

What are the ideal characteristics of a degrowth-oriented enterprise? Relevance of the social enterprise model

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**WHAT ARE THE IDEAL CHARACTERISTICS OF A
DEGROWTH-ORIENTED ENTERPRISE?
RELEVANCE OF THE SOCIAL ENTERPRISE MODEL**

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List of abbreviations

CNLAMCA	Comité national de Liaison des Activités Mutualistes, Coopératives et Associatives
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
GPI	Genuine Progress Indicator
HDI	Human Development Index
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
SDGs	Sustainable Development Goals
OECD	Organization for Economic Cooperation and Development
SE	Social Enterprises
ISEW	The Index of Sustainable Economic Welfare

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1. Introduction

“So, we can’t save the world by playing by the rules, because the rules have to be changed. Everything needs to change and it has to start today.” (Greta Thunberg, 2018)

As of August 1, we have already exhausted the Earth’s annual resource budget (Earth Overshoot Day, 2024). Therefore, by the end of 2024, following this trend, humanity will have consumed or degraded resources equivalent to 1.7 Earths. This date has been advancing progressively earlier each year since the 1970s, highlighting the unsustainable nature of our current lifestyles.

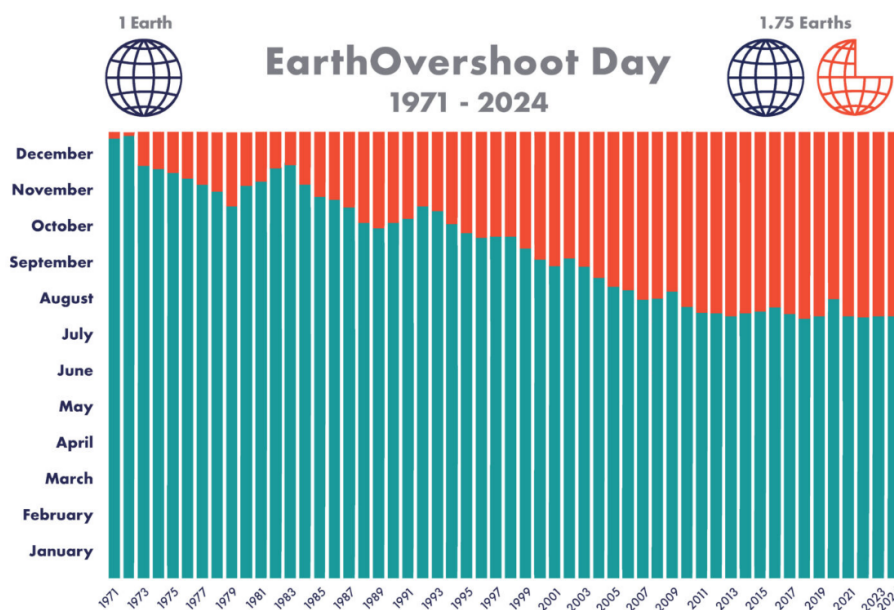


Figure 1: Earth Overshoot Day 1971-2024 (Earth Overshoot Day, 2024)

These lifestyles are rooted in a much broader context of industrialization and economic development – an economy that is today driven by an imperative for growth. This relentless focus on expansion fuels the demand for resources and energy, perpetuating a cycle of consumption that intensifies environmental degradation and places significant pressure on ecological systems. Furthermore, the constant drive for growth can deepen social inequalities and erode societal well-being, revealing the societal limits of continuous economic expansion.

In recent years, movements advocating for degrowth – a deliberate downscaling of production and consumption – have gained traction as viable alternatives to the traditional pursuit of endless economic expansion. Degrowth emphasizes ecological sustainability, social equity, and well-being over GDP growth.

This paradigm shift raises critical questions about the relevance and adaptability of various economic models in a world increasingly focused on sustainability.

This thesis addresses the question of the ideal characteristics of a degrowth-oriented enterprise. Specifically, it examines social enterprises as a potentially relevant business model within a degrowth context.

To begin, the thesis includes a literature review that establishes the research context. A detailed outline of the structure of the literature review is presented in the introduction to the corresponding chapter.

Following the literature review, the second chapter of this thesis is dedicated to the empirical analysis. In order to address the research question of assessing the relevance of the social enterprise model in relation to the ideal characteristics of a degrowth-oriented enterprise, a series of interviews were conducted with various experts in the fields of degrowth and/or social economy. This chapter presents the methodology applied in this study, as well as its findings.

Finally, the empirical results are discussed and contextualized within the framework of the literature review.

It is worth noting that in the context of this thesis, I utilized ChatGPT as an assistance tool to enhance the articulation of my ideas, refine the structure of my sentences, and improve the clarity of my writing. This approach allowed me to strengthen the coherence and fluidity of my work while enriching its overall quality.

2. Literature Review

As the global community faces unprecedented environmental and social challenges, the traditional pursuit of economic growth is increasingly being questioned. The limitations of a growth-centric economic model have become starkly apparent, as evidenced by the ongoing climate crisis, widespread resource depletion, and growing economic inequalities. In response to these pressing issues, there is a growing consensus on the imperative to adapt the prevailing economic model. This adaptation necessitates a shift at the enterprise level toward a model that prioritizes sustainability and social well-being over mere financial gain. In this context, social enterprises emerge as a pertinent alternative model, offering a framework that balances economic objectives with social and environmental responsibilities. This literature review delves into the multifaceted discourse surrounding these issues, based on a structured analysis divided into five main sections.

First, we begin with a critical examination of economic growth, exploring its definition and tracing the historical development of growth-oriented economies. This first section also identifies the foundational elements of modern economic systems that prioritize growth, laying the groundwork for understanding the current paradigm. The second section highlights the empirical evidence challenging the feasibility of decoupling economic growth from environmental harm. It discusses the environmental constraints of economic growth, examines whether sustainable growth or decoupling is possible, and explores the social constraints, such as growing inequalities. Additionally, it considers alternative measures to GDP that account for social and environmental well-being, proposing a more holistic approach to assessing economic progress. In response to these growth limitations, the concept of degrowth is explored in the third section. This includes tracing the origins and evolution of the degrowth movement and defining its core principles and objectives. This section offers a comprehensive overview of degrowth as a potential solution to the inherent problems of a growth-centric model. The fourth section focuses on business models that prioritize social and environmental goals alongside economic sustainability. It explores the ideal characteristics of a degrowth-oriented enterprise. These characteristics support a more balanced approach to economic activities, aligning with ecological and social priorities, and serve as viable alternatives to traditional capitalist enterprises. Finally, the review examines the role of social enterprises within a degrowth framework. It defines the concepts of social economy and the ideal type of social enterprise and discusses the characteristics that make them well-suited as an alternative model in a degrowth context. This section underscores the potential of social enterprises to foster sustainable and equitable development within the context of degrowth. By following this structured approach, this literature review provides an in-depth analysis of the challenges posed by the current economic paradigm and explores alternative paths and business models for achieving a more sustainable and equitable development.

In conducting the literature review for this master's thesis, a snowball sampling technique was employed to ensure comprehensive coverage of the topic. Snowball sampling is a non-probability sampling method commonly used in qualitative research to identify and access relevant literature (Wohlin, 2014). The process begins by identifying a core set of pertinent articles. From these initial articles, the references and citations are systematically reviewed to uncover additional relevant studies (Wohlin, 2014). This iterative process continues, with each new article leading to further sources, until no new significant literature emerges (*ibid.*). By continually expanding the pool of reviewed literature, this approach ensures a thorough and exhaustive exploration of the topic area (*ibid.*).

2.1. The Concept of Economic Growth

The aim of this first section is to examine the mechanisms of our current economic system. Developed in response to the United States financial crisis of the 1930s, GDP quickly became the primary indicator for measuring the wealth generated by all economic agents within a territory over a specified period. Initially designed to assess economic recovery, GDP's widespread adoption has shaped global economic policies, prioritizing output expansion as a marker of prosperity despite its limitations in capturing broader societal well-being and environmental impacts.

2.1.1. What Is Economic Growth?

The economy encompasses the system of production, distribution, and consumption of goods and services within a society. It functions through the interactions of various agents, including individuals, businesses, and governments, all working to allocate resources efficiently and meet the needs and desires of the population.

The most important indicator for capturing economic activity is the Gross Domestic Product (GDP). According to the guidelines established by the United Nations System of National Accounts, GDP is defined as "an aggregate measure of production equal to the sum of the gross value added of all resident institutional units engaged in production" (United Nations et al., 2009, p. 8). In other words, GDP measures the value of the total final output of goods and services produced by that economy in a certain period of time.

There are three ways to calculate GDP (Mankiw, 2016):

- (1) The output method: This approach calculates GDP by summing the value of all goods and services produced within the economy, subtracting the goods and services that were used in the process of generating that output. This ensures that only the final value of products is counted, thus preventing double counting.
- (2) The income method: This method measures GDP by summing all incomes earned by individuals and businesses in the economy, including wages, profits, rents, and taxes minus subsidies. It effectively captures the total income generated by the production of goods and services.
- (3) The expenditure method: This approach calculates GDP by aggregating all expenditures made in the economy, including consumption by households, investment by businesses, government spending, and net exports (exports minus imports) (Mankiw, 2016).

All three GDP calculation methods – output, income, and expenditure – provide distinct perspectives on economic activity. While the output method emphasizes production, the income method focuses on earnings, and the expenditure method centers on spending. Despite their differing approaches, these methods ultimately yield the same GDP figure (Mankiw, 2016). This ensures that GDP accurately reflects overall economic activity within a given period.

For decades, humanity has been fixated on economic growth, typically measured by a GDP increase over time. The European Union has even gone so far as to incorporate growth into the European treaties (e.g. in the Treaty of Lisbon of 2007). The European Commission's recent "Green Deal", although presented as an environmental initiative, also serves as a growth strategy (Ossewaarde & Ossewaarde-Lowtoo, 2020).

Growth is recognized as the best and only solution to societal problems such as poverty and unemployment (Banerjee et al., 2021). The perpetual growth of our economy fosters an increase in the general standard of living and enhances purchasing power. It creates material abundance, drives consumption, and supports a society where the wealth of nations and their citizens can flourish. Moreover, economic growth significantly benefits public financing. In the short term, the government

has a strong interest in promoting growth as it leads to higher revenues. This increase in revenue, in turn, eases the Government's task by reducing the need for stringent budgetary decisions and enabling more flexible public spending (Gurdal et al., 2021). Additionally, increased economic activity results in more significant tax revenues without the need to raise tax rates, which permits better funding of public services and infrastructure (Gurdal et al., 2021). Ultimately, this cycle contributes to overall societal well-being by ensuring that the public sector can effectively support the needs of its citizens.

2.1.2. How Did We Get There?

Since the Industrial Revolution of the 18th century, the global economy has undergone a significant transformation from agrarian systems to advanced industrial societies. This shift has been marked by mechanization, urbanization, and the intensified exploitation of natural resources, leading to unprecedented levels of production. While these developments have significantly increased material wealth and productive capacities in industrialized nations, they have also been accompanied by challenges such as harsh working conditions for laborers and widening wealth disparities (Hobsbawm & Wrigley, 1999).

The onset of the Great Depression in October 1929, precipitated by the catastrophic stock market crash known as Black Tuesday, exposed inherent vulnerabilities in the economic model centered on industrialization and financial speculation. The ensuing widespread financial losses, business bankruptcies, and mass unemployment underscored the need for a more precise and comprehensive economic measure to assess the impact of economic crises on national income (Galbraith, 1955).

In response to this imperative, Simon Kuznets developed the concept of GDP in the 1930s. He aimed to provide a robust metric for quantifying a country's total economic output. GDP quickly emerged as a pivotal indicator for evaluating economic policies and informing governmental decisions. Despite Kuznets' initial warnings about the limitations of using national income as a proxy for national welfare, GDP has since become a global standard for assessing a country's economic health (Fioramonti, 2013).

GDP has been criticized for its focus on consumption and production, while overlooking critical factors such as well-being, environmental impact, and resource depletion. Oxford economist Diane Coyle also highlights that the origins of GDP lie in its development as a wartime metric designed to measure economic output during conflicts like World War II, rather than to promote happiness and sustainable development during peacetime (Coyle, 2014). Moreover, contemporary critics argue that GDP fails to account for the informal economy, income inequality, and the sustainability of growth (Stiglitz et al., 2010). Consequently, while GDP remains indispensable for economic analysis, ongoing debates persist regarding its relevance in measuring long-term social progress and sustainable development (Costanza et al., 2014; Stiglitz et al., 2010). There is a growing consensus on the need for supplementary indicators that better capture the complexities of modern economies and the well-being of their populations (Costanza et al., 2014; Stiglitz et al., 2010).

Despite these limitations, GDP continues to be widely used today due to its ability to provide a standardized measure of economic performance across countries and over time. It offers a comprehensive snapshot of a nation's economic activity by summing the total value of goods and services produced, facilitating comparisons and trend analysis. Policymakers and economists rely on GDP as a key indicator for making economic decisions, assessing fiscal policies, and setting monetary strategies. The graph of GDP evolution from 1930 to 2022 (Figure 2) shows a general upward trend, with notable recessions such as the Great Depression and the 2008 financial crisis. This highlights the ongoing importance of GDP in measuring and comparing global economic activity, identifying economic cycles, and guiding policy decisions. Despite its drawbacks, GDP remains a crucial indicator for economic analysis and strategy.

GDP per capita, 1930 to 2022



This data is adjusted for inflation and for differences in the cost of living between countries.

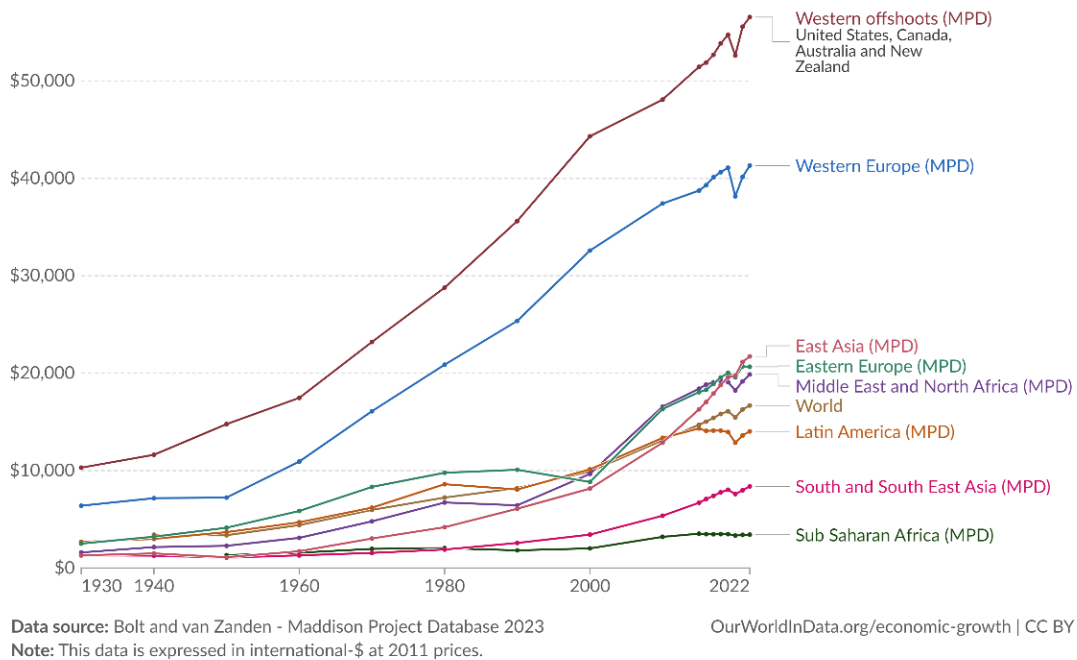


Figure 2: GDP evolution from 1930 to 2022 (Bolt & van Zanden, 2023)

2.1.3. Core Pillars of a Modern Growth-Oriented Economic System

The modern growth-oriented economic system is founded on several fundamental pillars, among which the market and the capitalist enterprise play crucial roles.

The Market

The market is defined as a place, whether physical or virtual, where goods and services are exchanged between buyers and sellers. The functioning of markets is primarily based on the laws of supply and demand (Varian & Thiry, 2015). Prices, determined by the balance between supply and demand, play a crucial regulatory role by adjusting the quantities exchanged (Varian & Thiry, 2015). Markets are essential for the efficient allocation of resources, allowing goods and services to flow to where they are most needed.

However, this formal and somewhat restrictive view of the economy, which focuses primarily on the market as the central mechanism of economic integration, does not fully capture the complexity of economic exchanges. For instance, Karl Polanyi questioned the predominance of the market as the principal mechanism of economic integration (Polanyi, 2001). His work demonstrates that the market has not always been dominant and that other principles of economic integration, such as redistribution, reciprocity and domestic administration, have historically played equally important if not more significant roles in certain societies (Polanyi, 2001):

- Redistribution involves the organized reallocation of resources, typically by authorities or societal structures, to ensure a more equitable distribution among members of a community or society. It contrasts with market-based exchanges by focusing on collective welfare rather than individual profit.

- Reciprocity refers to the exchange of goods, services, or favors between individuals or groups with the expectation of mutual benefit or obligation. It often operates on principles of trust, social norms, and long-term relationships, fostering cooperation and solidarity within communities.
- Domestic administration encompasses economic activities conducted within households and communities for subsistence and welfare, such as food production, care work, and resource management. These activities are vital for sustaining livelihoods and often operate outside market mechanisms (Polanyi, 2001).

These principles, which are not oriented toward capitalist accumulation, illustrate the diversity of economic mechanisms that can coexist and regulate exchanges within human communities. The concept of "embeddedness," as articulated by Polanyi and other economic sociologists, further emphasizes that economic activities are embedded within broader social and cultural contexts (Johanisova et al., 2013). This perspective challenges the notion of economic transactions as purely market-driven and underscores the importance of understanding how social relations, cultural norms, and institutional frameworks shape economic behavior. Therefore, to gain a more comprehensive understanding of the economy, it is crucial to consider this plurality of forms of economic integration and not limit oneself to the sole logic of the market.

In relation to this, the way we measure the size of the economy, often through GDP, typically reflects a perspective centered on monetary exchanges within the market. However, GDP does not fully capture non-market economic activities such as redistribution, reciprocity, and domestic administration, which play crucial roles in the economic and social fabric of societies. For a more holistic understanding of the economy, it is essential to broaden economic measurement indicators to include these different forms of economic activities and their impacts on overall well-being and long-term sustainability. Alternative indicators to GDP will be discussed in the following section.

The Capitalist Enterprise

Having explored macroeconomic perspectives on growth, we now shift focus to the micro level by examining the capitalist enterprise. In this context, the shareholder-owned, profit-led company dominates as the prevailing organizational model. These companies are structured around the principle of generating financial returns for shareholders, who are the primary owners and investors (Hinton, 2021). Their governance framework prioritizes the maximization of shareholder value, which typically involves a focus on profit margins, share value, and dividends. Shareholders expect a return on their investment, driving the company to concentrate on short-term financial gains. This focus on profitability influences these firms' strategic decisions, operational activities, and overall corporate governance. The management and board of directors are legally obligated to act in the best interests of the shareholders, making financial performance the primary metric for success.

While shareholder-owned profit-led companies excel in creating financial value, their singular focus on profit maximization often leads to significant social and environmental repercussions (Johanisova et al., 2013). For instance, the Volkswagen Emissions Scandal (2015) revealed how the pursuit of profit can drive companies to engage in deceitful practices that harm the environment by manipulating emissions data. Similarly, the Lehman Brothers Collapse (2008) exemplifies how a focus on short-term gains and risky financial practices can contribute to systemic economic crises, exacerbating social inequalities. These examples illustrate how the business model of prioritizing shareholder interests frequently externalizes costs, contributing to ecological degradation and social harm, and sidelining the well-being of broader societal stakeholders, including employees, communities, and the environment (Johanisova et al., 2013). Driven by a growth imperative and a tendency toward short-termism, these companies frequently fail to address broader societal needs effectively, thereby highlighting the limitations of

traditional profit-focused enterprises in fostering long-term sustainability and social justice (Johanisova et al., 2013).

In response to the criticisms of the traditional profit-maximizing model, various movements have emerged to address the broader societal and environmental impacts of corporate activities. Corporate Social Responsibility (CSR) promotes the idea that businesses should be accountable not only to shareholders but also to a wider array of stakeholders, including employees, communities, and the environment. This approach encourages companies to integrate social and environmental considerations into their operations and decision-making processes (Carroll, 1999). Shared Value proposes that businesses can achieve economic success by creating value in a way that also produces benefits for society, aligning company success with social progress (Porter & Kramer, 2011). Moreover, certifications such as B Corp and ISO 14001 aim to establish standards for social and environmental performance, transparency, and accountability, encouraging companies to adopt practices that contribute to sustainability. These initiatives represent a shift toward more inclusive and responsible business practices. However, it is important to note that none of these movements fundamentally challenge the underlying capitalist framework; they work within it to promote a balance between profitability and social responsibility, without fully resolving the tension between economic growth and long-term sustainability.

2.2. The Limits of Growth

We have observed in the preceding section that the current economic system is fundamentally oriented toward the pursuit of economic growth which translates and is best served by profit-maximizing organizations and wealth maximization at the individual level. However, this pursuit has drawn criticism for promoting a consumerist lifestyle heavily dependent on highly polluting fossil fuels. This dependence leads to the depletion of the planet's resources, the destruction of nature, and climate change, resulting in significant environmental consequences. Moreover, the relentless pursuit of growth can exacerbate social inequalities and undermine societal well-being, highlighting the societal limits of continuous economic expansion.

2.2.1. The Ecological Limits of Growth

Growing evidence indicates that anthropogenic activities are impacting natural ecosystems and contributing to climate change. Our industrial society relies heavily on fossil fuels to produce goods and services, leading to increased greenhouse gas emissions. These activities result in habitat destruction, biodiversity loss, soil degradation, and the disruption of natural cycles, further exacerbating environmental challenges.

The article by Steffen, Broadgate, et al. (2015) introduces the concept of the "Great Acceleration " to describe the profound and rapid changes in the interactions between human societies and natural systems. This period, which began after World War II, is characterized by an unprecedented acceleration in industrial activities, urbanization, and resource consumption. As a result, environmental impacts have intensified on a global scale, leading to significant alterations in natural balances.

To illustrate these dynamics (Figure 3), the article includes two key graphs: "Socio-Economic Trends" and "Earth System Trends." The "**Socio-Economic Trends**" graph illustrates the dramatic rise in key human-driven metrics since the mid-20th century. It highlights substantial increases in global population, economic output (GDP), and energy consumption, reflecting the rapid pace of industrialization, urbanization, and resource utilization that defines the Great Acceleration. In contrast, the "**Earth System Trends**" graph shows the environmental consequences associated with these socio-economic changes. It depicts rising concentrations of greenhouse gases, accelerating deforestation, and significant losses in biodiversity. This graph underscores the profound and often detrimental impacts of human activities on Earth's natural systems.

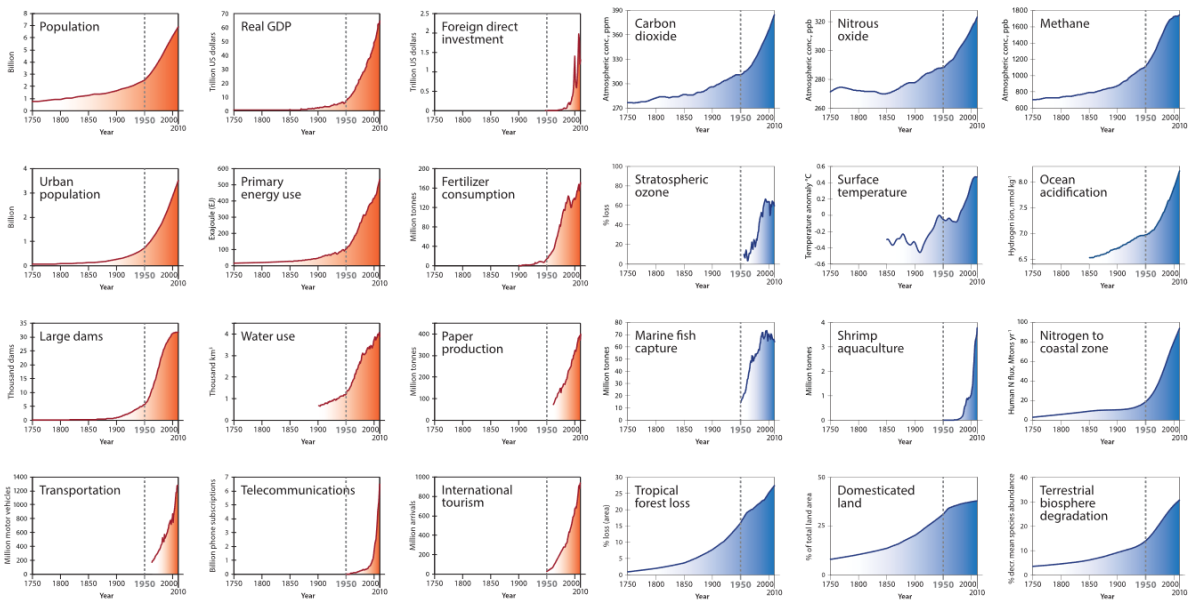


Figure 3: Socio-Economic and Earth System Trends (Steffen, Broadgate, et al., 2015)

Together, these graphs provide a comprehensive view of how the accelerated socio-economic developments are closely linked to substantial environmental changes. They vividly demonstrate how human-driven transformations are disrupting the stability of Earth's systems, highlighting the interconnected nature of socio-economic growth and environmental degradation.

The Great Acceleration is directly linked to the nine planetary boundaries defined by Rockström et al. in 2009 (Figure 4). These boundaries represent critical thresholds beyond which human activities could trigger abrupt and potentially irreversible environmental changes (Rockström et al., 2009). The boundaries set the levels of perturbation that can be accepted to stay in what is called the Holocene epoch, the current state of the planet characterized by relatively stable and warm conditions across the globe (Richardson et al., 2023; Rockström et al., 2009). These conditions have allowed the development of our contemporary human societies (Steffen, Richardson, et al., 2015).

However, by 2022, it was confirmed that a sixth planetary boundary had been breached, in addition to the already known exceedances of other limits¹, indicating that we have surpassed the safe operating space for humanity (Richardson et al., 2023). This situation underscores the profound impacts of the Great Acceleration: rapid changes in human development, such as increased greenhouse gas emissions and habitat destruction, are contributing to the crossing of these critical thresholds.

¹ The six transgressed planetary boundaries are novel entities, climate change, biosphere integrity, land-system change, freshwater change, and biochemical flows.

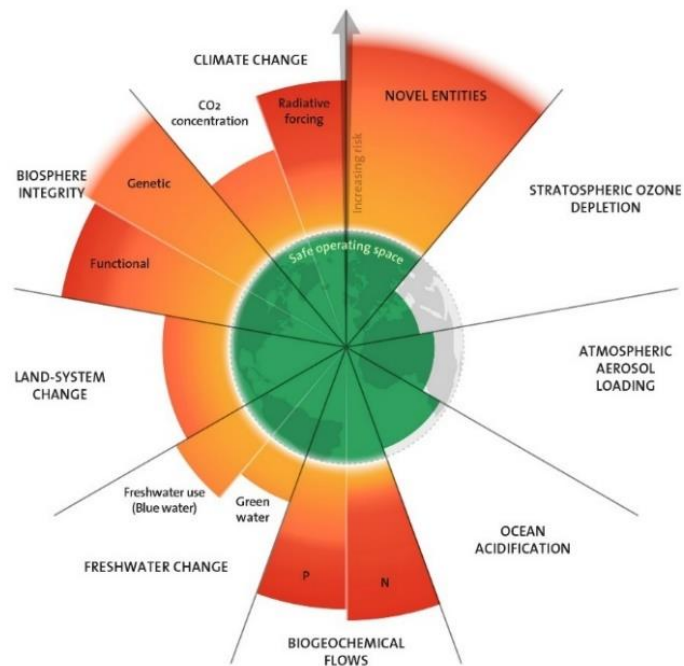


Figure 4: Nine planetary boundaries, six crossed (Stockholm Resilience Center, 2023)

In summary, the Great Acceleration, which began in the mid-20th century, represents a pivotal moment in Earth's history. Clear evidence of significant changes in the Earth System, driven by human activities and extending beyond the natural variability of the Holocene epoch, only emerges from this period onward. Consequently, among the various proposed start dates for the Anthropocene, the onset of the Great Acceleration is considered the most compelling choice from an Earth System science perspective (Steffen, Broadgate, et al., 2015).

The impact of this transformation is increasingly apparent. Recent reports from the IPCC (Intergovernmental Panel on Climate Change) and IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) underscore the profound impacts of human activities on our planet. The IPCC's latest assessment indicates that human-induced greenhouse gas emissions have surged to unprecedented levels, with atmospheric CO₂ concentrations reaching about 415 parts per million (ppm), the highest in at least 2 million years (IPCC, 2023). This has led to an increase of approximately 1.1°C in global average temperature compared to pre-industrial levels, contributing to more frequent and severe heatwaves, droughts, storms, and floods, affecting millions of people worldwide (IPCC, 2023). According to IPCC projections, without significant emissions reductions, global temperatures could rise by 3°C or more by the end of the century, exacerbating these extreme weather events and their associated impacts (IPCC, 2023).

In terms of sea level rise, the IPCC report indicates an average rise of about 20 cm since the late 19th century, primarily due to thermal expansion of seawater and melting glaciers and ice sheets (IPCC, 2023). However, this rate is accelerating, and under high emissions scenarios, global sea levels could rise by up to 1 meter or more by the end of this century, threatening coastal communities and ecosystems (IPCC, 2023).

Concurrently, the IPBES reports that around 1 million animal and plant species are currently threatened with extinction, many within decades. Habitat destruction, driven by activities like deforestation and urbanization, impacts approximately 75% of terrestrial environments and 66% of marine environments (IPBES, 2019). Pollution further degrades ecosystems, with over 8 million tons of plastic waste entering the oceans annually (IPBES, 2019).

These figures stress the urgent need for transformative changes in human activities to mitigate climate change and halt biodiversity loss. Efforts to reduce greenhouse gas emissions, protect and restore habitats, and promote sustainable practices are essential to safeguarding ecosystems and the myriad services they provide for current and future generations.

The analysis by Hickel (2020b) reveals a stark contrast in the distribution of responsibility for climate breakdown between the Global South and the Global North. Specifically, from 1850 to 2015, countries in the Global North have collectively contributed 92% to the climate breakdown (Hickel, 2020). This statistic underscores a significant disparity in global warming contributions, despite the Global South often bearing a disproportionate impact in terms of vulnerability to its effects (IPCC, 2023).

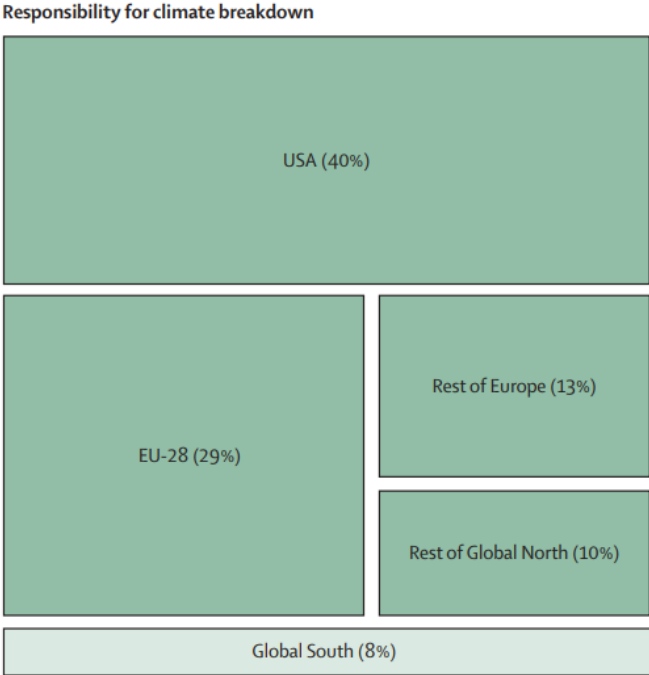


Figure 5: Global South vs. Global North responsibility for climate breakdown, 1850-2015 (Hickel, 2020)

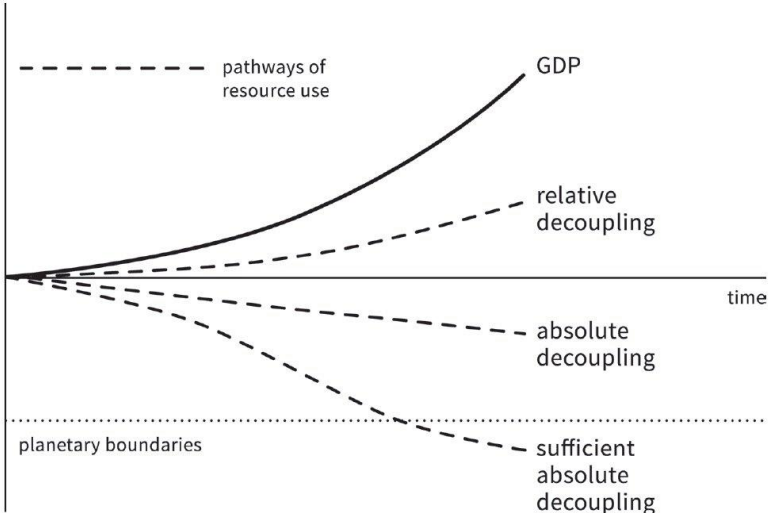
In response to these pressing environmental challenges, the concept of green growth has emerged as a proposed solution, seeking to harmonize economic advancement with environmental conservation. However, the critical question remains: can we truly achieve a decoupling of economic growth from environmental impact? This question forms the focal point of the next subsection.

2.2.2. Is Green Growth/Decoupling Possible?

A strong debate that currently animates the political sphere and shapes policy agendas at the United Nations, the European Union, and within numerous countries is the question of green growth. Supporters of green growth argue that “continued economic expansion is compatible with our planet’s ecology, as technological change and substitution will allow us to absolutely decouple GDP growth from resource use and carbon emission” (Hickel & Kallis, 2020, p. 469). On the other hand, those against green growth argue that the infinite expansion of the economy is fundamentally incompatible with the finite nature of the biosphere (Parrique et al., 2019). According to them, reducing the environmental pressures will necessarily require a downscaling of production and consumption in the wealthiest countries.

This debate requires some further explanation. In mathematical terms, two variables are said to be coupled if any variation in one implies variation in the other, which means that they evolve in

proportion (Parrique et al., 2019). To be decoupled, the two variables must stop to evolve proportionally. Decoupling can be either relative (weak) or absolute (strong). Relative decoupling means that both variables still develop in the same direction but not at the same speed. Absolute decoupling happens when the two variables go in opposite directions. For example, a relative decoupling between GDP and carbon emissions refers to a situation where GDP increases faster than carbon emissions compared to historical trends while an absolute decoupling between both variables refers to a situation where GDP increases while carbon emissions decrease (Figure 6).



The challenge of decoupling. If GDP is to continue growing in high-income countries, its associated resource use must fall not just relatively or absolutely but sufficiently absolutely to move back within planetary boundaries.

Figure 6: Relative and absolute decoupling (Kate Raworth, 2017)

For decoupling to be effectively happening, it has to satisfy several assumptions: it has to be absolute, global, permanent, sufficiently fast, and large. As previously mentioned, absolute decoupling happens when one variable decrease while the other increase. Global decoupling means that decoupling takes place at the planetary scale in opposition to local decoupling which is restricted to a specific geographical perimeter. For decoupling to be permanent, it must be sustained over time as long as the economy continues to expand. Decoupling can be considered as “fast enough” if it enables the fulfillment of the Paris Agreement goals, therefore preventing global warming over 1.5°C or 2°C and staying within the planetary boundaries. Large decoupling means that it must be larger in affluent countries to create room for production and consumption in other regions of the world where people’s basic needs are unfulfilled. However, as demonstrated by Parrique et al. in their report *Decoupling-Debunked* published in 2019, there is so far no empirical evidence of such an – absolute, global, permanent, sufficiently fast, and large – decoupling of environmental pressures (both resources and impacts²) from economic growth happening. Similarly, focusing on resource use and carbon emissions, the two most prominent environmental impacts studied to date in the context of decoupling studies, Hickel & Kallis (2020, p. 469) concluded that “(1) there is no empirical evidence that absolute decoupling from resource use can be achieved on a global scale against a background of continued economic growth, and (2) absolute decoupling from carbon emissions is highly unlikely to be achieved at a rate rapid enough to prevent global warming over 1.5°C or 2°C, even under optimistic policy

² The report considered seven environmental variables: resource use (materials, energy, and water) and impacts (greenhouse gases, land use, water pollutants, and biodiversity loss).

conditions". In a more recent study, Vogel & HICKEL (2023) analyzed the absolute decoupling rates of CO₂ emissions from GDP observed between 2013 and 2019 in 11 high-income countries. They concluded that these rates were insufficient to meet the Paris Agreement goals. Hence, the observed decoupling rates should on average increase by a factor of ten by 2025 to comply with the Paris rates³ (Vogel & HICKEL, 2023). Hence, what many label as being occurrences of green growth cannot be considered as such (Vogel & HICKEL, 2023), greener growth could be a more appropriate label. Yet, little evidence shows us that a "greener growth" strategy can effectively bring society back within planetary boundaries.

Besides the empirical evidence provided from the past, there are at least seven reasons to be skeptical about the potential occurrence of sufficient decoupling in the future (Parrique et al., 2019):

- (1) Extracting resources today is more complex and therefore more resource- and energy-consuming than before, meaning that for each unit of resource being extracted, the environmental degradation is more important.
- (2) Efficiency improvements often result in saving resources and money, but these gains may be partially or fully counteracted by redirecting those saved resources and funds to either more of the same consumption or other impactful uses.
- (3) Implementing a technological solution to solve one environmental problem can lead to either the creation of new problems or the exacerbation of other existing problems.
- (4) The environmental impacts of the service economy are underestimated. Indeed, the service economy exists thanks to the material economy and its footprint often comes on top of the footprint of goods consumption.
- (5) The actual potential of recycling is limited as the recycling rates are currently low and the processes still require a large amount of energy and raw materials.
- (6) Technological change is insufficient and inappropriate. Indeed, technological progress is not leading to innovations that would reduce environmental pressures and is not fast enough to enable decoupling.
- (7) What has been observed as "decoupling" in some local cases is not a genuine separation of economic growth from environmental impact, but rather a superficial or apparent decoupling. This apparent decoupling is mostly due to the shifting of environmental burdens from countries with high consumption to those with low consumption (Parrique et al., 2019).

In summary, the evidence from past and current studies strongly suggests that absolute, global, permanent, sufficiently fast, and large-scale decoupling of GDP growth from environmental pressures is not occurring and is unlikely to occur in the future. Historical data indicates that even the instances of relative decoupling observed are insufficient to meet global climate targets, and the required rates of decoupling to align with the Paris Agreement are implausibly high. Additionally, several factors such as the increasing complexity of resource extraction, the rebound effect of efficiency improvements, unintended consequences of technological solutions, underestimation of the service economy's environmental impacts, limited recycling potential, slow and insufficient technological change, and superficial local decoupling further undermine the feasibility of achieving true green growth in the future. Therefore, while "greener growth" may be a more accurate term, it remains questionable whether this approach can effectively bring society back within planetary boundaries.

2.2.3. The Social Limits of Growth

The preceding subsections have detailed how human activities are impacting the environment at unprecedented levels and revealed the limitations and challenges associated with the achievement of

³ Defined as "rates consistent with national fair-shares of the remaining global carbon budgets for a 50% chance of limiting global warming to 1.5°C or 1.7°C (representing the lower [1.5°C] and upper [well below 2°C] bounds of the Paris target)" (Vogel & HICKEL, 2023, p. 759).

green growth. While technological advancements and policy measures aim to decouple economic growth from environmental degradation, the current evidence suggests that these efforts are insufficient to mitigate the escalating ecological crisis.

Moreover, in addition to the environmental impacts discussed earlier, it is essential to recognize the profound social consequences of the current growth-driven economic system. The relentless pursuit of growth often disregards critical social dimensions of sustainability, such as equity, well-being, and the fair distribution of resources.

Today, 670 million people (8.4% of the global population) live below the international poverty line, set at USD 2.15 per day in 2017 purchasing power parity (De Schutter, 2024). Even if this number is estimated to fall to 575 million by 2030, it remains far from the target to eradicate extreme poverty for all people everywhere by 2030 set by the SDG1 goal (De Schutter, 2024).

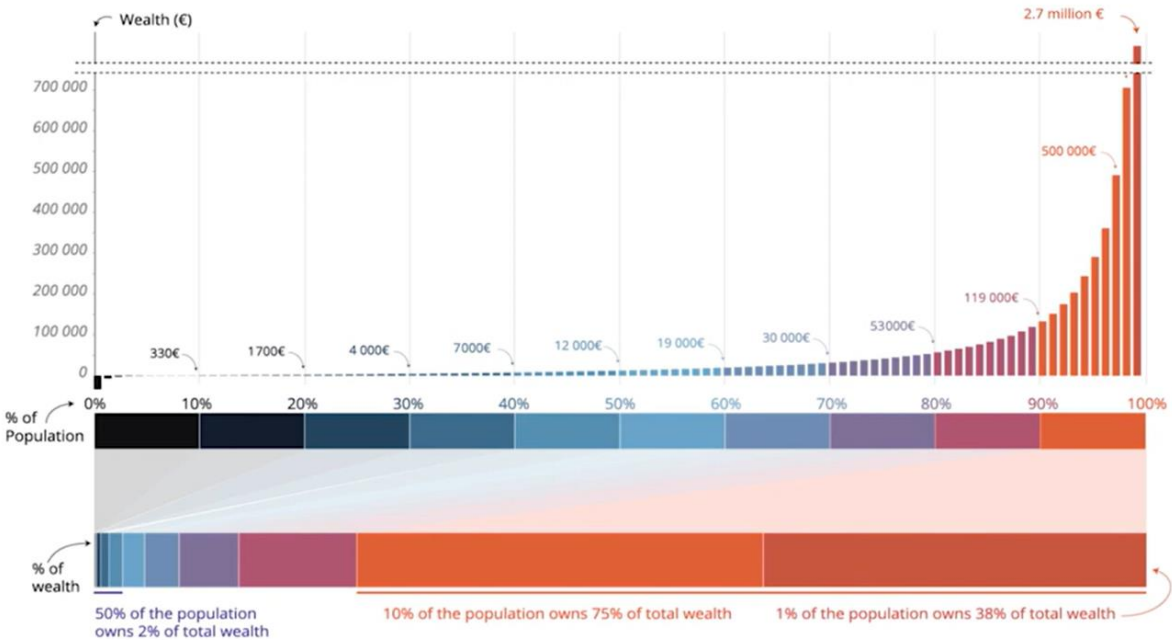


Figure 7: Global income and wealth inequality, 2021 (World Inequality Lab, 2022)

Inequality in wealth distribution is starkly illustrated by these statistics: 50% of the population possesses a mere 2% of the total wealth, while the top 10% owns a disproportionate 75%. The most extreme concentration is seen in the top 1%, who control 38% of the wealth. These figures underscore a significant socioeconomic issue where wealth is highly concentrated among a minority, leading to widening disparities and potential societal instability.

This concentration of wealth is also linked to environmental impact. Between 1990 and 2015, the richest 10% of the population were responsible for 52% of total carbon emissions, while the poorest 50% were responsible for only 7% (Gore, 2020). This demonstrates that the wealthiest individuals, who control the majority of resources and capital, are also the largest contributors to carbon emissions.

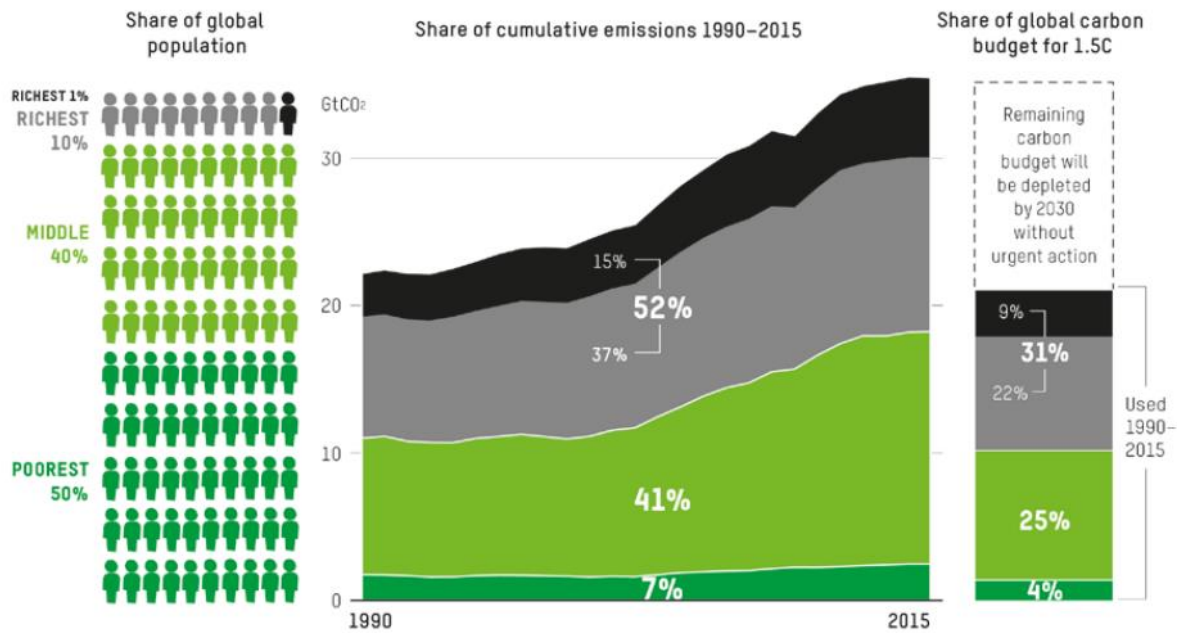


Figure 8: Share of cumulative emissions from 1990 to 2015 and use of the global carbon budget for 1.5C linked to consumption by different global income groups (Gore, 2020)

This oversight underscores the need to rethink our approach to development, prioritizing ecological stability and social justice over perpetual economic expansion. Environmental and social limits are intricately intertwined, with climate change exacerbating social inequalities globally, as highlighted by Banerjee et al. (2021). Their research stresses a stark reality: "Those that have contributed the least to the problem are already suffering and dying in disproportionately high numbers". The IPCC adds that between 2010 and 2020, human mortality due to floods, droughts, and storms was 15 times higher in the most vulnerable regions in the Global South (IPCC, 2023). This emphasizes the interconnectedness of environmental and social challenges, urging a holistic approach that addresses both aspects to achieve sustainable development.

In 2012, Kate Raworth introduced the Doughnut concept in an Oxfam report, emphasizing the importance of respecting planetary boundaries while prioritizing attention to the social foundation. Inspired by the planetary boundaries set by the Stockholm Resilience Center, the Doughnut framework defines an "environmentally safe and socially just space for humanity to thrive in" (Raworth, 2012, p. 4). The eleven dimensions of the social foundation align with the government's priorities for the Rio+20 United Nations Conference (Raworth, 2012). Since 2017, an updated version of the Doughnut model includes 12 social dimensions, reflecting the minimum social standards internationally agreed upon in the 2015 Sustainable Development Goals (SDGs). This framework highlights the imperative of balancing environmental sustainability with social equity, offering a comprehensive approach to sustainable development that addresses both ecological and social dimensions.

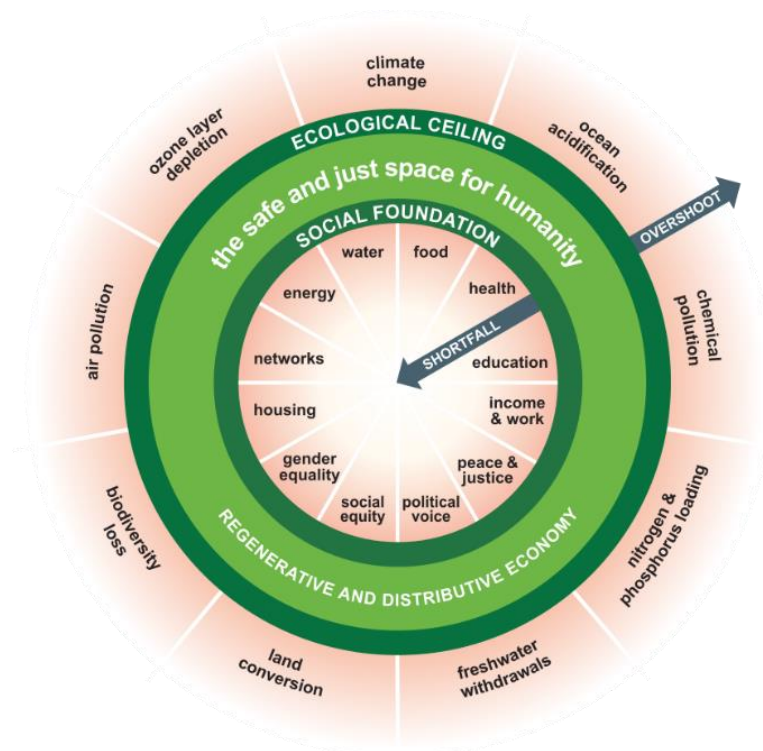


Figure 9: Kate Raworth's Doughnut (Raworth, 2017)

Both the Doughnut and the nine planetary boundaries are frequently discussed as components of a new paradigm aimed at achieving sustainable development. (Steffen et al., 2015; Wahlund & Hansen, 2022). A development that truly “meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987). In her book *"Doughnut Economics: Seven Ways to Think Like a 21st Century Economist"*, Kate Raworth proposes the Doughnut as a new framework for economic progress, advocating for it to replace GDP as a primary measure of societal well-being.

Along these lines of reasoning, the following subsection will focus on other alternative indicators to GDP that have been proposed over time.

2.2.4. Alternative Indicators to GDP

Key indicators of economic vitality such as GDP and its variants fail to account for the ecological destruction that inevitably accompanies economic growth and for the well-being and happiness of the citizens of a given country (Banerjee et al., 2021; Costanza et al., 2014; Stiglitz et al., 2010). Additionally, research by Proto & Rustichini (2013) has shown that life satisfaction stops growing beyond a certain income level, calling into question the adequacy of GDP as a measure of overall well-being. Therefore, supplementary indicators are needed to more effectively capture the complexities of modern economies and the well-being of their population (Costanza et al., 2014; Stiglitz et al., 2010).

As discussed in the previous subsection, the Doughnut model presented by Kate Raworth could in itself provide a new compass to evaluate the state of our societies and our planet. Amsterdam, as the first city to adopt Kate Raworth's Doughnut model to guide its development, aims to balance social equity and environmental sustainability. The model ensures that all citizens have access to essential needs within ecological limits, promoting a circular economy, renewable energy, and urban biodiversity. Through practical initiatives like circular construction and green mobility, Amsterdam strives to become a climate-neutral and inclusive city while monitoring progress to stay within the Doughnut's safe operating space.

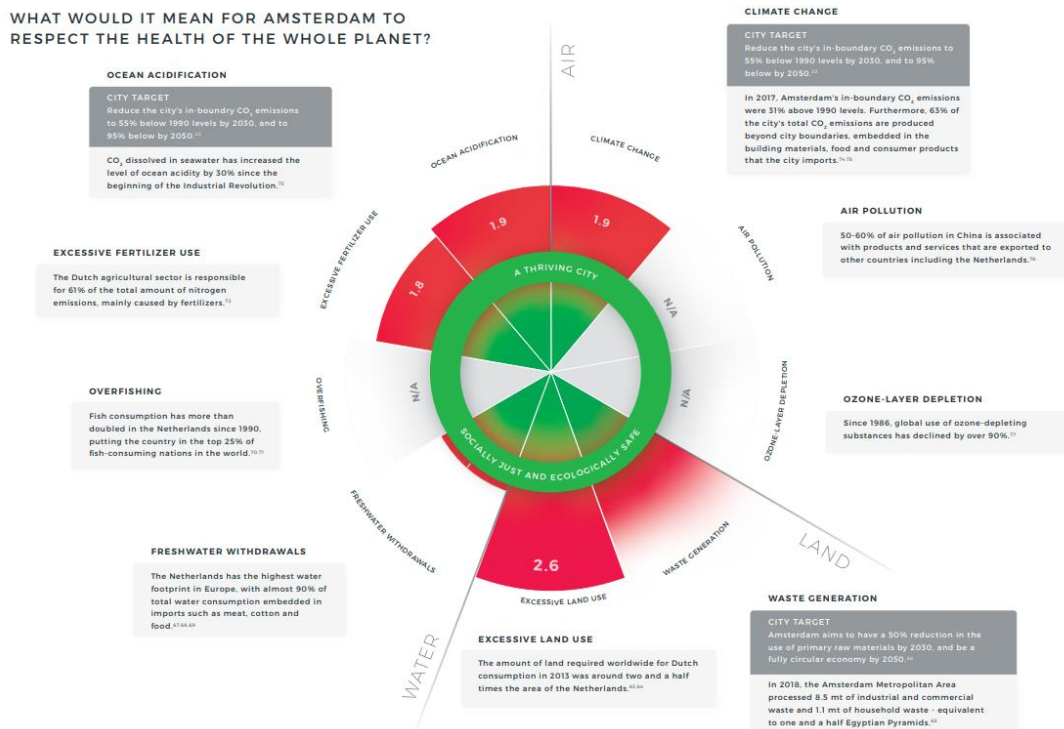


Figure 10: Application of the Doughnut model to the city of Amsterdam (Donut Economics Action Lab, n.d.)

Other cities such as Portland and Philadelphia in the United States, along with Copenhagen in Denmark, have also adopted the Doughnut model to guide their urban development toward social equity and environmental sustainability.

Kalimeris et al. (2020), propose three alternative indicators to GDP that focus on welfare measurement: The Human Development Index (HDI), the Index of Sustainable Economic Welfare (ISEW), and the Genuine Progress Indicator (GPI) which features will be described now:

(1) The Human Development Index (HDI)

Created by Amartya Sen and Mahbub Ul Haq, the non-monetary United Nations' Human Development Index (HDI) was a response to the urgent need to encompass more relevant and crucial aspects of human well-being, going beyond mere economic welfare (Kalimeris et al., 2020). The HDI incorporates three essential dimensions of human development (UNDP, 2015):

- life expectancy at birth, which reflects the ability to lead a long and healthy life;
- mean years of schooling and expected years of schooling, which measure the capacity to acquire knowledge;
- gross national income per capita, indicating the ability to achieve a decent standard of living (UNDP, 2015).

It serves as a crucial metric for evaluating global well-being, offering insights into areas where societal advancement and human potential can be further enhanced (UNDP, 2015).

(2) The Index of Sustainable Economic Welfare (ISEW)

Daly et al. (1989) originally developed the Index of Sustainable Economic Welfare (ISEW) in the late 1980s to incorporate considerations of environmental impacts such as damage and resource depletion, alongside economic and social factors like income distribution (Kalimeris et al., 2020). The components integrated into the ISEW are concisely outlined in Figure 11.

(3) The **Genuine Progress Indicator (GPI)**

The Genuine Progress Indicator (GPI), created by Cobb et al. (1995), builds on the foundation of the ISEW (Kalimeris et al., 2020). The GPI broadens the ISEW's framework by including additional aspects of social welfare, such as the costs associated with security and crime, family stability, employment and unemployment, and leisure time (Kalimeris et al., 2020; Schepelmann et al., 2010). The methodology for calculating GPI is outlined in Figure 12.

$$\begin{aligned} \text{ISEW} = & \text{Personal consumer expenditure} \\ & - \text{adjustment for income inequality} \\ & + \text{services from domestic labour} \\ & - \text{costs of environmental degradation} \\ & - \text{defensive private expenditures} \\ & + \text{non-defensive public expenditures} \\ & + \text{economic adjustments} \\ & - \text{depreciation of natural capital} \end{aligned}$$

Figure 11: The ISEW structure (Schepelmann et al., 2010)

$$\begin{aligned} \text{GPI} = & \text{personal/household consumption expenditures} \\ & + \text{value of household work not counted in GDP} \\ & + \text{value of volunteer contribution work} \\ & - \text{crime factor} \\ & - \text{environmental degradation factor (resource depletion,} \\ & \quad \text{ozone depletion, pollution, etc.)} \\ & - \text{family breakdown factor} \\ & - \text{overextended worker stress factor} \\ & - \text{exploding consumer debt} \\ & - \text{inequality of distribution of wealth and income} \end{aligned}$$

Figure 12: The GPI structure (Schepelmann et al., 2010)

2.3. The Emergence of Degrowth

Despite the increasing offer of alternative development indicators to GDP, growth continues to drive our contemporaneous societies and has been shown to drag the environment and the climate toward severe crises, with extensive repercussions for both human and animal life. Experts warn that we are nearing the thresholds of the Earth's capacity, and we have already exceeded critical limits in many areas. Additionally, the current economic model is increasingly unable to ensure prosperity and well-being for everyone, as demonstrated by the rising inequalities worldwide, both within and across countries. Although some have proposed that green growth – a model of economic growth that is environmentally sustainable – is possible, evidence increasingly suggests that it is insufficient to address the scale of the environmental crisis. Consequently, proponents of degrowth argue that addressing climate change requires a fundamental reduction in the production and consumption of commodities, thereby challenging the traditional paradigm of economic growth that has dominated global economic thought for decades (Hickel, 2022; Kallis, 2011; Parrique, 2019).

2.3.1. A Short History of Degrowth

The concept of degrowth emerged from the French word "décroissance", which has a long history dating back to Classical Latin (Sutter, 2017). It originated from the verb "dēcrēscere", which meant "to decrease, become less, diminish" (Sutter, 2017). Over time, the term "décroissance" in French came to signify a decrease or diminishment in various contexts, such as the reduction of quantities, qualities, or intensities, and the aging or decline of individuals, institutions, or societies (Sutter, 2017). The modern sense of the term "degrowth" emerged in the late 20th century with a new denotation that may be described as political.

The narratives about the "first use" of the term "décroissance" in its political denotation have been the subject of much interest, with several proposed origin myths, including attributions to Nicholas Georgescu-Roegen, André Amar, and André Gorz (Sutter, 2017). André Gorz, a French philosopher and journalist, is often cited as the first to use the term "décroissance" in the modern sense of the degrowth movement, as he used the term in a public debate organized by the magazine *Le Nouvel Observateur* in Paris in 1972 (Asara et al., 2015; Kallis et al., 2015; Parrique, 2019). However, this attribution of the "first-use" of the term "décroissance" to André Gorz is often disputed as the use of the term in that context simply meant "a decrease of the material production" and was not linked with any kind of social objective that can be found in the contemporary definition of the term (Parrique, 2019; Sutter, 2017).

Gorz was inspired by Nicholas Georgescu-Roegen (1971), a Romanian-American economist known to be the pioneer of Ecological Economics (Kallis et al., 2015). Nicholas Georgescu-Roegen argues, in his book *The Entropy Law and the Economic Process* (1971), that constantly increasing the size of the economy is unfeasible as it contradicts the laws of nature (Parrique, 2019). The report "The Limits to Growth" (1972) by Meadows et al. also questioned the sustainability of economic growth and framed the discussions during this period (Parrique, 2019). The authors of the report outline the limits to growth related to exponential population growth and finite resources.

One year after Gorz, André Amar, a French philosopher, also used the term "décroissance" in his article *Growth and the Moral Problem* (1973) (Sutter, 2017). Once again, the term was used as a synonym for "decline" (Parrique, 2019). The term "décroissance" was used a third time in an article written by François de Closets in the magazine *Sciences et Avenir* in 1974 (Parrique, 2019; Sutter, 2017). Once more, the term was not used in the sense of its contemporary understanding and was used to refer solely to a reduction of material production (Parrique, 2019). It wasn't until 1979 that the term "décroissance" appeared on the cover of a book: the Swiss philosopher Jacques Grinevald and Belgium-

Swiss jurist and historian Ivo Rens published “*Demain la décroissance. Entropie, écologie, économie*” (1979), a collection of four essays from Nicholas Georgescu-Roegen (Duverger, 2011; Parrique, 2019).

Following a period of approximately twenty years characterized by relative inactivity, the term “*décroissance*” was reborn through three parallel events at the end of 2001 and the beginning of 2002:

- (1) Publication by *L'écologiste*: In the winter of 2001, the periodical *L'écologiste* published a special issue titled “*Défaire le développement, refaire le monde!*” (Unmake development, remake the world).
- (2) Special Issue of *S!llence*: In February 2002, the environmental activist magazine *S!llence* released a special issue titled “*Décroissance soutenable et conviviale*”. This publication was significant because it combined the old 1970s concept of degrowth as decline with a new dimension: degrowth as the decolonization of the imaginary of growth.
- (3) Later in February 2002 a conference titled “*Unmake development, remake the world*” was organized in Paris at the Palais de l'UNESCO. This was a significant event that is considered the founding event of the degrowth movement (Parrique, 2019).

While the concept of degrowth initially emerged in France, it quickly spread to other countries and regions between 2004 and 2008, including Italy, Spain, Catalonia, Québec, Belgium, Switzerland, and Germany. Movements such as *Rete per la Decrescita* and *Movimento per la Decrescita Felice* (Italy), *Entesa pel Decreixement* (Spain, Catalonia), *Mouvement Politique des Objecteurs de Croissance* (Belgium), and *Réseau Objection de Croissance* (Switzerland) exemplify how degrowth was localized and integrated into broader societal efforts to promote sustainability and well-being over conventional economic growth (Parrique, 2019; Sutter, 2017). This expansion marked a new phase where degrowth ideas were adopted and adapted by various national contexts and movements.

The Degrowth Conferences, which were inaugurated in Paris in 2008, were pivotal in formalizing the degrowth movement, marking a significant step toward its cohesion. These conferences, subsequently held in cities such as Barcelona (2010 – 2nd Degrowth Conference), Venice (2012 – 3rd Degrowth Conference), Leipzig (2014 – 4th), Budapest (2016 – 5th), Malmö (2018 – 6th), Manchester (2021 – 7th), The Hague (2021 – 8th), Zagreb (2023 – 9th) and Pontevedra (2024 – 10th), expanded the movement's influence and refined its theoretical foundations (Degrowth, n. d.). Key figures like Serge Latouche and organizations such as the Research & Degrowth (R&D) network, established in Barcelona in 2006, have played crucial roles in advancing degrowth through scholarly research and activist collaboration (Degrowth, n. d.). These efforts have contributed significantly to both the theoretical development and practical application of degrowth principles worldwide.

Today, degrowth has gained significant traction as a field of study and activism. It is featured prominently in academic research, with numerous papers and special journal issues published. The concept is discussed in books available in various languages and is increasingly incorporated into university curricula.

2.3.2. What is Degrowth?

Degrowth is first a critique of growth, with the ambition to free public debate from the dominance of economic-centric thinking, aiming to eliminate economic growth as a primary goal of society (D'Alisa et al., 2015). While degrowth can simply be understood as a **downscaling of production and consumption**, many authors such as Banerjee et al. (2021), D'Alisa et al. (2015) and Demaria et al. (2013) argue that the concept of degrowth extends beyond the mere reduction in production and consumption and the resultant decrease in resource utilization. They emphasize that degrowth entails the repoliticization and reorganization of society, thereby forming the basis of a new social contract. Moreover, Kallis et al. (2012) contend that economies focused on growth may encounter difficulties in

managing the transition to degrowth, underscoring the imperative for a comprehensive societal reorganization to prevent potential collapse.

According to D'Alisa et al. (2015), degrowth advocates not only for a reduced scale (less) but also for a qualitative transformation (different). They argue that the restructuring of society should not only involve downsizing but also entail a shift in societal objectives (D'Alisa et al., 2015). Similarly, Banerjee et al. (2021) and Demaria et al. (2013) emphasize the concept of "**frugal abundance**"⁴ as pivotal within a degrowth framework. According to Liegey & Nelson (2020), the concept of frugal abundance entails organizing production to ensure equitable access to essential needs such as food, clothing, housing, and healthcare, thereby fostering universal **fulfillment of basic human requirements** within degrowth economies.

Degrowth calls for a "transition to **convivial** societies living **simply** and in **common**" (Demaria & Latouche, 2019, p. 149). Many argue that degrowth focuses on the quality of life rather than consumption, including concepts such as **sharing, health, care, community, education** and **environmental restoration** services (Banerjee et al., 2021; D'Alisa et al., 2015; Demaria et al., 2013; Khmara & Kronenberg, 2018). These services, valued for their high social impact, can form the basis of a new economy by providing meaningful employment (D'Alisa et al., 2015).

According to Demaria et al. (2013), degrowth also calls for deeper **participatory democracy** and the fair **redistribution of wealth** both within and across the Global North and South, as well as between present and future generations. Moreover, the **relocalization** of our economic activities also allows for the development of local businesses, shorter supply chains and knowledge sharing, thereby reducing inequalities and our ecological footprint (Liegey & Nelson, 2020).

Altogether, degrowth advocates for different activities not driven by profits, different relations to production and consumption, different allocations of time between paid and non-paid work which include collaboration, sharing, and voluntary labor, and different relations between humans and with the non-human world (Banerjee et al., 2021; D'Alisa et al., 2015; Demaria et al., 2013; Khmara & Kronenberg, 2018). In summary, degrowth does not advocate for merely reducing current activities; rather, it envisions a society where everything is fundamentally transformed, from the ways we produce and consume to our societal values and structures (D'Alisa et al., 2015).

Overall, formulating a universally accepted definition of degrowth poses a significant challenge due to its multifaceted nature. Demaria et al. (2013) define degrowth as follows: "Degrowth challenges the hegemony of economic growth and calls for a **democratically led redistributive downscaling of production and consumption in industrialized countries** as a means to achieve **environmental sustainability, social justice, and well-being**".

This definition encompasses the three dimensions of degrowth as described by Parrique (2019):

- (1) degrowth as a *decline of*,
- (2) degrowth as an emancipation from and,
- (3) degrowth as a **destination to**.

⁴ In reference to the term used by Latouche (2009).

The following table synthesizes the principles of degrowth discussed above, based on a review of the literature. These seven principles outline the core values of degrowth that will be central to the discussion section of this thesis.

Table 1: Principles of degrowth

<p>Downscaling of production and consumption: reduction of our energy and material consumption to decrease ecological footprint and social inequalities.</p>
<p>Frugal abundance: collective sufficiency where production is organized to ensure that all basic needs like food, clothing, housing and health are met equitably.</p>
<p>Equitable redistribution of wealth: equitable redistribution of wealth to promote social justice and reduce social inequalities so that everyone can live a dignified life.</p>
<p>Relocalization of the economy: encouraging local production and consumption and developing shorter supply chains to reduce transport-related greenhouse gas emissions and stimulate knowledge sharing.</p>
<p>Environmental sustainability: use and manage natural resources and ecosystems to preserve their integrity and viability for future generations.</p>
<p>Promote well-being: promote individual and collective well-being.</p>
<p>Participatory democracy: encourage all citizens to actively participate in decisions that affect their lives and environment.</p>

2.3.3. New Policy Proposals

Given the urgency of the climate crisis, the implementation of targeted policies is essential to mitigate our environmental impact. At present, there are no policies explicitly aimed at reducing consumption or production; existing measures predominantly include cap-and-trade systems to reduce emissions, carbon taxes, and green investments (Banerjee et al., 2021). Proposed "degrowth-friendly" policies encompass zero interest rates, progressive taxation, guaranteed basic income, work-sharing, and reduced working hours (Kallis et al., 2012; Wiedmann et al., 2020, cited in Banerjee et al., 2021).

However, the development of a post-capitalist society necessitates the implementation of more comprehensive policies mandated by legislation. These policies are varied and require further exploration. In this thesis, I will focus on a specific policy proposal: the reform of the business model. The following section will outline the ideal characteristics of a degrowth-oriented enterprise.

2.4. A Degrowth-Oriented Enterprise Model

Investigating the challenges faced by businesses helps fuel the debate and explore how our institutions can adapt to address the macro-ecological issues advocated by the degrowth movement. As advocated by numerous scholars, the business-as-usual approach is no longer viable for achieving a sustainable future. A fundamental reorientation in the purpose of business and a comprehensive transformation in nearly every aspect of its operations are essentials.

The objective of this section is to outline the organizational characteristics at the micro level that align with the broader ambitions of the degrowth movement at the macro level and to explore the enterprise models suited for a degrowth economy.

Based on an analysis of the existing literature on alternative enterprise models in the context of degrowth, several ideal characteristics of businesses aligning with a degrowth economy emerge. These characteristics can be organized into four primary dimensions: the purpose of the organization, its size and geographical scope, its values and practices, and its governance.

2.4.1. The Purpose of the Organization

A significant topic frequently addressed in the academic literature concerns the goals and objectives pursued by the firm (Hinton, 2021). Many authors (e.g. Froese et al., 2023; Khmara & Kronenberg, 2018; Nesterova, 2020) argue that organizations aligned with a degrowth economy should prioritize generating positive societal and environmental impacts over the pursuit of profit maximization and business expansion.

The first key element pertains to the **relationship** organizations have **with profit**. Within a degrowth context, companies should **shift away from prioritizing profit maximization** (Khmara & Kronenberg, 2018; Nesterova, 2020). Conceived as an alternative to the prevailing business growth paradigm (Khmara & Kronenberg, 2018), organizations operating under degrowth principles should seek to transcend traditional economic growth dynamics (Froese et al., 2023). Instead, they should promote objectives beyond profit, such as environmental sustainability, social equity, and community well-being (Khmara & Kronenberg, 2018; Nesterova, 2020). Nesterova (2020) identifies one of the three fundamental dimensions of degrowth business as the "**Deviation from profit maximization imperative**". Rather than pursuing profit-centric goals, organizations should concentrate on qualitative changes. This shift is exemplified by key elements such as rethinking production methods, moving away from productivism, adopting drivers beyond profit, and defining success in terms other than material gain (Nesterova, 2020). Additionally, Hinton (2021) suggests that **not-for-profit business** models can address the challenges inherent in traditional profit-driven models, which primarily aim for financial gain (Hansmann, 1980; Reiser & Dean, 2017, cited in Hinton, 2021). Hinton (2021) underscores that not-for-profit businesses are legally obligated to prioritize social or environmental objectives over private financial gains. This aligns with the degrowth movement's emphasis on abandoning the relentless pursuit of profit and wealth maximization in favor of prioritizing human well-being and ecological sustainability (Khmara & Kronenberg, 2018; Nesterova, 2020).

Furthermore, organizations in a degrowth context should offer a **limited return on capital**. While for-profit business structures are distinguished by their ability to distribute profits to private owners through private financial rights and pursue financial gain as their primary objective (Hansmann, 1980; Reiser & Dean, 2017, cited in Hinton, 2021), not-for-profit structures are defined by a **non-distribution constraint** (Hinton, 2021). This constraint prohibits the allocation of financial gains for private enrichment and private financial rights, thereby ensuring that resources, including profits, are utilized to achieve social benefit objectives rather than for private enrichment (Hinton, 2021).

This entails that organizations operating within a degrowth context should adopt a **different approach to profit**, viewing it as a means to achieve societal and environmental objectives through their activities and to further develop these activities, rather than as a mechanism to enrich investors.

The second element refers to the contribution of organizations operating in a degrowth context to overall **societal well-being**. Nesterova (2020) highlights that such organizations focus their production and services on genuinely enhancing the happiness and well-being of both local **communities** and **workers**. In a degrowth economy, production should not be driven by productivism – production for its own sake – but should instead be focused on **answering the real needs of society** (Alexander, 2015; Gorz, 2013; Klitgaard & Krall, 2012, cited in Nesterova, 2020). This approach aligns economic activities with **societal well-being** rather than mere output, fostering sustainability and reducing unnecessary resource consumption (Froese et al., 2023).

Nesterova (2020) underscores two critical elements. Firstly, businesses operating locally find it easier to identify the **specific needs of their communities** (Trainer, 2020, cited in Nesterova, 2020). This **localization** facilitates a closer alignment with local needs and preferences, fostering stronger community ties and responsiveness. Secondly, the **choice of sector** in which a business operates plays a pivotal role. **Desirable sectors** are those that prioritize serving **genuine societal needs** in a manner that is both pro-social and pro-environmental (Nesterova, 2020). This perspective shifts production focus from wants to essential needs, potentially leading to the discontinuation of sectors that do not align with sustainable practices (Nesterova, 2020). Consequently, there is a growing emphasis on companies choosing to offer products and services that contribute positively to broader societal well-being and environmental stewardship. To promote a more **equitable distribution of wealth**, these organizations channel resources and support from public institutions or affluent groups toward disadvantaged populations or neglected social causes (Froese et al., 2023). As a result, degrowth-oriented organizations often target their services at marginalized groups (Froese et al., 2023). By aligning their operations with the genuine needs of society, these organizations contribute to a more equitable and sustainable economic model.

For workers, this involves **flexible working conditions** or even reduced working hours, providing **meaningful work**, and fostering the **development of human potential** (Khmara & Kronenberg, 2018; Nesterova, 2020). Encouraging employees to share in the company's values by rewarding positive social and environmental actions further supports the development of a socially and environmentally sustainable economy (Khmara & Kronenberg, 2018).

Thirdly, organizations should aim **to reduce the environmental impacts of production and consumption of goods** by adopting **ecological practices** in their production processes to mitigate their environmental footprint. This involves a consistent effort to integrate recycled and renewable materials, to predominantly use renewable energy sources and to implement circular economy models by sharing resources and repairing and recycling products, thereby creating value from waste (Khmara & Kronenberg, 2018; Nesterova, 2020). Through these practices, companies should strive to continuously reduce material consumption, energy usage, and emissions associated with production processes, including greenhouse gases and industrial pollutants (Khmara & Kronenberg, 2018; Nesterova, 2020). As Froese et al. (2023) emphasize, organizations should develop, create, and offer products and services that significantly reduce product and waste generation as well as energy and material consumption, thereby promoting more frugal, resource-efficient and sufficiency-oriented lifestyles.

2.4.2. Size and Geographical Scope

A second topic frequently discussed is summarized under the analysis of the size and geographical scope of organizations in a degrowth context (Hinton, 2021).

Overall, many authors advocate for **small, local** companies (e.g., Johanisova et al., 2013; Johanisova & Fraňková, 2017; Nesterova, 2020). Johanisova et al. (2013) assert that **small, locally-rooted** enterprises generate positive externalities, such as stable and long-term employment. When these enterprises address the essential needs of their communities and prioritize the use of local resources and products to the greatest extent possible, they can be regarded as genuinely efficient (Johanisova et al., 2013). This efficiency is not confined to a narrow financial perspective but encompasses the prudent use of materials and energy, which is a critical component in a degrowth society (Johanisova et al., 2013). Nesterova (2020) also refers to the **small scale** of enterprises and adds that small firms are often seen as well-suited for a degrowth economy due to their local community integration, better sustainability practices, and positive impact on employee wellbeing. Nesterova (2020) also emphasizes that the **embeddedness of firms within local communities** promotes their integration, and that (re)localization of production can facilitate this embeddedness. This enables firms to develop stronger bonds with local consumers and acquire "local knowledge," which includes understanding customers, suppliers, and local networks.

Small and Medium-sized Enterprises (SMEs) are also frequently discussed (e.g., Gebauer, 2018; Hinton, 2021), with empirical studies on firm size and growth showing that a large percentage of SMEs are **non-growers or slow growers** (Gebauer & Sagebiel, 2015, cited in Gebauer, 2018). The concept of **non-growth** is increasingly discussed by various authors as a viable and sustainable business strategy (Beyeler & Jaeger-Erben, 2022; Bocken & Short, 2016; Hankammer et al., 2021; Khmara & Kronenberg, 2018; Liesen et al., 2014; Nesterova, 2020).

This non-growing ambition calls into question what Reiche & Seeberg (2011) refer to as the **right-size** of a business. To determine the sustainable ecological scale of business activities, they introduce the concept of ecological allowance. This measure calculates an enterprise's allowable ecological impact by relating it to economic performance, enabling an evaluation of absolute environmental performance.

In summary, organizations in a degrowth context maintain a **small scale**, are **locally-rooted** and prioritize **non-growth** (Gebauer, 2018; Hinton, 2021; Johanisova et al., 2013; Nesterova, 2020).

2.4.3. Values and Practices

Thirdly, organizations operating in a degrowth context are characterized by strong values and key practices.

A key practice in such organizations is the principle of sufficiency. Nesterova (2020) links non-growing firms to **sufficiency**, suggesting that these firms can employ sufficiency to sustain their productive capacity at a sustainable level.

Beyeler and Jaeger-Erben (2022) further assert that promoting businesses oriented toward sufficiency can serve as a strategy to deviate from the growth imperative. Their study identifies that sufficiency practitioners modify their business practices in three dimensions:

- I. Rethinking the relation to consumption: Organizations should focus on producing goods that meet basic human needs rather than addressing superfluous consumer wants. Attention must also be paid to the quantity of goods produced to avoid overproduction and overconsumption, as needs can reach satisfaction while wants are unlimited. Overconsumption can be mitigated

by limiting advertisements that prompt unnecessary or unconscious purchases and by involving consumers in the product design process to better address their needs. New production can also be avoided by extending the life of existing products, by fostering the sharing economy and by facilitating the repair of goods (Beyeler & Jaeger-Erben, 2022; Bocken & Short, 2016; Hankammer et al., 2021).

- II. Rethinking the relation to others: No single organization can foster social change and create a sufficiency-oriented ecosystem alone. Therefore, organizations should engage in strong collaboration and support each other.
- III. Rethinking the social meaning of the own organization: Some organizations choose not to pursue further growth once they have reached a certain size. If there is still some growth, it should be understood as the diffusion of sufficiency-oriented production and consumption practice. Sufficiency practitioners, though not profit-driven, often generate profits, which are then reinvested in their own company or distributed to other sufficiency-oriented projects to facilitate ecosystem growth (Beyeler & Jaeger-Erben, 2022).

As already discussed by Beyeler and Jaeger-Erben (2022), other key practices of organizations active in a degrowth context regarding product design and product ownership are presented by many authors as key elements of degrowth businesses (e.g., Froese et al., 2023; Hankammer et al., 2021; Khmara & Kronenberg, 2018).

It is imperative for companies to **produce and market durable**, high-quality products crafted from sustainable **materials, thus extending their lifespan** and minimizing ecological impact (Froese et al., 2023; Hankammer et al., 2021; Khmara & Kronenberg, 2018). The adoption of prominent circular economy practices, including closed-loop processing and life-cycle analysis, further bolsters sustainability in production (Froese et al., 2023; Hankammer et al., 2021). Moreover, it becomes increasingly important to offer **repair** services (Khmara & Kronenberg, 2018). By embracing these strategies, companies can facilitate the recycling of waste and develop products that not only fulfill consumer needs but also enhance environmental sustainability.

Additionally, servicization, which prioritizes the provision of **functionality over ownership**, is a crucial element in promoting the possibility of **sharing** products between individuals rather than owning them (Hankammer et al., 2021).

Organizations in a degrowth context are committed to **integrating core sustainability values across their entire ecosystem**, which includes customers, communities, workers, and suppliers (Khmara & Kronenberg, 2018). They actively support grassroots environmental and social initiatives, both financially and through in-kind contributions (Khmara & Kronenberg, 2018). These companies participate in the creation and support of environmental and social organizations, whether by founding new ones or collaborating with existing groups. Additionally, they advocate for sustainable consumption by offering eco-friendly and socially responsible products and by encouraging overall sustainable consumption practices (Khmara & Kronenberg, 2018). They also conduct educational campaigns focused on environmental justice and sustainability, targeting both their customers and the wider community (Khmara & Kronenberg, 2018).

Finally, organizations in a degrowth context should actively engage in and promote strong **collaboration**. Several authors identify increased collaboration between enterprises as crucial in addressing environmental and social challenges (Banerjee et al., 2021; Schmid, 2018; Froese et al., 2023; Bocken & Short, 2016). By joining forces, various actors can effectively tackle these issues and set an example for others by fostering shared values and promoting sustainable practices (Froese et al., 2023). Collaboration can also transform consumers into prosumers, individuals who are both

consumers and producers of products, thereby promoting sustainable consumption (Hankammer et al., 2021). A strong focus and close relationships with consumers are vital to encouraging sufficiency (Bocken & Short, 2016, cited in Hankammer et al., 2021). Froese et al. (2023) further emphasize the importance of engaging consumers in sufficiency-oriented prosumption, highlighting that empowering consumers and involving them in productive activities fosters appreciation, conviviality, and sufficiency.

2.4.4. Governance

Ultimately, a topic of significant importance within the academic discourse is the **governance** structure of firms. Numerous scholars argue that reimagining governance is vital for advancing sustainable and equitable practices, advocating for frameworks that are **democratic, participatory, inclusive, transparent, and purpose-driven** (e.g., Froese et al., 2023; Hinton, 2021; Khmara & Kronenberg, 2018).

Khmara and Kronenberg (2018) advocate for governance structures that emphasize participatory control by employees and communities, actively involving them in decision-making processes. They also call for mechanisms that do not prioritize investors over other stakeholders, and stress the importance of transparency in performance and financial disclosures, such as making financial information available upon request.

The following table provides a summary of the ideal characteristics of degrowth-oriented enterprises, based on my analysis of the literature on degrowth-businesses.

Table 2: Ideal characteristics of degrowth-oriented enterprises

Dimension	Key concepts
Purpose of the Organization	<p>Economics</p>
	<ul style="list-style-type: none"> - Alternative approach to profit (Hinton, 2021; Khmara & Kronenberg, 2018; Nesterova, 2020) overcoming economic growth dynamics (Froese et al., 2023) – Deviation from profit maximization imperative (Khmara & Kronenberg, 2018) – Not-for-profit (Hinton, 2021) - Limited return on capital – Non-distribution constraint (Hinton, 2021)
	<p>Society</p> <ul style="list-style-type: none"> • Communities - Orientation toward societal well-being (Froese et al., 2023; Nesterova, 2020) – answering the real needs of society through embeddedness with communities and operating in desirable sectors (Nesterova, 2020) - Equitable wealth distribution, directing activities for marginalized groups of individuals (Froese et al., 2023) • Workers - Happiness and well-being of workers via flexible working conditions, reduced working hours, meaningful work and development of human potential (Khmara & Kronenberg, 2018; Nesterova, 2020)
<p>Environment</p>	<ul style="list-style-type: none"> - Reduce the environmental impacts of production and consumption of goods by adopting ecological practices such as integrating recycled and renewable materials, using renewable energy sources and implementing circular economy models, thereby reducing resource use, avoiding waste and minimizing pollution (Froese et al., 2023; Khmara & Kronenberg, 2018; Nesterova, 2020)
Size and Geographical Scope	<ul style="list-style-type: none"> - Maintaining a small scale (Johanisova et al., 2013; Nesterova, 2020) – SMEs (Gebauer, 2018; Hinton, 2021) – concept of right-size business (Reiche & Seeberg, 2011)
	<ul style="list-style-type: none"> - Locally embedded enterprises (Johanisova et al., 2013; Nesterova, 2020) - Non-growth (Beyeler & Jaeger-Erben, 2022; Bocken & Short, 2016; Gebauer, 2018; Hankammer et al., 2021; Khmara & Kronenberg, 2018; Liesen et al., 2014; Nesterova, 2020)
Values and Practices	<ul style="list-style-type: none"> - Sufficiency (Beyeler & Jaeger-Erben, 2022; Nesterova, 2020)
	<ul style="list-style-type: none"> - Make durable products that last and are repairable (Froese et al., 2023; Hankammer et al., 2021; Khmara & Kronenberg, 2018)
	<ul style="list-style-type: none"> - Promote sharing over ownership (Hankammer et al., 2021)
	<ul style="list-style-type: none"> - Promote core sustainability values across the ecosystem (e.g. customers, communities, workers, suppliers) (Khmara & Kronenberg, 2018)

	- Engage in and promote strong collaboration between firms (Banerjee et al., 2021; Schmid, 2018; Froese et al., 2023; Bocken & Short, 2016) and with consumers (Froese et al., 2023; Hankammer et al., 2021)
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Governance	- Democratic, participatory, inclusive, transparent, and purpose-driven governance (e.g., Froese et al., 2023; Hinton, 2021; Khmara & Kronenberg, 2018)
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In light of the dimensions and key concepts identified in this section, one remaining question pertains to the organizational models that degrowth scholars investigate as a starting point to move toward the ideal-typical enterprise model within a degrowth framework. Recent research on how organizations confront the growth dilemma has predominantly centered on alternative entities such as eco-communities, cooperatives, social enterprises, foundations, associations, credit unions, fair trade organizations, and community farms (e.g. Banerjee et al., 2021; Hinton, 2021; Hinton & Maclurcan, 2017; Johanisova et al., 2013; Khmara & Kronenberg, 2018; Schmid, 2018). These entities prioritize ecological sustainability and well-being over economic growth.

The approach taken in this thesis involves an exploration of social enterprises within the context of degrowth. The choice to concentrate on social enterprises is motivated by several factors. Firstly, the term "social enterprise" is inclusive, encompassing a variety of initiatives from cooperatives to associations, thereby facilitating the exploration of a broad spectrum of alternative economic models. Secondly, there is an increasing recognition of the global significance of social enterprises, accentuating their relevance and potential for widespread impact. Thirdly, social enterprises are gaining prominence in degrowth studies, highlighting their pivotal role in transitioning toward more sustainable and equitable economies (Johanisova et al., 2013; Johanisova & Wolf, 2012).

The following section briefly traces the history of the emergence and development of the social economy, providing a clear definition. It also details the EMES International Research Network's definition of the ideal type of social enterprise. Finally, a brief overview of the connections between social enterprises and degrowth is presented.

2.5. Social Economy Organizations in a Degrowth Context

Social economy organizations are regularly highlighted by researchers as prime candidates for a sustainable degrowth economy in the North, playing a significant role in a new, more democratic and degrowth-oriented framework (Johanisova et al., 2013; Johanisova & Wolf, 2012; Sekulova et al., 2013).

The objective of this section is to define the ideal type of social enterprises and to analyze its connections with the degrowth paradigm.

2.5.1. A Short History of Social Economy

The concept of social economy finds its roots in the associative and cooperative movements of the 19th century. However, until the last quarter of the 20th century, it was used in a broad and somewhat imprecise sense (Defourny & Nyssens, 2017). At that time, "social economy" often referred to the economics of social work or social affairs, without clear research or definition.

The formal identification of the social economy in its current form began in the 1970s in France. During this period, representative organizations of cooperatives, mutuals, and associations came together to form the "Comité national de Liaison des Activités Mutualistes, Coopératives et Associatives" (CNLAMCA) in 1975 (Defourny & Nyssens, 2017). This marked a significant development, as the term "social economy" had been largely neglected. European conferences organized by the European Economic and Social Committee in 1977 and 1979 also played a role in shaping the concept (European Economic and Social Committee. & CIRIEC International., 2017).

By June 1980, CNLAMCA published the "Charte de l'économie sociale," defining the social economy as comprising organizations outside the public sector that operate with democratic governance, distinctive property and profit distribution models, and reinvest surpluses to enhance their services and contribute to societal well-being (European Economic and Social Committee. & CIRIEC International., 2017). This definition, widely adopted in economic literature, identifies the social economy as centered around cooperatives, mutuals, and associations, with foundations joining the framework more recently.

In Belgium, the 1990 report by the Walloon Council of the Social Economy (CWES) further clarified the social economy as a sector composed of private organizations with four key characteristics: a) serving their members or the community rather than pursuing profit, b) autonomous management, c) democratic decision-making, and d) prioritizing individuals and labor over capital in income distribution.

The most recent refinement of the concept is captured in the "Charter of Principles of the Social Economy," promoted by the European Standing Conference on Cooperatives, Mutuals, Associations, and Foundations (CEP-CMAF). This charter outlines the following principles:

- The primacy of the individual and social objectives over capital,
- Voluntary and open membership,
- Democratic control by members (with exceptions for foundations),
- Balancing the interests of members and users with the general interest,
- Adherence to principles of solidarity and responsibility,
- Autonomous management and independence from public authorities,
- Allocation of most surpluses to sustainable development objectives and enhancing services for members and the general public.

The social economy is often represented by a triangular schema, illustrating its position at the intersection of interactions between for-profit enterprises (market logic), the state (redistribution logic), and the community (reciprocity logic). This visual representation emphasizes the social economy's role in balancing these different logics to achieve its objectives.

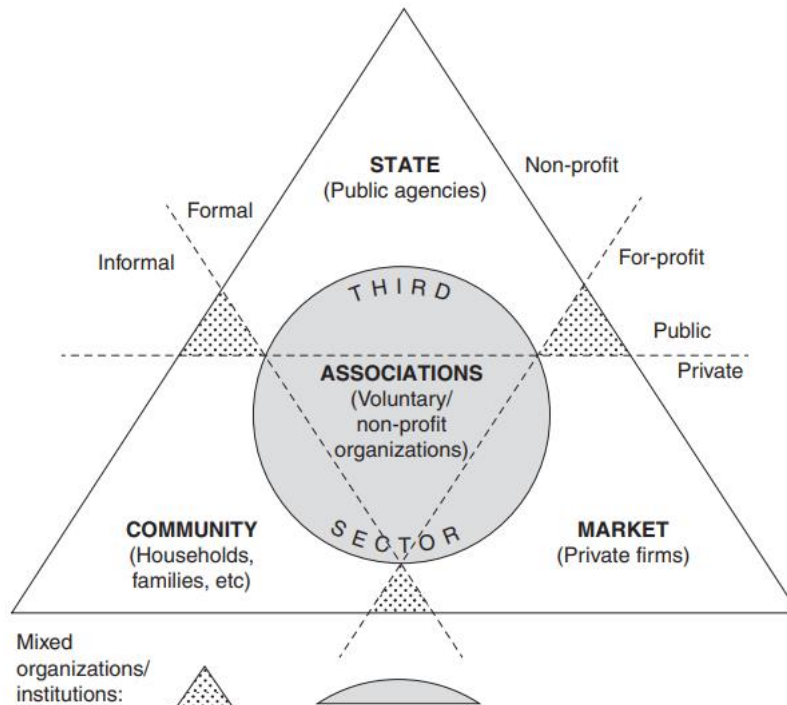


Figure 13: The social economy (third sector) in relation to state, market and community (Thompson, 2020)

Organizations within the social economy sector are positioned at the heart of this triangle, emerging where market supply fails to meet demand. The boundaries of this sector, also known as the "third sector," are often blurred, encompassing a wide range of organizational forms such as private enterprises, associations, and cooperatives operating between the public and private sectors. The triangular schema reflects, through dotted lines, various hybrid zones that represent different tensions within the social economy sector.

2.5.2. The Ideal Type of Social Enterprises

In the context of this thesis, social enterprises are defined according to the characteristics established by the EMES International Research Network, a European network of research centers including the Centre for Social Economy at the University of Liège and the Interdisciplinary Research Centre on Work, State, and Society (CIRTES) at the Catholic University of Louvain. Since 1996, the EMES has developed an "ideal type" of social enterprise, inspired by Max Weber's concept. This ideal type synthesizes the key features observed in the social and solidarity economy, enabling the identification of emerging social enterprises and the better understanding and restructuring of older organizations.

These indicators, which are not normative criteria, serve as a compass to locate, group, and define social enterprises for study and recognition in the economic landscape. Traditionally categorized into two subsets (economic and social), these indicators are now grouped into three subsets to better reflect the specific governance modes of social enterprises.

Economic Dimension

Social enterprises are characterized by the ongoing production of goods or services, emphasizing economic viability. Unlike traditional nonprofit organizations, their primary objective is not money redistribution or advocacy, but sustainable creation of economic value while addressing specific social needs. Creators of social enterprises undertake significant financial risk, often necessitating a minimum level of paid employment to sustain operations.

Social Dimension

At their core mission, social enterprises aim to serve the community or specific groups, thereby promoting local social responsibility. They often arise from collective initiatives, where citizens with shared goals engage in founding and managing the organization. Moreover, these enterprises typically limit profit distribution, aligning with associative or cooperative models to prevent profit maximization at the expense of their social mission.

Governance Structure

In terms of governance, social enterprises exhibit a high degree of autonomy from public authorities or other external organizations. Decision-making power often follows the principle of "one member, one vote," ensuring equitable distribution of decision-making authority irrespective of capital ownership. Additionally, they foster participatory management where stakeholders, including users and clients, participate in decision-making processes, thereby promoting democratic practices within their organizational structure.

Collectively, these dimensions characterize social enterprises as models that blend economic objectives with social missions, prioritizing the fulfillment of social and environmental needs over profit maximization. Originating from collaborative efforts, these enterprises emphasize community service, often restrict profit distribution, and operate under democratic governance, with stakeholders actively participating in decision-making. Considering their focus on human welfare and community impact, an important question arises regarding the role and perception of such socially driven enterprises within the context of degrowth.

2.5.3. Social Enterprises and Degrowth

Johanisova et al. (2013, p. 10), in their research on degrowth, define social enterprise as “participating to some extent in the market, having a degree of autonomy from public authorities, with a commitment toward job creation, an explicit aim to benefit the community or a specific group of people in its founding documents, decision-making power not based on capital ownership (democratic ownership structure), and exclusion of the profit-maximizing principle (e.g. recycling part or all of the surplus/profits back into the organization rather than paying dividends to members/shareholders)”. When viewed from a degrowth perspective, several elements of this definition align closely with the degrowth concept.

Firstly, social enterprises are characterized by a de-emphasis on profit maximization, a significant factor given its close association with economic growth (Johanisova et al., 2013). The limits that are imposed on investment returns, what we can also call non-distribution constraint, and the fact that the profits made by social enterprises are therefore reinvested in the business's social mission or the community rather than being distributed to private owners or shareholders are elements that further align with the degrowth perspective (Johanisova et al., 2013). Through these approaches, social enterprises share a common goal with the degrowth movement: challenging the dominance of economic growth.

The second element is that social enterprises exist for the benefit of communities and society (Johanisova et al., 2013). Johanisova & Wolf (2012) further emphasize the fact that cooperatives do not exist to make profits but rather for the benefit of their stakeholders. As a result, social enterprises are anticipated to more effectively fulfill genuine needs, as suggested by Johanisova et al. (2013).

Thirdly, social enterprises are characterized by their democratic governance structure. Johanisova & Wolf (2012, p. 565) argue that the following characteristics observed in cooperative structures make social enterprise at large better suited to a sustainable degrowth economy:

- The “One-member-one-vote” principle: this ensures that each member or stakeholder in the organization, regardless of the amount of financial investment they have made, has an equal say in decision-making processes. This means that decisions on important matters are made based on a single vote per member, promoting equality and preventing dominance by those with greater financial resources.
- Organizations often impose a cap on the maximum financial contribution per member to promote fairness and prevent disproportionate influence. This practice fosters inclusive participation and mitigates risks associated with concentrated financial control.
- Equity shares issued by cooperatives cannot be sold on the open market for a profit. Instead, if the organization allows redemption of shares, it is usually at their original face value, regardless of any appreciation in the organization's value over time. This setup ensures that all members are treated fairly and that the focus remains on the organization's mission rather than on financial speculation.
- Equity shares can be redeemed but they are not tradable, meaning that they cannot be sold to others. This policy ensures that ownership remains within the organization's membership and supports its stability and equitable principles (Johanisova & Wolf, 2012, p. 565).

These democratic principles, coupled with a more inclusive decision-making process, ensure that a broader spectrum of stakeholders is involved (Johanisova et al., 2013).

3. Empirical Analysis

We observe that few articles establish a connection between the ideal characteristics of a degrowth-oriented enterprise and social enterprises, an alternative business model often highlighted as promising within a degrowth context. To compare the characteristics of social enterprises with those of an ideal degrowth-oriented company, a series of interviews were conducted for this thesis. The objective of these interviews was to gather information on the characteristics of social enterprises that align with degrowth principles in order to compare them with the ideal characteristics of a degrowth-oriented enterprise identified in the literature.

The following sections present the methodology applied in conducting this study, as well as the results derived from the collected data.

3.1. Methodology

The objective of this section is to present the methodology used to collect the necessary data for the study on the characteristics of social enterprises aligned with degrowth principles. First, the type of data and the data collection method are discussed. Next, the criteria for selecting interviewees and the list of participants in the study are presented. Finally, the method of analyzing the collected data is explained.

3.1.1. Type of Data and Data Collection Method

The data collected for this thesis are **qualitative**. They were obtained through interviews with various individuals, whose profiles are outlined in the subsequent subsection. These interviews were conducted using a semi-structured approach. An interview guide was created to structure the interviews while allowing for flexibility according to the direction of the conversation with each respondent. The interview guide employed for these interviews is available in the appendices (see Appendix I)

The qualitative method allows for the use of open-ended questions with respondents, facilitating comprehensive discussions on specific topics. As learned in the Master Thesis Methodology course, this approach enables the collection of detailed, insightful information and provides a deeper understanding of complex issues. By encouraging detailed responses and exploring participants' perspectives thoroughly, qualitative methods help gather rich, nuanced data that reveals underlying patterns and themes.

3.1.2. Participants to the Study

Potential respondents were contacted via email. A total of 29 individuals were approached. They were selected either for their expertise on the topic of degrowth or for their involvement in the social economy, through their scientific work and/or their engagement with an active organization in the field. Additionally, some individuals were contacted based on referrals from other respondents.

Out of the 29 individuals contacted, nine responded positively and were interviewed for this thesis. The table below provides a brief description of the nine individuals interviewed.

Table 3: Overview of interviewees

Interviewees	Place	Duration	Description
Fanny Dethier	Online via Teams	1h01min	Fanny Dethier holds a master's degree from HEC Liège. She completed a doctoral thesis at the Center for Social Economy on the subject of transparency in non-profit organizations (ASBL) and is currently a postdoctoral researcher at ICHEC . She has also had the opportunity to work on the Brussels Donut project, which applies Kate Raworth's Donut model to the city of Brussels.
Timothé Miot	Online via Teams	53min	Timothé Miot graduated from a business school and is employed at Prophil , a mission-driven company specializing in consulting and research dedicated to the contribution of businesses to the common good.
Lucile Schmid	Online via Teams	52min	Lucile Schmid is the Vice President of La Fabrique Écologique , a think tank focused on political ecology and sustainable development. She has served as a local elected official, first as a Socialist and later as a member of Europe Ecologie – Les Verts (EELV) in Île-de-France. She is also the author of several essays on public elites, ecological issues, and Franco-Algerian relations.
Romain Gelin	Online via Teams	50min	Romain Gelin holds a master's degree in economics with a specialization in fair trade from France. He then completed an additional master's program in Belgium at the universities of Louvain-La-Neuve and Liège. He currently works at Gresea , a research and information center on international economics and its social, ecological, and cultural impacts, as well as on forms of resistance and alternatives to the dominant economic model. He is also the author of a book on degrowth titled « <i>Des limites de la transition : pour une décroissance délibérée</i> ».
Frédéric Dufays	Online via Teams	44min	Frédéric Dufays is a lecturer at HEC Liège and KU Leuven . His research primarily focuses on cooperatives, with a particular emphasis on their democratic aspects. In terms of teaching, he mainly covers research methodology and social innovation.
Philippe Roman	Online via Teams	33min	Philippe Roman is a lecturer at ICHEC Brussels Management School. His research covers a range of topics, including the functional economy, ecological economics, alternative GDP indicators, environmental policy, and transition studies.
Ho Chul Chantraine	By phone	35min	Ho Chul Chantraine is a project manager for Ceinture Alimentaire Charleroi Métropole (CACM) and a social enterprise advisor at SAW-B .
Martin François	Online via Teams	35min	Martin François holds a master's degree in environmental science and management. He worked for about a decade at Les Petits Riens before becoming a social entrepreneur and developing several social economy enterprises, including Permafungi and Neibo. He is currently pursuing a PhD on the topic of reducing inequalities in a post-growth world , specifically focusing on wealth limits as a public policy to address inequalities.

Quentin Mortier	Online via Teams	57min	Quentin Mortier is the co-director of SAW-B , an organization with a mission to advocate for and advance the social economy as a credible and concrete alternative to globalized neoliberal capitalism. SAW-B functions as a federation of associations and social economy enterprises, a consultancy agency for the development of social enterprises, and an organization for adult education.
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A complete transcription of each interview is available in the appendices (see Appendix II). These transcriptions were generated through the automatic transcription feature of Microsoft Teams and subsequently refined through a thorough review of the interviews by myself. These interviews were conducted in French, the native language of all respondents.

3.1.3. Data Analysis Method

The results from the interviews will be analyzed using the Gioia methodology, a systematic approach to qualitative research that ensures rigor in inductive analysis. This method involves a three-step process (Gioia et al., 2013). First, *1st Order Concepts* are identified by categorizing the responses in the participants' own terms, staying as close as possible to their language and perspective (Gioia et al., 2013). Next, these concepts are further analyzed to develop *2nd Order Themes*, which represent more abstract, theoretical interpretations of the data, linking the participants' views to broader concepts (ibid.). Finally, these themes are synthesized into *Aggregate Dimensions*, which are overarching categories that encapsulate the core findings of the research, providing a comprehensive understanding of the studied phenomenon (ibid.). This structured approach allows for a clear and robust analysis of qualitative data, offering valuable insights into the underlying patterns and dynamics.

3.2. Results

The objective of this section is to present the results obtained from the interviews conducted with the nine respondents.

This section is organized as follows: first, it provides a brief overview of the limitations inherent in the capitalist enterprise model, supported by insightful quotes from the interviewees. Following this, the characteristics of social enterprises identified as relevant in a degrowth context are presented through a comprehensive analysis using the Gioia methodology. Third, the weaknesses and challenges faced by social enterprises, as highlighted by the respondents, are examined to suggest potential areas for improvement in the model. Finally, the section concludes with a brief discussion on the potential for the expansion of the social enterprise model.

3.2.1. The Limits of the Capitalist Enterprise Model

“The alignment between economic and ecological objectives is currently quite challenging due to economic policies and corporate behaviors being primarily oriented toward the pursuit of short-term profits”.

This quote from one of the respondents illustrates a critical point: the focus on profit and returns on invested capital anchors the economy in a model of infinite growth, which is now approaching its limits. Shareholders' high-profit expectations place significant pressure on the entire company to continuously grow.

This perspective critically examines the power dynamics inherent in growth logic, where degrowth represents a challenge to these dominative and exploitative relationships – whether with nature or among humans. The recent prominence of degrowth reflects a convergence of two movements: the urgent crises of climate change and mass extinction, alongside concerns over resource scarcity and various forms of pollution. Simultaneously, there is a stark rise in inequality and disparities among different segments of the population. This dual realization underscores both the ecological constraints of growth and a diminishing recognition of its social benefits.

Considering the planetary boundaries, cited by many respondents as a factor facilitating the emergence of the degrowth paradigm, there is a critical need to rethink societal models, including business paradigms. The constraints imposed by ecological limits necessitate a reevaluation of how enterprises operate. This entails shifting away from models predicated on relentless growth toward approaches that prioritize sustainability, equity, and resilience.

As one respondent highlighted, "The social economy, as indicated by its very name, aims to combine social concerns with economic concerns". This perspective stresses the role of social enterprises in aligning business practices with broader societal and environmental objectives, exemplifying a shift toward more sustainable and equitable business models. The following subsection explores the characteristics of social enterprises identified by respondents, justifying their relevance in a world experiencing degrowth.

3.2.2. Characteristics of Social Enterprises Relevant in a Degrowth Context

The collected data enable the classification of the characteristics of social enterprises that make them a relevant model in a degrowth context, across three dimensions identical to those utilized in the literature review section. The three primary dimensions are the purpose of the organization, its size and geographical scope and its governance. It is important to note that a fourth dimension was presented in the literature review, which pertains to the values and practices of the organization. However, no key characteristics were identified for social enterprises within this dimension.

The Purpose of the Organization

The first dimension pertains to the purpose of the organization, which encompasses the objectives pursued by social enterprises. This dimension can be further elaborated upon through two themes. Firstly, social enterprises demonstrate a **nuanced approach to profit**, emphasizing a balanced approach that limits gains for investors and redirects profits toward further developing the organization for social purposes, rather than prioritizing profit maximization at all costs. Secondly, they **exist for the benefit of communities and society**, aligning their activities closely with addressing societal needs and contributing to human welfare.

Table 4: Key characteristics of SE in a degrowth context – Dimension 1: The Purpose of the Organization

The Purpose of the Organization		
Illustrative quotes	1 st Order Concepts	2 nd Order Themes
<p>“There is this question of putting profit in its proper place: which is that it does not outweigh the organization of a sustainable future”</p> <p>“Profit is a means to achieve a social purpose, so profit is not an end in itself, which already ticks one box”</p> <p>“The fact that profit is not the guiding principle or driving force for developing the enterprise”</p>	(1) SE have a strong de-emphasis on profit maximization	SE have a nuanced approach to profit
<p>“The social economy with a limit on capital remuneration can be a path”</p> <p>“The principle of the limitation on profitability can be very effective in reducing internal pressures for company growth”</p> <p>“A cooperative or an association is not created with the aim of maximizing capital returns”</p> <p>“I believe that in many organizations, there are indeed limits integrated. For example, limits on profit distribution that are specified in the statutes”</p>	(2) SE offer a limited return on capital	
<p>“Often, social enterprises operate at a break-even point or generate a modest profit, which they redirect toward their social objectives, reinvest or distribute, but in a limited manner”</p>	(3) SE reinvest their profits into the organization	
<p>“It really brings a different perspective when you wake up in the morning and go to work for the company; it's not about generating money for shareholders, but truly about contributing to society”</p> <p>“The mission of a social enterprise is primarily to address societal issues”</p> <p>“It is created because fundamentally, there is a community need that comes together within a structure and tries to meet that need”</p> <p>“It is primarily driven by a social purpose, which can include addressing well-identified needs of individuals, rather than growth for its own sake”</p> <p>“They are perhaps well-positioned in sectors that address fundamental needs, often those of individuals, and in this respect, they are also crucial for achieving the objectives of degrowth, which are to meet the social and human needs of the entire population”</p>	(4) SE aim to serve a social mission	SE exist for the benefit of communities and society

<p>“There is also an idea of using machines less, of reusing humans to the maximum extent possible”</p> <p>“We are in a system where technology, AI, etc., are advancing at an incredible pace, but we try to resist this trend by maintaining and creating jobs”</p> <p>“You can perhaps work less as well, if needs are limited, and therefore spend time doing other things”</p> <p>“There is this emphasis on humans before profit, which rehumanizes the economy and also resocializes the economy”</p>	<p>(5) SE place the human being at the core</p>	
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Let's first examine the specific elements that elucidate the **nuanced approach of social enterprises to profit**. This theme can be delineated by three precise characteristics presented below:

*(1) SE have a strong **de-emphasis on profit maximization***

Social enterprises fundamentally shift the traditional business paradigm by de-emphasizing profit maximization in favor of sustainability and societal impact. They focus on generating lasting positive impacts for communities rather than seeking immediate financial returns. Respondents highlight this perspective with the following quotes:

- “There is this question of putting profit in its proper place: which is that it does not outweigh the organization of a sustainable future”
- “Profit is a means to achieve a social purpose, so profit is not an end in itself, which already ticks one box”
- “The fact that profit is not the guiding principle or driving force for developing the enterprise”

This perspective underscores how social enterprises view profit as instrumental to achieving broader social goals rather than as the primary objective, aligning their strategies with sustainable development and societal well-being.

*(2) SE offer a **limited return on capital***

Social enterprises typically offer a restricted return on investment, reflecting their prioritization of social goals over financial gains and aiming to attract investors who are interested in participating in societal projects rather than solely pursuing profit-driven motives. Respondents emphasized this approach with insightful quotes that illustrate their perspective:

- “A cooperative or an association is not created with the aim of maximizing capital returns” underscoring the fundamental purpose of cooperatives and associations, which prioritize community benefit over maximizing capital returns for investors.

Another respondent expressed that this limitation on profitability can be very effective in reducing internal pressures for company growth, therefore paving the way toward degrowth-oriented strategies.

*(3) SE **reinvest their profits into the organization***

Social enterprises typically reinvest their profits into their core activities rather than distributing them to shareholders. This practice supports their mission by ensuring that funds are directed toward enhancing their social impact rather than yielding financial returns. As one respondent explained, “Often, social enterprises operate at a break-even point or generate a modest profit, which they redirect toward their social objectives, reinvest or distribute, but in a limited manner”. By channeling profits back into the organization, these enterprises prioritize long-term societal benefits and operational stability, aligning financial management with their overarching social goals. This reinvestment strategy enables them to sustain their efforts and further their impact over time.

The second aspect centers on social enterprises **existing for the benefit of communities and society**, characterized by two precise characteristics outlined below:

(4) SE aim to serve a social mission

Social enterprises are fundamentally oriented toward serving a social mission, as reflected in the motivations and activities of their members. As one respondent noted, “It really brings a different perspective when you wake up in the morning and go to work for the company; it's not about generating money for shareholders, but truly about contributing to society”. This statement emphasizes the shift from focusing on shareholder profits to making societal contributions. Another perspective highlights that “The mission of a social enterprise is primarily to address societal issues”, underscoring that their core purpose is to tackle social challenges. Additionally, social enterprises often arise in response to community needs, as expressed by another respondent: “It is created because fundamentally, there is a community need that comes together within a structure and tries to meet that need”. This grassroots origin reinforces their commitment to the well-being of the community. Collectively, these quotes illustrate how social enterprises integrate social responsibility into their core mission, striving to make meaningful contributions to society while prioritizing human welfare over profit maximization.

Furthermore, as one respondent noted, “They are perhaps well-positioned in sectors that address fundamental needs, often those of individuals, and in this respect, they are also crucial for achieving the objectives of degrowth, which are to meet the social and human needs of the entire population”. The choice of sector in which social enterprises operate is crucial, as it ensures that their activities contribute positively to societal well-being and sustainability.

(5) SE place the human being at the core

The core ethos of social enterprises revolves around placing the human element at the forefront of economic activities, as articulated by respondents. “There is also an idea of using machines less, of reusing humans to the maximum extent possible”, highlights a commitment to minimizing reliance on machines and maximizing human involvement. This approach not only emphasizes the importance of human labor but also supports the idea of integrating human-centric values into economic practices. Furthermore, respondents have noted that “We are in a system where technology, AI, etc., are advancing at an incredible pace, but we try to resist this trend by maintaining and creating jobs”, illustrating their dedication to preserving employment opportunities in the face of rapid technological advancements.

Furthermore, the idea that “You can perhaps work less as well, if needs are limited, and therefore spend time doing other things” promotes a balanced approach where reduced working hours can support employees in pursuing personal activities and maintaining a healthy work-life balance. This perspective aligns with the ethos of social enterprises that prioritize not only societal welfare but also the well-being and fulfillment of their workers, fostering a sustainable and supportive workplace environment.

Additionally, the following quote: “There is this emphasis on humans before profit, which rehumanizes the economy and also resocializes the economy”, reinforces the concept of prioritizing human well-being over profit motives, thereby humanizing and reintegrating economic processes with societal values. These perspectives collectively illustrate how social enterprises aim to foster a more humane and socially responsible approach to economic development.

Size and Geographical Scope

The second dimension refers to the size and geographical scope of social enterprises, capturing the scale and reach of their operations. This dimension can be further elaborated upon through two themes. Firstly, social enterprises often choose to **remain at a small scale**, maintaining close alignment with their original purpose and the communities they initially set out to serve. Secondly, social enterprises are integral **parts of their local ecosystems**, emphasizing local impact, engaging with local communities, and forming local partnerships.

Table 5: Key characteristics of SE in a degrowth context – Dimension2: Size and Geographical Scope

Size and Geographical Scope		
Illustrative quotes	1 st Order Concepts	2 nd order Themes
<p>“Social economy enterprises are generally small businesses”</p> <p>“Being a small and medium-sized enterprise (SME), which is often the case for social economy enterprises”</p>	(6) SE are small size enterprises	SE choose to remain at a small scale
<p>“A social enterprise may be better equipped than a large corporation during a period of degrowth because it already has a territorial presence”</p>	(7) SE are active locally	SE are part of a local ecosystem
<p>“If you work with local entities, you better understand the actors you work with, know their methods, and also their shortcomings. It is better controlled. You can ensure that you are working with actors who are aware of the impact of their activities”</p> <p>“Social economy enterprises generally work with local actors, and thus I think they have a better understanding of the impact of their activities on the environment”</p>	(8) SE prioritize local partnerships	

(6) SE are small size enterprises

Social enterprises frequently opt to operate on a small scale, which involves maintaining a size that allows them to stay closely aligned with their original purpose and the communities they initially set out to serve. As mentioned by one respondent, social enterprises are generally small businesses, which supports their focus on core values and reduces the risk of mission drift that can occur with significant expansion. Operating on a smaller scale enables social enterprises to foster deep, meaningful relationships within their original communities, ensuring that their services and products remain highly relevant and impactful. By not expanding excessively, these enterprises can maintain a high level of quality and attention to detail in their operations, which can be diluted in larger organizations.

Additionally, being small and medium-sized enterprises (SMEs), which is often the case for social enterprises, allows for greater organizational agility, enabling the enterprise to quickly adapt to changes and needs within the community.

However, some cooperatives may expand excessively, thereby deviating from their original focus. This limitation will be further elaborated in section 3.2.3.

Beyond maintaining a small scale, social enterprises are deeply integrated into their local ecosystems.

*(7) SE are **active locally***

Operating on a local scale offers significant advantages for social enterprises, especially during periods of degrowth. As one respondent noted, “A social enterprise may be better equipped than a large corporation during a period of degrowth because it already has a territorial presence.” This local presence allows social enterprises to stay closely connected with their communities, ensuring that their services and products are highly relevant and responsive to local needs. By avoiding the complexities of large-scale operations, they can maintain efficiency and adapt more easily to changing conditions. Additionally, their deep community ties foster trust and engagement, which can be crucial when growth is not feasible. In contrast, larger organizations may face difficulties in adjusting and sustaining operations during economic downturns.

*(8) SE prioritize **local partnership***

Social enterprises build strong local partnerships with community groups and businesses, which enhances their understanding of local actors, their methods, and their shortcomings. As one respondent noted, working with local entities allows for better control and awareness of the impact of activities. These collaborations enable effective monitoring and management of social and environmental impacts. By engaging with local partners, social enterprises gain clearer insights into the environmental effects of their operations, allowing them to mitigate these impacts more effectively. Such local ties are essential for ensuring that social enterprises fulfill their mission while positively contributing to community well-being and environmental sustainability.

Governance

The third dimension of social enterprises focuses on **governance** structures and decision-making processes, which are crucial elements shaping their operational dynamics. Within this dimension, two key themes emerge: democratic and participatory governance and management autonomy. **Democratic and participatory governance** highlights the inclusivity of stakeholders in decision-making processes, emphasizing democratic principles where all relevant parties have a voice in shaping the organization's direction and policies. On the other hand, **management autonomy** underscores the independence of social enterprises in operational decision-making, enabling them to swiftly respond to evolving challenges and opportunities within their respective fields.

Table 6: Key characteristics of SE in a degrowth context – Dimension 3: Governance

Governance		
Illustrative quotes	1 st Order Concepts	2 nd Order Themes
<p>“The social economy, in its definition, is based on the idea of involving various stakeholders in decisions related to the activity and the enterprise”</p> <p>“The social enterprise, through the participation of workers, allows for addressing social inequalities”</p> <p>“Workplace democracy, participation, and the fact that people generally have a voice in decision-making”</p> <p>“The fact that workers can have a say in their company [...], means that these workers will also be aware of these issues”</p>	(9) SE promote participation for all stakeholders	SE have a more democratic and participatory governance
<p>“The principle of one-person-one-vote can be very effective in reducing internal pressures for company growth”</p>	(10) SE regulate voting rights	
<p>“The question of management autonomy, not being subject to domination from suppliers or clients, not having directives from decision-makers, and not having shareholder dictates, I think these are all positive factors”</p> <p>“In production cooperatives where the members are also the workers, it is much easier because the workers themselves have the ability to make decisions regarding the company’s production”</p>	(11) SE allow for independent decision-making processes	SE have a strong management autonomy

(9) SE promote *participation for all stakeholders*

Social enterprises promote participation for all stakeholders in decisions regarding the enterprise. This participatory approach ensures that various stakeholders – employees, customers, and community members – are actively involved in the decision-making processes that shape the organization's activities and direction. Such inclusive practices are particularly advantageous from a degrowth perspective, as they facilitate a more equitable distribution of power and resources, thereby addressing social inequalities. By empowering workers and stakeholders to have a voice in organizational decisions, social enterprises foster workplace democracy and a collaborative environment, which aligns with the degrowth ethos of reducing inequalities and promoting sustainability. This participatory model not only enhances the overall fairness and transparency within the organization but also contributes to more sustainable and socially responsible practices.

The involvement of workers in the governance of social enterprises is crucial for enhancing their awareness of the broader impact of economic activities. By participating in decision-making processes, workers gain a deeper understanding of how their actions affect global issues and contribute to social inequalities. This increased awareness encourages them to make decisions that are consistent with the principles of degrowth, ethics, and respect for individuals worldwide. Consequently, this participatory model not only empowers workers but also ensures that the enterprise operates with a heightened sense of responsibility and global consciousness, reinforcing its alignment with the goals of sustainability and social equity.

(10) SE regulate voting rights

Social enterprises, within their various decision-making bodies, are characterized by the principle of "one-person-one-vote." A respondent highlights that this principle can be very effective in reducing internal pressures for company growth. By adopting this approach, social enterprises can prevent powerful minorities from imposing decisions solely focused on financial growth, thus better aligning the company's actions with its social and environmental goals.

(11) SE foster independent decision-making processes

Social enterprises foster independent decision-making processes by ensuring that management is not subject to external domination, such as directives from suppliers, clients, or shareholders. This autonomy allows for more self-directed and responsive governance. In production cooperatives, where members are also the workers, this independence is particularly effective, as workers have direct control over decisions related to production and organizational operations. Such a structure not only enhances operational efficiency but also supports the principles of degrowth by promoting self-management and reducing dependency on external pressures. By enabling decision-making that is free from external influences, social enterprises can align their practices more closely with ethical standards and sustainability goals.

In summary, we can say that social enterprises impose a series of limitations on themselves that align with degrowth principles. Financially, these enterprises set limits on profitability, restricting both organizational profits and dividend distributions to investors. Any generated profits are primarily reinvested into the development of the enterprise's activities.

Regarding governance, social enterprises also implement a form of power limitation. Through democratic and participatory governance principles and management autonomy, social enterprises prevent the concentration of power in the hands of a few individuals who may act in their own interests. Instead, power is distributed among various stakeholders, ensuring that everyone has a voice, in line with the principle of one-person-one-vote, which prevents any individual from having disproportionate influence.

Additionally, social enterprises often restrict their growth in size. By remaining generally small-scale organizations, they stay more faithful to their objectives and the needs of the communities they serve.

Finally, alongside these various limitations, social enterprises are driven by the mission to address fundamental social needs. Their activities are designed and developed to locally meet these essential needs. This local focus is crucial as it ensures a strong match between identified needs and the solutions provided, as well as improved management of the environmental impact of the enterprise's activities.

According to various respondents, these elements suggest that social enterprises have already grasped the key concepts and can be seen as inspiring examples pointing the way toward a more just society in harmony with the environment.

The strength of social enterprises also lies in the diversity and the number of changes they implement within their structures. Indeed, we observe a re-evaluation of profit through the limited remuneration of capital, a reconsideration of governance practices, and a reflection on the fundamental purpose of the enterprise, among other elements. These various practices are necessary collectively to initiate a systemic process of transition and transformation of the business model. Simply modifying one aspect of the enterprise without addressing the other facets will not result in a sufficiently profound transformation within the organization. Each element must be considered holistically and in conjunction with others to achieve meaningful change and impact.

Numerous characteristics closely correspond to those identified as ideal for degrowth businesses in the literature review, underscoring their pivotal role in positioning social enterprises as a pertinent model in a world transitioning toward degrowth. Additionally, specific characteristics of social enterprises have been identified, complementing the initial key findings highlighted in the literature review. The discussion section will include a comprehensive table comparing elements from the empirical analysis with those from the literature review.

3.2.3. How to Improve the Ideal Type of Social Enterprises?

No elements of irrelevance of the social enterprise model in the context of economic degrowth are mentioned by the respondents. However, some respondents highlight specific challenges, difficulties, or weaknesses that these enterprises may encounter, along with potential avenues for improvement to make the model even more relevant in light of degrowth challenges.

The primary weakness identified by respondents regarding actors in the social economy relates to collaboration. In a world experiencing degrowth, collaboration emerges as a pivotal element. However, numerous respondents underscored a notable **lack of collaboration among various actors within the social economy**. This deficiency in synergies and collaborations poses a significant concern: "The issue of synergies and collaborations. Which, for me, is a big question mark because I feel it is completely underutilized," stated one respondent. Consequently, this insufficient cooperation results in "missing the opportunity to truly mobilize and progress together," as highlighted by another respondent.

The second challenge concerns the ability of social enterprises to **effectively address environmental issues**, along with social concerns.

Originally, social enterprises were created to address social issues, with a pronounced emphasis on the social dimension compared to the environmental one. However, in recent years, a new wave of actors has emerged, still upholding strong social values while increasingly emphasizing environmental protection. Although environmental concerns were not initially a core characteristic of social enterprises, this aspect has gained significance and is now increasingly integrated into the actions of social economy enterprises. This evolution is logical, as climate change directly impacts the well-being of populations, making it inconsistent for an organization dedicated to improving people's welfare to engage in activities that harm the environment. Consequently, social enterprises, often pioneers and better informed about climate issues, strive to align their social and environmental missions. While the environmental dimension was not their original focus, increased awareness and information have gradually led a growing number of social enterprises to adopt environmental objectives. This shift reflects a collective awakening that has developed over decades, notably since the Rio Summit in the 1990s, where environmental issues began to gain significant attention on the global agenda.

To further implement the environmental dimension, several propositions have been made by the interviewees, such as establishing a framework to measure environmental impact and positioning social economy enterprises in terms of their environmental impact. Ultimately, this could allow for the **environmental dimension to be added to the principles of the social economy**. As highlighted by one respondent, social concerns often take precedence, and the challenge now is to reconcile environmental and social issues effectively.

These two elements—enhanced collaboration and a robust framework for environmental impact measurement—could significantly improve the social enterprise model, making it better suited for a world experiencing degrowth.

Two other challenges related to the growth of social enterprises and their potential deviation from original objectives highlight significant issues that these organizations face as they expand and compete in a capitalist market.

While social enterprises often embody principles of participation and power distribution, they are not always a guarantee of quality or alignment with their foundational values, as highlighted by respondents. One respondent mentions that some cooperatives have adopted somewhat extractive models, growing too large and straying from their core principles of participation and power distribution. Examples like Mondragon in the Basque Country, which has evolved into a multinational corporation with private subsidiaries, or Lactalis in France, originally founded as a cooperative

intended to benefit local dairy farmers and communities but now one of the world's largest dairy sellers, illustrate this complexity. Another respondent adds, "And I think that holds up very well up to a certain size of enterprise, but eventually, when power becomes too diluted or when the enterprise gathers realities that are too distant from the daily lives of people involved, we lose this grounding". This highlights a critical weakness: as cooperatives grow larger and more complex, maintaining their original values and community-centered focus becomes increasingly challenging. Thus, while social enterprises offer promising alternatives, there is no one-size-fits-all model in the context of degrowth, and each cooperative must be evaluated individually for its adherence to core values and community impact.

It is also important to note that today, social economy enterprises sometimes find themselves in competition with actors from the traditional economy who do not adhere to the same rules. This represents a constraint, not necessarily inherent to the social economy model itself, but rather due to the competitive environment in which these enterprises operate. The pressure of the economic market and the competitive nature of the current world make it challenging for social enterprises to uphold their exemplary model in the face of these external challenges. If we assume a **sudden degrowth scenario**, where economic contraction leads capitalist enterprises to continue prioritizing short-term profits and maintaining "business as usual" practices, social enterprises will likely face even greater difficulties. The resilience of capitalist enterprises to adapt to changing economic conditions could intensify competition, further marginalizing social economy enterprises. This scenario might exacerbate the struggle for social enterprises to maintain their integrity and mission amidst economic pressures.

Summarizing the last two challenges, it can be concluded that social enterprises represent a relevant model in a degrowth context if they effectively target niche markets and achieve a degree of autonomy from capitalist structures. Alternatively, a respondent suggested that establishing consistent regulations at higher levels—regional, federal, or European—could ensure a level playing field for all enterprises, further enabling the development of social enterprises in a world experiencing degrowth. This leads to the next point, that such regulations are crucial components of a **planned degrowth strategy**.

3.2.4. Social Enterprise, a Relevant Model that Can Thrive in a Planned Degrowth Economy in Developed Countries

The premise adopted in this thesis is that of a democratically planned degrowth. Naturally, a major question remains regarding how this degrowth will be orchestrated.

Firstly, it is evident that this degrowth must occur in developed **countries**, particularly in those of the Global North. For developing countries, the focus should instead be on pursuing a measured growth strategy to meet the needs of all, while avoiding surpassing environmental thresholds.

When examining the **organizations** within our economic system, it seems logical that this degrowth will be applicable to capitalist business models characterized by a relentless pursuit of profit at the expense of the environment, and likely active in the more polluting sectors of the economy. At the **sectoral** level, it also appears that degrowth will occur in the most environmentally harmful sectors. Certain forms of organizations and specific sectors of the economy, notably those engaged in social and ecological transition, may continue to grow despite the desired degrowth in other sectors.

Social enterprises, distinguished by their deviation from the profit imperative, emerge as a business model that may continue to develop, in contrast to traditional capitalist enterprises. Furthermore, social enterprises are often active in sectors with significant social and/or environmental ambitions.

Thus, it can be anticipated that, within the context of global degrowth, **these social enterprises could continue to expand** to address the social and environmental needs of the future. However, it is important to recognize that beyond a certain scale, there may be risks of deviations from initial values and power distribution. Consequently, the development of the social economy should not occur through the growth of existing enterprises but rather through the **proliferation** of the model by creating new local initiatives, promoting social economy practices within existing organizations, or exploring new sectors where the social economy is not yet active but remains vital. As noted by some respondents, the social economy appears as an inspiring model that could serve as a reference for broader adoption by other organizations. The challenge, therefore, is to determine how to encourage other enterprises to adopt social economy practices or join the social economy, thereby increasing the number of organizations involved and fostering collective movement.

Ultimately, the issue facing our society is not so much the existence of alternative models to traditional capitalist enterprises – such alternatives already exist –, and social enterprises, as discussed in this thesis, represent a potential alternative. The challenge lies in the democratic realm, where collective decision-making is often difficult. The potential for the proliferation of the social enterprise model will thus depend on the economic policies implemented within the framework of a planned degrowth. This underscores the critical role that regulatory authorities will play in economic planning that will crucially influence the behavior of all economic actors and create a more favorable environment for the social economy.

4. Discussion

The objective of this section is to analyze the relevance of social enterprises as degrowth businesses. Based on the interviews conducted for this thesis, eleven ideal characteristics of social enterprises have been identified. These will be discussed in parallel with the ideal characteristics identified in the scientific literature and the key concepts of degrowth to which they correspond. Whenever possible and relevant, connections are also drawn to the principles of the social economy and the EMES definition of social enterprise to validate the characteristics identified by the interviewees in light of the literature.

The gaps with some characteristics of degrowth-oriented enterprises identified in the literature and potential areas for improvement within the social enterprise model will also be addressed.

The eleven ideal characteristics of social enterprises identified from the interviews are summarized in the following table.

Table 7: *Characteristics of social enterprises*

<p>The purpose of the organization</p>	<p>(1) SE have a strong de-emphasis on profit maximization (2) SE offer a limited return on capital (3) SE reinvest their profits into the organization (4) SE aim to serve a social mission (5) SE place the human being at the core</p>
<p>Size and geographical scope</p>	<p>(6) SE are small size enterprises (7) SE are active locally (8) SE prioritize local partnerships</p>
<p>Governance</p>	<p>(9) SE promote participation for all stakeholders (10) SE regulate voting rights (11) SE foster independent decision-making processes</p>

The discussion is structured according to the three dimensions used in the analysis of the ideal characteristics of a degrowth-oriented enterprise.

4.1. Ideal Characteristics of Social Enterprises as Degrowth Businesses

4.1.1. Purpose of the Organization

The **first** characteristic identified as ideal for social enterprises within the context of degrowth is their strong **de-emphasis on profit maximization**. As highlighted by many respondents, social enterprises shift the traditional business paradigm by focusing on creating a sustainable future and fulfilling their social mission, with profits viewed as a means to achieve positive societal impacts. This approach is further supported by the "Charter of Principles of the Social Economy", which asserts that social and individual objectives should take precedence over capital. This principle from the Charter reinforces that, in social enterprises, profits are not an end in themselves but are used to advance wider social and community-focused goals.

This perspective is well-supported by literature on businesses operating in a degrowth context. According to degrowth scholars, a fundamental characteristic of businesses that aligns with degrowth principles is their transition from prioritizing profit maximization to focusing on social and environmental objectives (Khmara & Kronenberg, 2018; Nesterova, 2020). Nesterova (2020) identifies "Deviation from the profit maximization imperative" as a fundamental criterion for businesses functioning within a degrowth framework, highlighting the critical importance of transitioning from a focus on financial gains to advancing broader societal and ecological benefits. Social enterprises exemplify this criterion by embedding social and environmental goals into their core operations, using profits to advance these objectives rather than treating profit as the primary focus. Hinton (2021) further supports this by noting that not-for-profit models, such as those of social enterprises, are designed to prioritize social or environmental aims over financial returns.

This key characteristic of social enterprises aligns fully with the literature, emphasizing a first point of relevance by meeting a crucial criterion: reducing the emphasis on profit maximization while advancing social and environmental well-being. Furthermore, this characteristic underscores the role of social enterprises as not-for-profit businesses, dedicated to achieving broader societal goals rather than prioritizing financial gains.

Considering the core aspects of degrowth, it can be asserted that this characteristic of social enterprises is associated with four fundamental aspects: downscaling of production and consumption, frugal abundance, environmental sustainability, and well-being.

The **second** ideal characteristic of social enterprises as degrowth businesses is that they offer a **limited return on capital**, prioritizing social objectives over financial profits and attracting investors who prioritize societal impact rather than merely financial gain. The EMES definition of social enterprises supports this characteristic by noting that social enterprises typically limit profit distribution, which helps prevent the prioritization of profit maximization at the expense of the company's social mission. Additionally, this characteristic perfectly reflects the "Charter of Principles of the Social Economy," which highlights the importance of balancing the interests of members and users with the general interest.

Hinton (2021) also emphasizes the significance of implementing a non-distribution constraint within the context of degrowth. Such a constraint prevents profits from being diverted for private enrichment, ensuring that resources are directed toward achieving social benefits rather than personal financial gain. Social enterprises, by adhering to limited profit distribution, exemplify this principle, aligning closely with degrowth objectives by prioritizing societal impact over profit maximization.

This limited return on capital in social enterprises relates to degrowth's core aspects of frugal abundance and equitable redistribution of wealth.

The **third** characteristic is that social enterprises **reinvest their profits into the organization**, thereby enhancing their social impact and ensuring long-term stability. This aligns with the principles outlined in the "Charter of Principles of the Social Economy", which emphasizes prioritizing social objectives over capital, and allocating surpluses to sustainable development and improved services for members and the public.

This element is not specifically addressed in the literature on degrowth businesses. However, it can be closely linked with the non-distribution constraint outlined by Hinton (2021), which presupposes that if profits are not distributed to investors, they must be utilized for the development of the enterprise's activities, ensuring that the organization continues to pursue its social mission.

The focus here is therefore on equitable redistribution of wealth, relocalization of the economy and well-being.

The **fourth** characteristic identified as ideal for social enterprises within the context of degrowth is that they aim to **serve a social mission**. Social enterprises prioritize addressing societal issues and meeting community needs rather than generating profits for shareholders. This approach aligns with the EMES definition, which emphasizes their role in serving the community and fostering local social responsibility through collective initiatives. Similarly, the "Charter of Principles of the Social Economy" highlights the importance of social and individual objectives over capital interests. As a result, social enterprises aim to uphold their commitment to their social mission, focusing on achieving positive societal impact rather than maximizing financial returns.

Both Nesterova (2020) and Froese et al. (2023) underscore the importance for degrowth businesses to develop economic activities that address specific societal needs, thereby contributing to the enhancement of overall societal well-being.

Some respondents highlighted that social enterprises are established to meet specific community needs, emphasizing the importance of proximity to achieve a meaningful social mission. This view is supported by the literature, including Nesterova (2020), which argues that localization allows businesses to better align with local needs and preferences, thus enhancing their impact on societal well-being. Furthermore, one respondent noted that social enterprises focus on essential activities that address fundamental needs, avoiding superfluous endeavors. Nesterova (2020) supports this perspective by emphasizing that businesses should prioritize sectors that serve genuine societal needs in a pro-social and pro-environmental manner, thus aligning with sustainable practices.

This characteristic of social enterprises relates to degrowth's core aspects of frugal abundance, equitable redistribution of wealth, relocalization of the economy and well-being.

The **fifth** ideal characteristic of social enterprises as degrowth businesses is their focus on placing the **human being at the core** of their operations, which aligns with the literature highlighting the importance of flexible working conditions, meaningful work, and the development of human potential (Khmara & Kronenberg, 2018; Nesterova, 2020). This characteristic emphasizes reducing machine reliance, preserving jobs and balancing work-life dynamics.

Accordingly, this characteristic is about degrowth's core aspect of well-being.

4.1.2. Size and Geographical Scope

The **sixth** characteristic of social enterprises is that they are typically **small size enterprises**. Respondents emphasized that social enterprises, often small in size, remain closely aligned with their original mission and communities. This smaller scale allows them to maintain the quality of their services and adapt quickly to local needs, while avoiding mission drift.

The **seventh** ideal characteristic of social enterprises as degrowth businesses is that they are **active locally**. As local actors, social enterprises benefit from a strong territorial presence, making them more resilient during periods of degrowth. Their deep community roots enable them to effectively address local needs, maintaining trust and engagement within their communities.

The literature supports the respondents' views by advocating for small, locally-rooted enterprises as crucial for a degrowth economy. Johanisova et al. (2013) and Nesterova (2020) emphasize that these businesses generate positive externalities like stable employment and sustainable resource use and that their deep community integration enhances both efficiency and employee wellbeing, making them well-suited to meet local needs in a degrowth context.

While the small size of social enterprises can be associated with degrowth's core aspects of frugal abundance, environmental sustainability and well-being, the fact that they are active locally relates to core aspects of relocation of the economy and environmental sustainability.

The **eighth** characteristic identified as ideal for social enterprises within the context of degrowth is that they prioritize **local partnerships**. By prioritizing these collaborations, social enterprises gain a deeper understanding of their social and environmental impacts, enabling them to manage and mitigate these effects more effectively while enhancing their contributions to community well-being and sustainability.

Although the literature does not explicitly address local partnerships, it emphasizes the importance of collaboration, which aligns with the broader idea of fostering strong, community-based relationships to address environmental and social challenges (Banerjee et al., 2021; Schmid, 2018; Froese et al., 2023; Bocken & Short, 2016).

Considering degrowth's core aspects, this characteristic of social enterprises is about the relocation of the economy, environmental sustainability and well-being.

This alignment between the literature and the practices of social enterprises in terms of their size and the geographical scope of their activities demonstrates that they are well-suited as an alternative model in an economy focused on degrowth.

4.1.3. Governance

The **ninth** ideal characteristic of social enterprises as degrowth businesses is their emphasis on **participation for all stakeholders**, ensuring that various stakeholders – employees, customers, and community members – are actively involved in the decision-making processes that shape the organization's activities and direction.

The **tenth** characteristic involves the **regulation of voting rights** through a "one-person-one-vote" system, ensuring that decisions are not dominated by powerful minorities focused on financial growth.

The **eleventh** characteristic identified as ideal for social enterprises within the context of degrowth is that they foster **independent decision-making processes**, ensuring that management remains free from external domination.

The ideal characteristics of social enterprises regarding their governance structure are well-supported by the "Charter of Principles of the Social Economy" and the EMES definition of social enterprise. The Charter emphasizes democratic control by members and autonomous management, ensuring that organizations remain independent from public authorities. Similarly, the EMES definition highlights the importance of equitable decision-making through the "one member, one vote" principle, alongside participatory management practices that actively involve stakeholders in governance. These elements collectively ensure that social enterprises maintain an inclusive and democratic organizational structure.

The characteristics of social enterprises, such as stakeholder participation, "one person, one vote" governance, and independent management, align closely with the principles highlighted in the degrowth literature, which advocates for democratic, participatory, inclusive, transparent, and purpose-driven governance. Democratic governance is central to degrowth enterprises, redistributing decision-making power to prevent domination by a powerful minority. The "one person, one vote" system ensures equitable representation and prevents financial growth-focused decisions. Stakeholder participation, emphasized by scholars like Khmara and Kronenberg (2018), ensures decisions reflect the needs of employees and communities rather than investors. Independent management, free from external control, is crucial for maintaining the organization's values and societal objectives.

In conclusion, the strong alignment between social enterprises and democratic, participatory, and autonomous governance principles further underscores the relevance of social enterprises as models for degrowth. By embodying these practices, social enterprises support a transition toward a more sustainable, equitable, and resilient society.

For these three characteristics of social enterprises related to governance, the focus is on degrowth's core aspects of equitable redistribution of wealth and participatory governance.

Table 8: Ideal characteristics of social enterprises as degrowth businesses and related degrowth principles

	SE characteristics in a degrowth context	Degrowth businesses in the scientific literature	Degrowth principles
Purpose of the organization	(1) SE have a strong de-emphasis on profit maximization	Alternative approach to profit (Hinton, 2021; Khmara & Kronenberg, 2018; Nesterova, 2020) overcoming economic growth dynamics (Froese et al., 2023) – Deviation from profit maximization imperative (Khmara & Kronenberg, 2018) – Not-for-profit (Hinton, 2021)	<ul style="list-style-type: none"> - <i>Downscaling of production and consumption</i> - <i>Frugal abundance</i> - <i>Environmental sustainability</i> - <i>Well-being</i>
	(2) SE offer a limited return on capital	Limited return on capital – Non-distribution constraint (Hinton, 2021)	<ul style="list-style-type: none"> - <i>Frugal abundance</i> - <i>Equitable redistribution of wealth</i>
	(3) SE reinvest their profits into the organization	/	<ul style="list-style-type: none"> - <i>Equitable redistribution of wealth</i> - <i>Relocalization of the economy</i> - <i>Well-being</i>
	(4) SE aim to serve a social mission	Orientation toward societal well-being (Froese et al., 2023; Nesterova, 2020) – answering the real needs of society through embeddedness with communities and operating in desirable sectors (Nesterova, 2020) Equitable wealth distribution, directing activities for marginalized groups of individuals (Froese et al., 2023)	<ul style="list-style-type: none"> - <i>Frugal abundance</i> - <i>Equitable redistribution of wealth</i> - <i>Relocalization of the economy</i> - <i>Well-being</i>
	(5) SE place the human being at the core	Happiness and well-being of workers via flexible working conditions, reduced working hours, meaningful work and development of human potential (Khmara & Kronenberg, 2018; Nesterova, 2020)	<ul style="list-style-type: none"> - <i>Well-being</i>

Size and geographical scope

(6) SE are small size enterprises	Maintaining a small scale (Johanisova et al., 2013; Nesterova, 2020) – SMEs (Gebauer, 2018; Hinton, 2021) – concept of right-size business (Reiche & Seeberg, 2011)	<ul style="list-style-type: none"> - <i>Frugal abundance</i> - <i>Environmental sustainability</i> - <i>Well-being</i>
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(7) SE are active locally	Locally embedded enterprises (Johanisova et al., 2013; Nesterova, 2020)	<ul style="list-style-type: none"> - <i>Relocalization of the economy</i> - <i>Environmental sustainability</i>
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(8) SE prioritize local partnerships	Engage in and promote strong collaboration between firms (Banerjee et al., 2021; Schmid, 2018; Froese et al., 2023; Bocken & Short, 2016)	<ul style="list-style-type: none"> - <i>Relocalization of the economy</i> - <i>Environmental sustainability</i> - <i>Well-being</i>
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(9) SE promote participation for all stakeholders	Democratic, participatory, inclusive, transparent, and purpose-driven governance (e.g., Froese et al., 2023; Hinton, 2021; Khmara & Kronenberg, 2018)	<ul style="list-style-type: none"> - <i>Equitable redistribution of wealth</i> - <i>Participatory democracy</i>
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Governance

(10) SE regulate voting rights	Democratic, participatory, inclusive, transparent, and purpose-driven governance (e.g., Froese et al., 2023; Hinton, 2021; Khmara & Kronenberg, 2018)	<ul style="list-style-type: none"> - <i>Equitable redistribution of wealth</i> - <i>Participatory democracy</i>
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(11) SE allow for independent decision-making processes	Democratic, participatory, inclusive, transparent, and purpose-driven governance (e.g., Froese et al., 2023; Hinton, 2021; Khmara & Kronenberg, 2018)	<ul style="list-style-type: none"> - <i>Equitable redistribution of wealth</i> - <i>Participatory democracy</i>
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4.2. Gaps and Potential Areas for Improvement within the Social Enterprise Model

While the literature has highlighted the importance of the **environmental aspect** in the goals pursued by enterprises and the need for organizations to implement eco-friendly practices in their production processes to mitigate their environmental footprint, as well as that of their consumers, this element has not been identified as a key characteristic of social enterprises by the respondents. Furthermore, looking at the EMES definition of social enterprises, the environmental aspect is not part of the defining aspects of social enterprises.

However, as discussed by the respondents in this study, social enterprises are undoubtedly increasingly aware of this dimension and integrate it into their strategic thinking and business development. Nevertheless, this could be an aspect worth incorporating into the definition and criteria for social enterprises to strengthen their alignment with degrowth principles and environmental concerns, which are central to current global issues.

Moreover, although respondents noted that social enterprises prioritize local partnerships, they also pointed out a potential lack of synergies and **collaboration** among actors in the social economy. This is a critical aspect of degrowth-oriented enterprises identified by numerous authors, including Froese et al. (2023), who argue that collaboration among various actors can effectively address these challenges, set a positive example for others, and promote shared values and sustainable practices. This highlights another area for improvement within the social economy. Enhancing collaboration among actors who are united around a common societal project can improve overall practices within the sector and support the development of new social economy enterprises.

Finally, the ideal characteristics of social enterprises identified by the respondents align with three of the four dimensions of degrowth enterprises recognized in the literature. As previously mentioned, no elements related to the fourth dimension – organizational values and practices – were identified by the respondents. This is likely because these practices are more specific, vary among enterprises, and are probably better observed through case studies. This aspect is discussed in the limitations of this thesis.

4.3. Contribution to Literature

This thesis compares the characteristics of social economy organizations with the ideal characteristics of a degrowth enterprise. It identifies the features of social enterprises that are perceived as ideal within a degrowth context by experts in degrowth and/or the social economy and compares these characteristics with the ideal traits of a degrowth enterprise as identified in the literature on degrowth businesses.

Additionally, it provides an analysis of the connections between these ideal characteristics of the social economy and key concepts of degrowth. Seven key degrowth concepts were defined in this thesis and are linked to each of the ideal characteristics of the social economy.

These elements are synthesized in Table 8, which draws parallels between the characteristics of social enterprises, the ideal traits of a degrowth enterprise, and the key degrowth concepts associated with these ideal characteristics of social enterprises.

5. Conclusion

This thesis offers numerous insights regarding the functioning of the economic system within which our societies operate.

Firstly, at the macro level, this economic system is predominantly driven by the imperative of GDP growth as its central objective, shaping the economic policies that are implemented. At the corporate level, this is reflected in the pursuit of profit maximization, while at the individual level, it is embodied in the relentless quest for ever-greater personal wealth by investors. However, it has become increasingly clear over the past few decades that such economic growth no longer supports a society in harmony with nature and humanity. Human activities are significantly contributing to systemic planetary changes, including rising pollution, increasing temperatures, and a growing frequency and severity of natural disasters. Concurrently, social inequalities are continuing to escalate, with economic growth proving incapable of improving the economic situation of the poorest. Considering the ecological and social emergencies the world is facing, it has become imperative to move beyond this outdated economic model.

This thesis examines the degrowth paradigm as an alternative to the current unsustainable economic system that threatens humanity's survival. Degrowth is a multifaceted concept that aims to address the challenges of today and tomorrow, serving as a means of transitioning toward a more harmonious society in balance with the environment. In this thesis, we adopt the definition provided by Demaria et al. (2013), which encapsulates various aspects of degrowth: "Degrowth challenges the hegemony of economic growth and calls for a democratically led redistributive downscaling of production and consumption in industrialized countries as a means to achieve environmental sustainability, social justice, and well-being." The objective is clear: to establish a new economy where humanity coexists harmoniously with nature, decisions are made collectively and democratically, wealth is equitably distributed, and the fundamental needs of every individual are fully met.

The transition to a degrowth economy requires the implementation of numerous policies. The aim of this thesis is to focus on one particular policy: the reform of the business model. The analysis of the literature on this subject has identified several ideal characteristics of a degrowth-oriented enterprise.

Finally, we focused on a specific business model: the social enterprise model. The objective was to analyze its relevance as a degrowth-oriented enterprise.

To achieve this objective, a study was conducted involving nine experts in degrowth and/or the social economy. These interviews highlighted 11 key characteristics of the social enterprise model that align with the degrowth paradigm.

These organizations break free from profit-driven imperatives, defining their purpose in service of local communities and society at large. Often characterized by their smaller size, they maintain close relationships with their members, beneficiaries, and partners, and are managed democratically, with a strong emphasis on management autonomy.

Considering the ideal characteristics of a degrowth enterprise identified in the literature and the core aspects of degrowth defined in this thesis – including the *downscaling of production and consumption, frugal abundance, equitable redistribution of wealth, relocation of the economy, environmental sustainability, well-being, and participatory governance* –, it can be concluded that social enterprises exhibit numerous attributes that make them highly relevant as degrowth-oriented enterprises.

However, although the environmental aspect is identified as a key characteristic of degrowth-oriented enterprises, it is not a defining feature of social enterprises, even though they exhibit a high level of awareness regarding these issues. This aspect could be incorporated into the principles and characteristics that define the social economy and social enterprises. For instance, a potential evolution

could be to define social enterprises as both social and sustainable enterprises. Additionally, a potential lack of cooperation among actors in the social economy has also been identified. This is a crucial element for degrowth enterprises that could be improved within the social economy sector to enhance its development and expansion. As a relevant model for degrowth, the social enterprise model presents significant potential for growth and expansion, which could yield numerous benefits for the well-being of both humans and the environment.

5.1. Limitations of the Thesis

It is important to note that the results of this thesis should be interpreted with caution for several reasons.

Firstly, this study was conducted with a non-representative sample of nine respondents, each with their own area of expertise and personal convictions – some being more specialized in degrowth issues, while others focus on the social economy. Therefore, the empirical findings are based on the knowledge, experiences, and perceptions of these individuals and do not constitute a practical case analysis of the social economy model.

The second limitation concerns the way in which my empirical analysis was conducted. Since I did not establish a list of the ideal characteristics of degrowth enterprises before beginning this empirical phase, I started the interviews with a blank slate, without specifically framing my questions around a predefined list of criteria that a social enterprise should meet to align with the degrowth paradigm. Better preparation could have allowed for a more structured approach to my study. This limitation has highlighted the elements that were not discussed in sufficient detail during the interviews and leads me to the next section on potential future research that may emerge from this thesis, including the possibility of targeting a different group in future empirical work.

5.2. Potential Future Research

The first potential avenue for future research is a practical case study of social economy enterprises. Such a study could help validate a broader range of specific criteria identified in the literature that were not mentioned by the respondents in this study.

For instance, the concept of "sobriety," which was mentioned by one respondent, could be analyzed in some case studies to address the following question: Do social enterprises encourage their consumers to adopt more sober consumption habits?

Another aspect to explore is the educational role of social enterprises in raising awareness among various stakeholders. While it is likely that social enterprises play this role, it should be confirmed through case studies or even impact analyses, which would require more extensive research.

A second research direction could focus on other alternative business models. The objective of this thesis was to assess the relevance of social enterprises, but there may be other business models better suited to the degrowth paradigm.

Finally, one aspect not addressed in this thesis concerns the policies needed to transition toward a degrowth economy. What are the ideal macro-level policies for a degrowth context? More specifically, what policies should be implemented to promote the expansion of the social economy or other business models better aligned with the challenges of our societies and the principles of degrowth?

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Executive Summary

This thesis explores the ideal characteristics of a degrowth-oriented enterprise, with a particular focus on the social enterprise model. The broader context of this study is a growing awareness of the limitations inherent in a growth-centered economic model, which has increasingly led to environmental and social crises. The research begins with a literature review that traces the historical evolution of the concept of economic growth and highlights the environmental and social challenges posed by this model. Degrowth, defined as a deliberate reduction in production and consumption, is proposed as a viable alternative that emphasizes environmental sustainability, social equity, and well-being over the continuous expansion of GDP.

The primary objective of this thesis is to identify and evaluate the characteristics of an enterprise that could thrive in a degrowth context. The study focuses on social enterprises, which are considered a potentially relevant business model for degrowth. Through empirical analysis, including interviews with experts in the fields of degrowth and/or the social economy, the thesis examines the relevance of the social enterprise model in relation to the ideal characteristics of a degrowth-oriented enterprise and the core aspects of degrowth.

This research aims to contribute to the understanding of the dynamics between degrowth and business models by providing insights into how companies, particularly social enterprises, can be organized to align with sustainability and economic transition goals.

Keywords: Degrowth, social enterprises, degrowth-oriented enterprises, social economy, environmental sustainability.

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