Social innovation institutionalization: the paradoxical negotiation of institutional voids. The case of French local and complementary currencies

Delphine Gibassier
Université de Toulouse, Toulouse Business School
20, Boulevard Lascrosses
31068 Toulouse Cedex 7
France
d.gibassier@tbs-education.fr

Bruno De Menna
Sol-Violette Local & Complementary Currency Coordinator (Toulouse)
1, Allée Marc Saint-Saëns
BP 73657
31036 Toulouse Cedex 1
France
contact@sol-violette.info
demennabruno@gmail.com

Diane-Laure Arjaliès
Assistant Professor
Ivey Business School at Western University
1255 Western Road
London, ON, Canada, N6G 0N1
darjalies@ivey.uwo.ca

Abstract

Our research investigates how a social innovation, here local and complementary currencies (LCC), is negotiated between different actors towards its official "recognition". Our research follows through from the birth of the first "modern" local currencies in France on to the negotiations that affected the official recognition of local currencies through the 2014 "ESS Law[1]". We investigate the negotiations among diverse actors in a social innovation process, to decide what should be recognised as a "local complementary currency" in France. As the first local currencies emerged, they created an institutional void to be able to exist in a highly structured and institutionalized context. The boundaries of the institutional void in which local currencies exist since 2010 have been constantly renegotiated in the past five years leading up to the ESS law. Therefore, our research question is: What role do institutional voids play in social innovation processes and how do they influence actors in the fieldwork? Under which conditions an institutional void can favour or restrain social innovation in a highly institutionalized context? Through participant observation, interviews and collection of secondary data, we contribute to understand how social innovations develop in highly structured and institutionalized contexts, and what role institutional voids play in their development.

Keywords: local and complementary currency, institutional void, social innovation

[1] In 2014 in France, a Law was voted on the social and solidarity-based economy. This law includes two articles that concern local and complementary currencies. Added to that, an official report has been drafted on local and complementary currencies.

Introduction

Social innovation refers to the process of developing and implementing novel solutions to social problems (Phills Jr, Deiglmeier, & Miller, 2008) that often involves re-negotiations of settled institutions among diverse actors with conflicting logics (Bakker, Dorado, Marti, van Wijk, & Zietsma, 2014). While micro-finance (Dorado, 2005), fair trade (Nicholls, 2010), socially responsible investment (Arjalies, 2010) and responsible finance (Chateau Terrisse, 2013) have all been objects of inquiry, local and complementary currencies experimentations have not yet been an empirical focus of organization studies, although these social innovations actively participate in the reorganization of organizational fields. As a social innovation, local and complementary currencies can be defined as *"local exchange devices of goods, services and knowledge organized around a specific currency that allows both to evaluate and to pay off exchanges"* (Blanc & Fare, 2012). Through their existence and the timing at which they appear, theses currencies deeply question our conventional wisdom on economic development (North, 1998) at different levels. The legitimacy of capitalism as a form of society based on private ownership of productive resources has progressively been put into question through more and more recurrent and disrupting economic and financial crisis (Adler, 2001). Initiators of social innovations, such as local and complementary currencies, question our current model of development – mainly influenced by western thinkers – at three different levels: environmental sustainability, growing inequalities and excessively high volatility of financial markets. These three challenges are somehow linked to a problem of collective representations about what is exactly *wealth* and how do we *value*[2] it. Therefore, our empirical focus is on "citizen-led […] initiatives, which challenge conventional wisdom on economic development" (North, 1998), that is to say local and complementary currency models.

The literature on local and complementary currencies has mainly focused on how they contribute to the development of a more sustainable localised economy (North, 1998) that is the potential impact this social innovation could have in challenging the current economic system, and on describing the different projects that have developed and, in particular, the LETS in Great Britain (Cooper, 2013; North, 1998, North, 2006, North, 2007; Williams, 1996) and the barter system of Argentina (Primavera, 2007).

However, it has not yet been approached from an institutional perspective, taking a field approach to enlighten the positions and interdependency of the actions of the different constituents of the local and complementary field (Wooten & Hoffman, 2008). Institutional theory has in the past few years been tackling how institutional change happens through theoretical developments such as institutional entrepreneurship (Battilana, Leca, & Boxenbaum, 2009), institutional work (Lawrence & Suddaby, 2006) and most recently institutional voids (Mair, Marti, & Ventresca, 2012; Mair & Marti, 2009). Institutional change around social innovations tends to be confronted to constant re-negotiations and conflicting logics. As the first local currencies emerged, they created an institutional void to be able to exist in a highly structured and institutionalized context. The boundaries of the institutional void in which local currencies exist since 2010 have been constantly renegotiated in the five years leading up to the ESS law. Therefore our research questions are: what role do institutional voids play in social

[2] Knowing that the etymological root of the word *value* is "in good health" and "strength of life".

innovation processes and how do they influence actors in the fieldwork? Under which conditions an institutional void can favour or restrain social innovation in a highly institutionalized context?
We contribute to our understanding of institutional voids in showing that they exist in very institutionalized fields, here currency. We analyze how actors use institutional voids to innovate socially, that is, how they provide them space to make social innovation happen. The negotiation of the institutional void between the representatives of the institutions in France and the field of local and complementary currencies reveal a paradoxical definition of the void by each party. The first group believes they have marginalized the social innovation, one group of innovators believe they have upheld their freedom of experimentation, and finally the last group believe it can transform the void into an institutionalization opportunity. We finally discuss the impact of institutional voids in the question of mainstreaming of social innovations.

The paper proceeds as follows: section (1.) reviews the literature on social innovation sustainability and mainstreaming. Section (2.) presents our theoretical framework of institutional void and institutional work. Section (3.) describes our research design. Section (4.) presents the case findings and describes the four institutional voids the social innovation "local complementary currency" has lived through since the inception of the innovation. The last section (5.) discusses the case findings before conclusion.

1. Social innovation and "wicked problems"

We plan to build our literature review on how social innovation embed themselves and mainstream (or not). For the moment, we have only been able to review a small amount of literature on LCCs…

The clash of logics permeates the failure of different social innovation projects. For example, within the "LETS" project in Great Britain, different "logics" collided: "LETS presented a community-building, gift-based alternative to the alienated rationalities and social recklessness of capitalist time. In the other, LETS functioned as a bridge, compatible with, indeed helpful for, mainstream labour-market time – particularly thanks to its capacity to 'retool' the less employable" (Cooper, 2013). In Argentina, Primavera (2007) describes how two models started to fight: one that wanted to "do business" and turn into a "Central Bank", the other – utopian – who claimed to redistribute wealth and eliminate "the commodity money".

2. Institutional voids and "wicked problems"

Institutional research is well positioned to study the interface between business and society, and in particular has offered insights on environmental "wicked problems" (Bertels, Hoffman, & DeJordy, 2014; Hoffman, 1999) and has documented the efforts to alleviate social problems (Nicholls, 2010; Dorado, 2013). Within institutional theory, concepts such as *social movements* (Arjalies, 2010; Lounsbury, Ventresca, & Hirsch, 2003), *social entrepreneurship* (Dorado, 2013), *institutional logics* (Chateau Terrisse, 2013), *frame mobilization* (Nicholls, 2010) and *institutional work* (Bertels et al., 2014; Gibassier, 2015) have been mobilized to express different facets of social and environmental problems' alleviation.

We further the study of social innovations within institutional theory by focusing on the negotiation process around the local and complementary currency project in France and, in particular, the role played by the constitution of an institutional void (Mair et al., 2012; Mair & Marti, 2009) in this negotiation process. Institutional arrangements consist of complex interlocks of formal institutions which enable and constraint activity, determining "the rules of the games" (Mair et al., 2012). Institutional voids occur amidst institutional plurality. They are defined as analytical spaces, which result from conflict and contradiction among institutional bits and pieces from various spheres (Mair et al., 2012). Our research questions are as follow: what role do institutional voids play in social innovation processes and how do they influence actors in the fieldwork? Under which conditions an institutional void can favour or restrain social innovation in a highly institutionalized context?

Our contributions are twofold. First, we analyze how actors use institutional voids to innovate socially, that is, how they provide them space to make social innovation happen. Therefore, we extend our knowledge of the role of institutional voids in the development of social innovations as not only a driver of exclusion (Mair et al., 2012) but also a driver for social innovation diffusion. Voids can be the turf for institutional logics battle, disputed between established institutions and the emerging social innovation. While established institutions are trying to use voids as a means of exclusion, a group of innovators is using the institutional void to protect their right to experimentation. Additionally, another group of innovators is trying to overcome the void and to transform it into an institutional lever to diffuse and institutionalize the social innovation. Second, we contribute to our knowledge of how institutional voids matter in developed economies, when this analytical space has been developed in the case of developing economies (Ahlstrom & Bruton, 2006) and base of the pyramid markets (Seelos & Mair, 2007).

Research design

Our focus is on the social innovation "local and complementary currency" and how it manages to survive within a highly institutionalized context. To be able to research the development of this social innovation at the field level, we gathered information at the local level (interviews/research action/non-participant observation), at the social movement level (interviews/research action/non-participant observation, secondary data analysis), and at the national governmental level (interviews and secondary data analysis).
Our main source of data is the experience gathered by one of the authors who has been active in a local social and complementary currency project for over three years. Fieldwork requires "close engagement, rather than objective, distanced capture" (Ahrens & Chapman, 2006). Through research action, we were able to gain access to the discourse and action among members of the field (Jonsson & Lukka, 2007). On the other side, the other researcher was able to observe the field through a one-year period of observation, without "going native". The observation was conducted through attendance (and recording) of 15 local meetings and two national movement meetings. This way, our analysis is enriched by the two authors' distinct but above all complementary points of view.

We complemented our data gathering through interviews with actors of the field in France. These interviews allowed to highlight processes and "how questions revealing the logic of actions" (Blanchet et al. 2007). We did 29 interviews in total. We questioned LCC members (often volunteers managing LCCs) on the birth of their LCC, whether they looked for partners (local authorities, banks), how the project had evolved, their involvement in either of the two movements, whether they participated in the 2014 interministerial audit of LCCs in France, their point of view on the law, and the impact of the law on the future development of their LCC and new LCCs. We had tailored questionnaires for the 8 remaining interviews of the movement coordinators and the people involved at the government levels.
Finally, secondary data has been gathered from the Toulouse local currency project "Sol Violette" (meeting minutes, communication), the press as well as the official websites of the two French movements dedicated to local currencies, namely the "Local and Complementary Currencies platform" and the "national SOL movement". Data was also gathered from the French state websites on the negotiations of the ESS law in 2014. Gathering data from the websites allowed to retrace the debates linked to the acknowledgment, the legality and legitimacy of LCCs, especially on the LCC platform website. As the Sol Violette was one of the first LCCs in France and a major actor of the interaction of the LCC movement with authorities, their documents allows to retrace the discussions between 2011 and 2014.

INSERT TABLE 1 ABOUT HERE

Data was analyzed using qualitative coding software named Atlas, very similar to NVivo. Data was coded according to the different four phases of negotiation of the institutional voids from 2011 to 2014. Then, we coded the different boundaries setting elements (such as the territory, the membership…) that changed from period to period. Finally, we coded elements of definition of what an LCC is according to the different actors, elements of an LCC experimentation (such as funding, getting employees, defining the name, getting involved with local authorities, the liquidity of the LCC, etc.)

1 The case study: local and complementary currencies in France

1.1 A historical lens on LCCs in France

Plurality of currencies has been the norm in the early French monetary system throughout its history. The first engraved currencies appeared in the fourth century before Christ in the course of which each Gallic community already used to strike their own coins, and the Middle Ages witnessed the coexistence of many different currencies. The first "Franc" (as the former French currency prior to the Euro) was institutionalized in 1360, as France ended a war with England (Baltazard, 1956). On April 7th 1803, the charter of the Franc was proclaimed as the currency of account and as the real currency (Baltazard, 1956).
At the beginning of the twentieth century, a first early experimentation of a "local currency" had been set up as in the town of Nice. An "auxiliary currency" (Derudder, Holbecq, & Rabhi, impr. 2011) was created in 1933 by a group of shopkeepers. In the economic stagnation at the time, the idea of this affected currency was to issue exchange vouchers – called *bons-valor* – in order to hold down hoarding phenomena within the local economy. Each month, a stamp was affixed on vouchers to incite holders to spread

them by purchasing goods. Similarly to the concept of negative interest money proposed by Silvio Gesell in 1916, the *valor* aimed at stimulate economic activity by speeding up money circulation. In view of the success of the project, the use of the *valor* was forbidden by an illegal intervention of the Banque de France leaded by Joseph Paganon, then Minister of the Interior under the Laval government.
After the Second World War, other stamp-currencies were implemented in France like the purchase vouchers of Lignières-en-Berry (Centre-Val de Loire region) in 1956, and in 1958 in the region of Poitou-Charentes with the aim to "modernize and develop economic and commercial activities within the region" (Derudder et al., impr. 2011). In 1958, Antoine Pinay, then minister of Finance ended the successful experiment of the Lignière en Berry local currency. According to him, there was no room for other currencies than the Franc on the national territory. A specific section of the law was inscribed within the penal code (L442-2[3]), and although revised, still exist (ADESL, 2013). The mayor of the town gave this telling answer about the reaction of the state: "because it worked too well and that the French government was afraid that the experiment would inspire others (to do the same)"(Schreiner, 1979).

1.2 "Modern" local and complementary currencies in France

LCCs can be considered as political tools able to promote different values in the economic realm from neoliberal ones (Helleiner 2000). These currencies also aim at unlatching imaginary of human communities about money (Viveret 2012) and thinking about what could be done collectively in order to change 'money-as-usual' (Dittmer 2013), with its unitary and centralized features. In France, emblematically, first discussions on local and complementary currencies took place shortly after the implementation of the single European currency. Moreover, knowing that a vast majority of monetary mass at a global level does not flow within goods and services economy but rather is being used for currency exchange, financial speculation or capitalisation (Lietaer, Kennedy 2008), local and complementary currencies embody a way to act against cash flow scarcity within real economy. Moreover they can create new opportunities for short cycles and small businesses threatened, now more than ever, by large-scale distribution channels. They also bring new conceptions of economics in front of the *"traditional economic paradigm"* (Arnsperger 2010) and question classical ways to product (seeking primarily profit maximization) and to consume (seeking most of the time cost minimization with little regard for quality and ethics) (Dando 2014). In a nutshell, LCC claim to foster production systems serving social equity, respectful of environment and resources it provides to us. As a common institution to every human society, money is apprehended by local and complementary currencies as a social link generated through exchanges and, thus, as an element that can strengthen solidarity-based relationships at various local levels within society (Servet 2012). Eventually, through their paper version (rather than an electronic or dematerialised frame), these currencies are often seen by field actors as a powerful pedagogical and didactical tool (Manifeste pour les Monnaies Locales Complémentaires, 2013) that can help to reintegrate money and economics within the public debate at a time when these two

[3] Transportation, circulation or possession for the circulation of counterfeit or forged banknotes and coins mentioned in the first paragraph of Article 442-1 or of monetary signs manufactured improperly mentioned in the second paragraph of this article are punishable by ten years' imprisonment and a 150,000 euros fine.

crucial subjects literally invade medias and political issues of most nations across the world.

Today in France, a "citizen-led" currency can be defined as *"a currency that is not a currency of placement and speculation, but really a currency for circulation, that cannot be invested, on which no one has the power to speculate"* (Interview 1, local currency, MLC movement). There are three "major" local and complementary currencies in France by their size: the Eusko with 2700 users, 500 companies and 245 000 Euskos circulating, the Sol Violette, with 1700 users, 135 companies and 43 000 Sols and the Abeille with 600 users, 140 companies and 20 135 Abeilles (Magnen & Fourel, 2015).

INSERT TABLE 2 ABOUT HERE

The recent development of local and complementary currencies in France is based on two "movements". One is from 1999, and developed a project on three different "sols" that were tested in different regions in the years 2000. Today, the Sol movement groups local and complementary currencies that share common resources in developing local projects. The second movement is the MLC network (*réseau* MLC), which connects local and complementary currencies that originally did not want to adhere to the Sol movement, although the network welcomes Sol affiliated currencies into their meetings and forums. Both branches of the LCC social innovation movement in France have different point of views on how an LCC should live and thrive.

1.3 The *Mouvement Sol* and the preparation of a new generation of currencies at the dawn of 21st century

In 1999, the journal *Transversales – Science & Culture* organized a seminar on the thematic "Plural Currencies" with the support of several companies interested in the subject and the participation of project holders from other countries such as Italy, Argentina, USA. From there, a working group was formed in order to deepen the concept of plurality within monetary systems. In March 2002, Patrick Viveret, a French philosopher and essayist, presented a report entitled *Reconsidérer la richesse* upon request of Guy Hascoët, then secretary of state to social and solidarity-based economy. At the end of this publication, Mr. Viveret proposed to launch an "experimentation of a social currency incentive of civic, solidarity and ecologically responsible behaviours" (Viveret, 2002). The main objective of this experimentation was to try "to unlock imagination about money" approximately at the same time as the beginning of the single European currency project, the Euro.

More specifically, the *Sol* project "is based on an observation of dysfunctions of modern monetary system […], a shift within our ways of thinking […], and it asks to name what is really important for us to *bring forward*, to *value* in terms of exchanges for a better human development" (Whitaker, 2007). In this context, experiments of *Sol* were implemented in five different regions of France: Bretagne, Nord-Pas-de-Calais and Île-de-France in 2004, then Rhône-Alpes and Alsace in 2007, with the support of four companies from the solidarity-based economy sector and the five regional councils. Initially, the *Sol* project aimed at create interconnected exchange channels within local economies in different regions of France thanks to a common smart card. The Sol project was composed of three different "currencies":

- *« Sol Coopération »* : a currency to gain cooperation and customer loyalty points in shops or businesses certified by the local network and to encourage new economic collaborations ;
- *« Sol Engagement »* : a time-based currency to develop services exchanges between individuals and to value defined activities in order to cater local needs through civic engagement ;
- *« Sol Affecté »* : a currency targeted to territorial collectivities and assigned to goods and services declared of public utility.

Over time, the *Sol Coopération* has been significantly more successful than other *Sols* thanks to its 'proximity' with the euro; the two other *Sol* suggesting deeper thoughts and questionings about monetary mechanisms. Through several money innovations, the *Sol project* has always strived towards the development of small-scaled economies based on ecological and social values. It has also made visible benefits and creative capabilities of hidden or depreciated activities. Eventually, it has facilitated solidarity-based mechanisms and cooperation between local field actors concerned by sustainable development.
After the experiments, and the very "top-down" and "technological" approaches, a new approach was proposed with the inception of the Sol-Violette in Toulouse. This approach of going back to citizen led initiatives created tensions among the initiators of the SOL movement, notably the representative of the Chèque Déjeuner company. Although the approach of using paper based currency instead of the electronic cards advocated by the SOL movement at the beginning proved relatively successful, debates inside the movement still exist today.

Thanks to people such as Claude Alphandéry, Celina Withaker or Patrick Viveret, it is also important to notice that the *Mouvement Sol* has enjoyed a network of influences that, to some extent, was able to facilitate some discussions with national institutions or solidarity-based companies. This element is important to notice in the institutional process we are analyzing through this paper.

In 2015, the *Mouvement Sol* brings together a total of eleven local and complementary currencies in France in order to facilitate experience, interrogations, networks and pedagogical and technical tools to continue to develop local dynamics and to pursue their official recognition.

> *"It is a space where you can get a lot of pooling, tools, knowledge. It is a place where we try to work together to respond in a very concrete and effective way to problems we meets immediately" (MLC meeting 2015, local currency, SOL movement speaking)*

Currently, The SOL movement develops a new and common electronic device to facilitate local currency exchanges, especially for businesses and companies in a B2B perspective. This project also aims at encouraging local collectivities to eventually allow public service payments in local currency and thus foster their dissemination. Indeed, the SOL movement defends the principle and possibility to work with institutions:

> *"There is the SOL movement, they work with banks, subsidies and local authorities" (Interview 16, local currency, MLC movement)*

In short the differences between the historical SOL movement and the more recent MLC network can be summarized into this quote :

> *" And the important point is to say that there are tools that do exist at the national level in the SOL movement, it can actually be interesting to share them, to discuss them, but the ethical, human, citizen, force, it is within the MLC network really" (MLC meeting 2015, local currency, MLC movement speaking)*

1.4 The *réseau MLC*

In 2010, another network, called *réseau MLC*[4], appeared at the national level and since then has included most of local *Sol* currencies. Often, Sol currencies participate in both networks, while MLC currencies prefer to refrain from any Sol movement implication. The MLC platform defends a different point of view as the SOL movement:

> *"There is the MLC network, ours. It means we have decided not to work with subsidies, with local authorities or banks. It is a voluntary decision to stay totally independent." (Interview 16, local currency, MLC movement)*

In May 2013, during the first national meeting of the *réseau MLC* at Villeneuve-sur-Lot, a manifesto[5] was proposed and voted by all the participants in order to "establish clearly the links between the different local and complementary currencies stating the common values they belong to, and without interfering the individuality of each of them" (MLC, 2013). As of 2015, 16 local currencies had joined and signed this manifesto in France.
The *MLC* platform also embodies a mean for field actors to share legal information, questions & answers on creation, everyday animation and relevant business models for a local currency, literature and scientific contributions, documentary and other useful resources.
Furthermore, a large number of questionings have emerged within *Sol* and *MLC* networks and have tackled the importance of *citizenship* and *local* dimensions for which these currencies were implemented. These discussions are somehow connected to the paradoxes that social innovations face, between, on the one hand, expansion, recognition, legality and, on the other hand, keeping the original identity of projects; especially within solidarity-based economy sector.

2 Findings

> *"In countries like France, (that is), it is to build a dynamic, knowing that in any case, there will be conflicting episodes with the dominant system, and indeed expand the windows of opportunity in the dominant system to enhance the dynamic" (Interview 19, SOL movement)*

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[4] *LCC* for "local and complementary currencies".
[5] The *Manifeste pour les Monnaies Locales Complémentaires (MLC)* can be downloaded at http://monnaie-locale-complementaire.net/wp-content/uploads/2013/05/Manifeste_reseau-MLC.pdf.

2.1 Creating an institutional void to have the right to exist (2010)

The year 2010 saw the first launch of local and complementary currencies – in its current form: the *Abeille* in Villeneuve-sur-Lot (Aquitaine region) and the *Commune* in Roanne (Rhône-Alpes region):

"This is the opening of the imaginary that was related to the idea that we can do otherwise about currency" (Interview 19, SOL movement)

These first local and complementary currencies in France didn't get in touch with local collectivities or public institutions such as the *Banque de France*. At the time, local and complementary currencies were associated to payment instruments comparable to the ones some companies used for their employees as an internal mean of exchange, limited to some range of goods and services within a specific geographic zone. They referred to a law text that allowed them to emit a local currency within a closed network: "*As an exception to the prohibition of Article L. 521-2, a company can provide payment services based on payment methods that are accepted for the purchase of goods or services only in the premises of of this company or as part of a trade agreement with it, within a limited network of persons accepting such means of payment or for a limited range of goods or services*" (L. 521-3 of the monetary code).

However, in 2010, in Toulouse, *Sol-Violette* was actually the very first initiative to engage a discussion both with the *Banque de France* and the general paymaster. The Sol-Violette was initiated by the SOL movement. The idea behind this undertaking was to make sure nobody would throw some sand into the project's wheels before it was initiated (the *Sol-Violette* was firstly launched on May 6th of 2011).

The "boundaries" of LCCs projects cited by the first "void" that they had themselves designated as their "right to exist" were ill and hard to "use" in practice. For example, the question of "territory" was always vague and hard to define in the stone for local currencies that were in the process of being launched:

> *"The question is how far we can go. There are always limitations, there are always people who are outside these limits. If we accept these people, the limit will be pushed and where do we stop?? " (Interview 16, local currency, MLC movement)*

2.2 The LCC movement grows and the void is renegotiated (2012)

> *"But, as soon as the Toulouse local currency started other currencies to be created, from then on, they started picking on us to see if we were legal or not" (Interview 1, local currency, MLC movement)*

After the Sol Violette made first contact with the institutions, the *Banque de France* started to raise doubts about the two criteria required for the legal use of a specific mean of exchange different but pledged to euro (such as internal corporate payment instrument): a mean of exchange restricted to a clearly identified range of goods and services and a mean of exchange restricted to a clearly identified geographic zone. The

Banque de France wanted to ensure that these phenomena well and quartered them at risk not to spread uncontrollably and disproportionately.

The first reaction from the state agency ACPR was to tell the Sol Violette they were illegal:

"Institutional recognition by the dominant system, we knew that at first it was not only unrealistic, but also undesirable, because we know very well how the dominant system is structured..." (Interview 19, SOL movement)

The Sol Violette and the Toulouse branch of the *Banque de France* met in early 2013. Then, a meeting was set with the ACPR director and it was proposed that other LCCs could join, as well as a group of researchers from Lyon University. The meeting took place in May 2013 and started exchanging with the French authorities. Given the extent that the LCC movement was taking, the Banque de France formed a working group. After the initial the meetings, discussions between the LCC *Les Lucioles*, the C.C.A.S from Privas and Marie Fare (an academic from Lyon) started.
Sharelex was founded at the same time as a civic organization that aims to make the law accessible and in particular for the issue of legislation around complementary currencies.
The first criterion on which the ACPR was adamant about was the geographical territory an LCC should be base on. Within the texts that ACPR had looked at, the legality of an LCC was linked to a business organization creating a social currency on a limited territory. Therefore, they applied it to "modern" LCCs saying that they could exist on a coherent territory in terms of history and geography.
The other point was added to "define" an LCC at that time was that and LCC had to be used in a "different economy" than traditional econommy. Another added criteria was then that LCC had to be in the "solidarity economy". Based on that, LCC were used in an economy that shared ethics and values. T
The last point of discussion was that an association was not able to convert Euros into LCCs. Only a banking partner authorized by the Banque de France should be able to do so.

In August 2013, the ACPR defined their vision of the legal status of LCCs. They urged currencies that did not respect those conditions to ask for an agreement exemption :

« In the case of paper format currency, not convertible in euros (in the form of giving change or refund) and not usable in fractionated payments, ACPR simply checks that Euros issued in exchange of the local currency are deposited on a deposit account held by a credit institution authorized to receive repayable funds from the public. In this case no approval is required for the issuance of local currency ». (ACPR Magazine 2013)

In November 2013, the local currencies from the MLC network decided in a national convention in Dinan, that they would not ask for exemptions. They decided to deepen their knowledge on the legal question and to ask for another meeting with ACPR to exchange on a more adapted framework for LCCs.

2.3 Second renegotiation of the void (2013)

End of November 2013, several local and complementary currencies received a letter from the ACPR asking several questions:

> *« So there was a bit of a warning: "What do the APCR and Banque De France want to know? ". They contact us, but at the same time it's a bit normal, since we work with money. They want to know what we are doing. The APCR was quite benevolent. Rather they wanted to know what we were doing » (Interview 16, local currency, MLC movement)*

The MLC network together with the SOL movement decided to respond in a common letter on the meaning, the values and the charter. Each currency was to respond individually explaining their way of functionning.

The field of LCCs started to complexify with the arrival of new currencies such as the electronic and virtual local currency project from the town of Nantes. The departmental council from the Ile-et Vilaine also went to the Banque de France with questions on the legality of LCCs. All those other direct questioning were puzzling the Banque de France.

Finally, the discussions with the ACPR were interrupted when the interministerial mission started beginning of 2014, and the discussion on the ESS law started.

2.4 Third renegotiation of the void (2014)

The interministerial mission on local and complementary currencies

Beginning of 2014, two parlimentaries obtained a mission on local and complementary currencies for the ministry of commerce in charge of the solidarity economy. It was only four months before the law on the solidarity economy was to be debated in the parliement. The parlimentaries were not in the mode of reflexion and partnering with LCCS, but more on a mission to « quickly propose something ». To write the report quickly, they constituted an expert group in which at first, no LCC representatives were present. The LCCs started to be suspicious of the goal of the interministerial mission.

> *"There were only economists, who certainly know the thinking, but do not get their hands dirty." (Interview 1, local currency, MLC movement)*

The LCCs negotiated two, than four representatives on the « experts' board », calling themselves the experts from the field. It was a battle to say that the law could not be boted without the LCCs. Everything had to be done very quickly. Globally the LCCs agreed on an official recognition of LCCs in the law, but under one condition. That the law would represent ethics, values, a citizen-led creation, a coconstruction approach. On the other hand, the economist were saying « let's get something in the law quickly, we can always change it later ».

The negotiation of the ESS law articles on local and complementary currencies

The negotiation of the articles of the law that would concern the LCCs were started on the written documents of experts. The parlimentaries said there had to be a minimal statement, and that after the interministerial comission would have written the report, it could be more voices heard. LCCs disagreed on the minimal statement and asked their voices to be heard. They met physically in Chambéry in April 2014. From that meeting, a text was written. In that text, there was the possibility for citizens to be driving forces of citizen-led projects. In the text of law proposed, we employed the term « citizen-led social experimentation ». The LCCs argued that the experimentation should be accepted for five to ten years, that if the law was too rigid, it should not apply to an LCC in experimentation. It was important for LCCs that the principle of « experimentation » would be added to the law. There were strong disagreements between the parlimentaries, the experts and the LCC group :

> *"They did not look at all at our proposal. There was another proposal, from the Green Party, they did not have a look at that either. They did not take into account our discussions, we were extremely disappointed." (Interview 16, Local currency, MLC movement)*

The LCC's experimentation principle was tossed away as they got the answer, that experimentation was only allowed at local authority level, not for citizens to be led. The LCC group tried to work a common text with an jurist, but the text presented in the parliament was not the one discussed toegther. In the end, the law considered LCCs as « financial instruments » (Interview 16, local currency, MLC movement).

After the proposal of the articles for the ESS law was made, the LCC group decided to make a counter-proposition :

> *"It was hot last year with the law. It was passed in parliament, but not the Senate. If we said that it was accepted like that, it would mean that we stop. "(Interview 16, Local currency, MLC movement)*

Although they accepted the first article of the proposition that recognized officially the existence of LCCs, they thought that the second article proposed would be the end of the LCC projects. They pleaded for an adapted regime :

> *"The article 2, the LCCs had never asked for it. However, the article 1 on the recognition of LCCs, yes, but under the condition they follow an citizen-led social experimentation process." (Interview 1, local currency, MLC movement)*

The LCC group proposed an amendment that summarizes their view on experimentation and the definition of an LCC : LCC which are social in the objective of making ties and citizens in their democrative governance mode, in respect of values such as proximity, cooperation and solidarity. The group proposed to send to senators a letter with the amendment so they could act consequently.
A working group on legal issues at the Libourne meeting proposed three new ideas in relation to the status of LCC : define LCC as payment documents (*titre de paiement*), allow for a simplified exemption procedure under 5 millions Euros, and the inversion of the proof.

The ACPR issues new statement on LCC following the ESS law

In June 2014, the ACPR letter issued a last statement on the boundaries around LCCs : « When the local currency is issued on paper and it is fungible and liquid, its issuance and management is the responsibility of payment banking services ». People are not allowed to convert back LCCs into Euros. Secondly, if in a shop a product costs 17,5 Euros, and someone gives 18 LCCs, the seller cannot give back Euros anymore, as it is assimilated to monetary creation in Euros. Following this last statement, the Banque De France sent letters to all LCCs saying :

> *« « If you don't give back money in Euros and if you work only on paper, we don't regulat you, you can do it ». Fortunately, it was clear and it was in September/October. That took away a lot of the pression, a big worry." (Interview 16, Local currency, MLC movement)*

According to the state agency :

> *"Most of LCCs are indeed under a non fongible and on liquid format, that is we are not concerned, they are not payment banking services, they have no exemption to ask. They are outside the regulation » (Interview 21, state agency)*

However, according to the LCCs: "This is only temporary, because the law and the state does not like voids » (Interview 1, local currency, MLC movement).

2.5 Freedom or prison: the paradoxical negotiation of the "void"

Today the LCCs see the article one of the law, which recognizes the existence of LCCs in a state regulation as positive event :

> *"It is credibility, now when we talk about local currencies, we can say with for sure that they are legals and recognized at a national level, as initiatives being part of the social and solidarity economy " (Interview 17, Local currency, SOL movement)*

On the other side, the fact that the law still allows the business companies to convert back their LCCs into Euros was seen as a potential threat to the future of LCCs, something that could ruin their image (Interview 1, local currency, MLC movement). The LCCs waited also for more detailed regulation on the possibility to use LCCs within local authorities :

> *"It is really the government orders, the application circulars, more engaging acts towards local authorities that would allow to demultiply the potential of those tools (LCCs) and to facilitate their development." (Interview 17, local currency, SOL movement)*

Some local currencies still hope for a specific status on LCCs, « to find a solution to this limitation problem » (Interview 16, Local currency, MLC movement).

3 Discussion

3.1 Institutional voids in highly institutionalized contexts

"Interviewer:
How is the Banque de France afraid ?
Interviewee 1:
Because you are out of the system."

We hope to contribute to our understanding how institutional voids in a highly institutionalized context. In this sense, LCCs might hope to maintain the institutional void they are allowed to live in to allow them to reinvent themselves and in doing this, avoid a legal confinement.

3.2 Mainstream a transition phenomena

Secondly we seek to contribute to our understanding of phenomena of mainstreaming. In the LCC case study in France, there are three voices. The *Banque de France* seeks to confine LCCs into strict boundaries that would restrain the development of LCCs.

"At most, they are willing to let marginal stuff at the margins happen, and that that happens within the surveillance of the dominant system, but more they would not allow." (Interview 19, SOL movement)

The second voice is the voice of the LCC network, which seeks to use the void as a space for freedom. They advocate the non-intervention of institutions, and the right do to small-scale experiments.

"Interviewer:
In fact, you are free in a certain way.
Interviewee 1:
As long as we don't move"

The third voice is the voice of the SOL movement, which seeks to mainstream the development and use of LCCs and requires the institutionalization of LCCs through clearer regulation and wider acceptance of those within governmental bodies.

4 Conclusion

Our research aimed at contributing to our understanding of how social innovations develop and get implemented as a response to social problems. In the case of the French local and complementary currencies project, we investigated how the development of a growing number of local currency projects over the last 5 years involved constant re-negotiations of the settled institution "currency" among diverse actors with conflicting interests.

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Figures

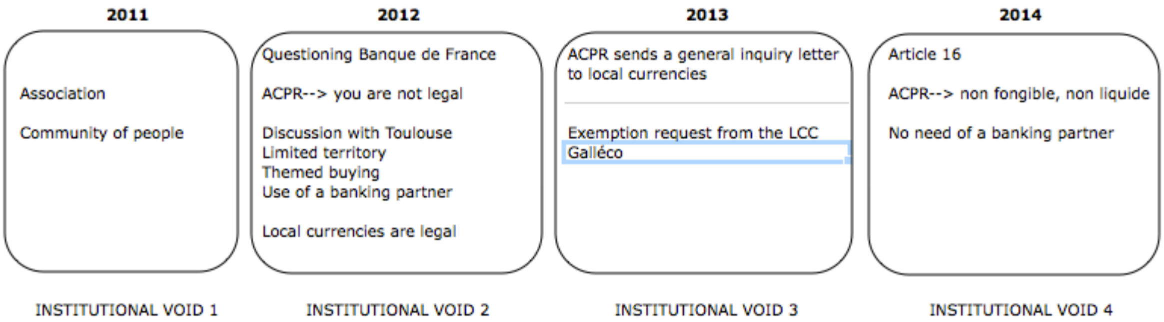

Figure 1 : the four steps of the institutional void negotiation

Tables

Table 1 : data for research

Local data	
Research action	3 years of being LCC « manager »
Non-participant observation	1 year of observation, 15 meetings recorded
Interviews	22 interviews of LCC members
Secondary data	50 documents from the Toulouse LCC collected LCC charts collected
Movements data	
Non-participant observation	2 meetings attended (3 days), 2 days recorded (2015)
Interviews	2 interviews
Secondary data (websites)	36 documents (minutes from biannual gatherings, point of views)
National governmental data	
Research action	1 meeting presenting a governmental report on LCC attended April 2015
Interviews	5 interviews
Secondary data	18 documents (reports and debates between MPs during the ESS Law sessions)

Table 2 : the local and complementary currencies in France

Currencies	Launch date	Sol	MLC	Circulation	Number of Companies	Users
EXISTING CURRENCIES						
Sol-Violette (Toulouse)	2011	x		63000	194	1850
L'Abeille (Villeneuve s/ Lot)	2010		x	14000	100	100
La Mesure (Roman)	May 28th 2011		x	10000	70	250
Eusko (pays basque)	January 31st 2013			370000	550	2700

La Luciole (Ardèche)	March 2011		x	9000	45	100
Pyrène (Ariège)	July 12th 2014			9000	247	300
La Touselle (Comminges)	October 6th 2013		x		20	160
Le MIEL (Libourne)	January 2013		x	--	100	300
La Roue (Vaucluse)	January 2012			59800	183	--
La Commune (Roanne)	November 21st 2010					
Bou'Sol (Boulonnais)	May 2013	x		2500	40	132
La Muse (Angers)	April 16th 2012				77	100
Galléco (Ille-et-Vilaine)	September 2013	x		40000	90	--
Heol (Brest)	January 27th 2012			8000	64	380
La Maillette (Pays de Rance)	June 27th 2014		x	3500	55	59
Sol Olympe (Montauban)	March 2014	x		--	--	--
Le Céou (Lot)	March 8th 2014		x	--	--	--
La Sonnante (Pays de Lannemezan)	2012					
Le Stück (Strasbourg)						
La Pêche (Montreuil)	June 21st 2014		x	10456	30	280
Le Retzl (Nantes)	April 2013		x	--	40	170
Cers (Narbonne)	July 20th 2014					
La Doume (Clermont Ferrand)	January 17th 2015			33833	124	624
l'Elef (Chambéry)	November 22nd 2014			25000	30	500
Le Sol SI (cahors)	June 17th 2014	x				
Eco (Annemasse)	September 2014				56	
Lou Pelou (Limousin)	May 30th 2015					
Tinda (Pau)	June 28th 2015			--	100	374
Cigalonde (La Londe-les-Maures)	April 8th 2012					
Radis (Haut-Rhin)	July 13th 2013					
CURRENCY PROJECTS						

Sol Alpin (Grenoble)		x				
Le Ténor (Albi-Gaillac)						
La Graine (Montpellier)	No Launch date					over 1000 people following the project
La Gonette (Lyon)	Launch October 2015	x				
L'Agnel (Rouen)	Launch October 2015					
Sol Angélique (Niort)	Launch in 2017		x			
la normaille (bassin de vie Caennais)	Project without launch date					
Pays de Lorient	No Launch date					
Oestra (Bassin d'Arcachon Val de l'Eyre)	Project started 2015, launch date February 2016					
Kwak (Guyane)	Project started 2015, launch date January 2016					
Poitiers	No Launch date					
Berry	No Launch date					
Le Grain (Havre)	September 3rd 2015					
Lac (Essonne)	No Launch date					
La Dioise (Cantion du Diois)	Project started 2015, without launch date					
La gentiane (Annecy)	No Launch date					
La Gaillarde (bassin de la brive)	Project started 2014, without launch date					

Le Galais (Morbihan Ploërmel)	Launch September 2015					
Bel Monnaie (Valence)	No Launch date					
STOPPED PROJECTS						
Le déodat						
Sardine (Finistère)	2011-2014					
OTHERS						
Le Tiok (Thoiry/Ain)	Launched					
Symba (Paris)	Launched					

Table 3 : the legal texts in regard to LCC in France

Date	Legal texts	Text
Used in 2011 (Phase 1)	Article L. 521-3 from the French Financial and Monetary Code	As an exception to the prohibition of Article L. 521-2, a company can provide payment services based on payment methods that are accepted for the purchase of goods or services in premises of that business or as part of a trade agreement with it, within a limited network of persons accepting such means of payment or for a limited range of goods or services
Used in 2011 (Phase 1)	Article L 314- from the French Financial and Monetary Code	Is not considered a payment service: 1. The realization of operations based on one of the following documents drawn on the payment service provider to make funds available to the recipient: a) as a service on paper document; b) A paper-based traveler's checks; c) A money order paper as defined by the Universal Postal Union
2013	ACPR journal	When local currencies are refundable, divisible or allow giving back change, they fall within the scope of banking and financial regulation. The issuer must then be approved as a credit institution.

2013	ACPR letter	In the case of paper format currency, not convertible in euros (in the form of giving back change or refund) and not usable in fractionated payments, ACPR simply checks that Euros issued in exchange of the local currency are deposited on a deposit account held by a credit institution authorized to receive repayable funds from the public. In this case no approval is required for the issuance of local currency.
June 2014	ACPR letter	When the local currency is issued on paper and it is fungible and liquid, its issuance and management is the responsibility of banking payment services
2014	Article L. 311-5 new in the French Financial and Monetary Code from the ESS law	The complementary local currencies may be issued and managed by any person mentioned in Article 1 of Law No. 2014-856 of 31 July 2014 on the social and solidarity economy of which it is the sole object
2014	Article L. 311-6 new in the French Financial and Monetary Code from the ESS law	Issuers and managers of complementary local currencies are subject to Title I of Book V when the transmission or management of those currencies are banking payment referred to in Article L. 311-1, or in Title II of the same book that qualify for payment services within the meaning of section II of Article L. 314-1 or electronic money within the meaning of Article L. 315-1