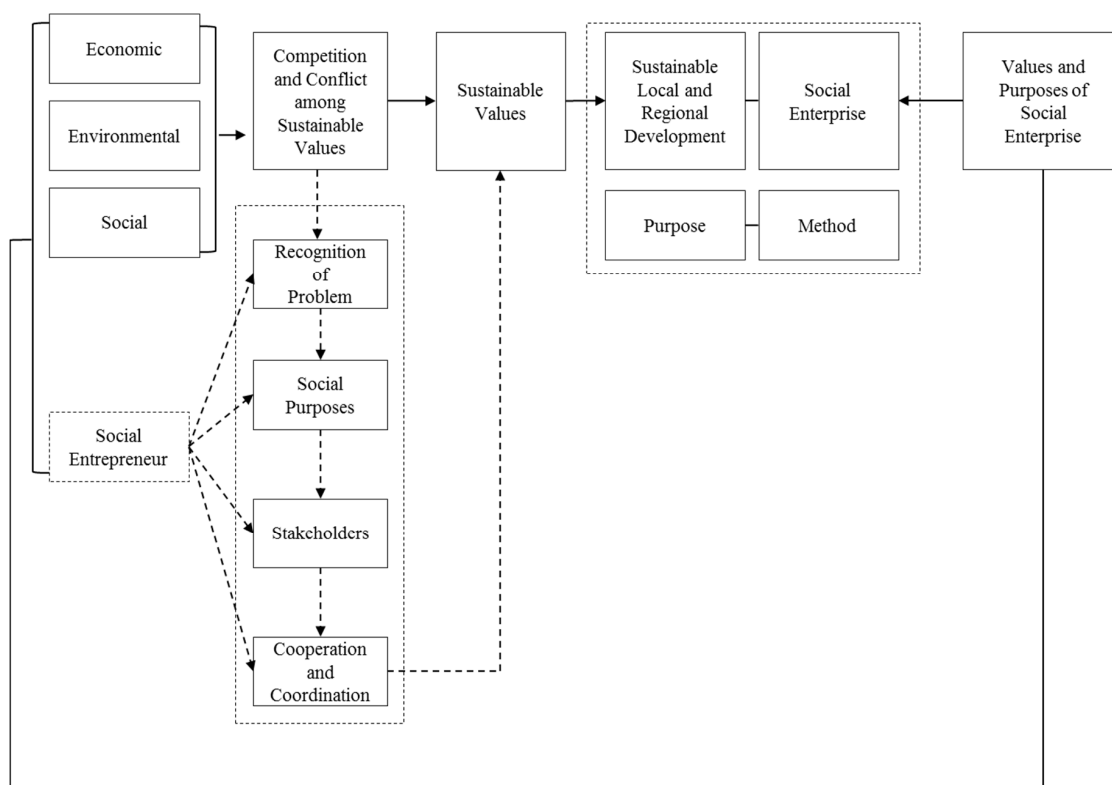


Figure 1. Sustainable values, social enterprise, and LRD.

4. Conclusions

In social economy theory, social enterprises can facilitate sustainable LRD by including relational assets (which embody social capital) in innovative processes. Social enterprises are the core components of a social economy that reflects local and regional needs and pursues complex goals. In the innovation process, social enterprises collaborate with various stakeholders regarding their business and social goals. This is the relational asset of social enterprises, which contributes to sustainable LRD. Thus, social enterprises are important to the success of sustainable LRD and for solving community problems.

The strategy of the social economy in LRD has focused on local and regional needs, community, and social values. The social economy has different conditions depending on the strategy. Historically, LRD policies have concentrated on external growth and development by focusing on the influx of capital, creating jobs, and attracting specialized industries. However, these strategies have an unintended negative effect on some aspects of people's lives, such as destroying the community, neglecting local and regional problems, and weakening the community's capacity. Too often, tax incentives intended to encourage investment, excessive competition meant to attract business, and ineffective subsidies exhaust local and regional resources through formal or informal political processes. Thus, these strategies do not support endogenous structures in local and regional communities. Rather, they encourage dependency on external resources. Dependency on external resources leads to the risk of losing development, because a region could lose its resources, or production could be restructured in ways that harm the community. Typical examples include the decline of brownfields in industrial developmental regions. In sum, when the sustainability of LRD depends on exogenous resources, regions are not sustainable except in the short term.

Previous studies on sustainability focused on the economic and environmental aspects of sustainability. However, a community's social values are important, considering that the purposes of sustainability are broader than those of economics. Economic and environmental sustainability has no worth when we disregard the other elements that make up a community. Social enterprises might

be the answer to integrating diverse traits of sustainability into LRD. Social enterprises have positive effects that influence LRD by satisfying local and regional needs, creating jobs in the community, developing relational assets in business processes, and restoring community solidarity. These effects are found in social innovation processes that are linked to endogenous development strategies.

This study examined the role of organization in the social economy, with an emphasis on social enterprises and their theoretical links to sustainability. Recently, many social economy organizations have emerged in the form of NPOs, social enterprises, community businesses, and enterprises. Many studies have investigated their roles, organizational typologies, institutional affiliations, and entrepreneurship. Despite this attention, current theories have yet to connect with LRD. This study argues that LRD should be connected to sustainability. Future research should consider the contributions of social innovation activities, empirical analyses of innovation processes and development, and empirical case studies.

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