



*Paper to:*

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## **Rendering the social solidarity economy: exploring the case for a paradigm shift in the visibility of co-operative and mutual enterprises in business education and policy-making**

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# Outline of the Paper / Presentation

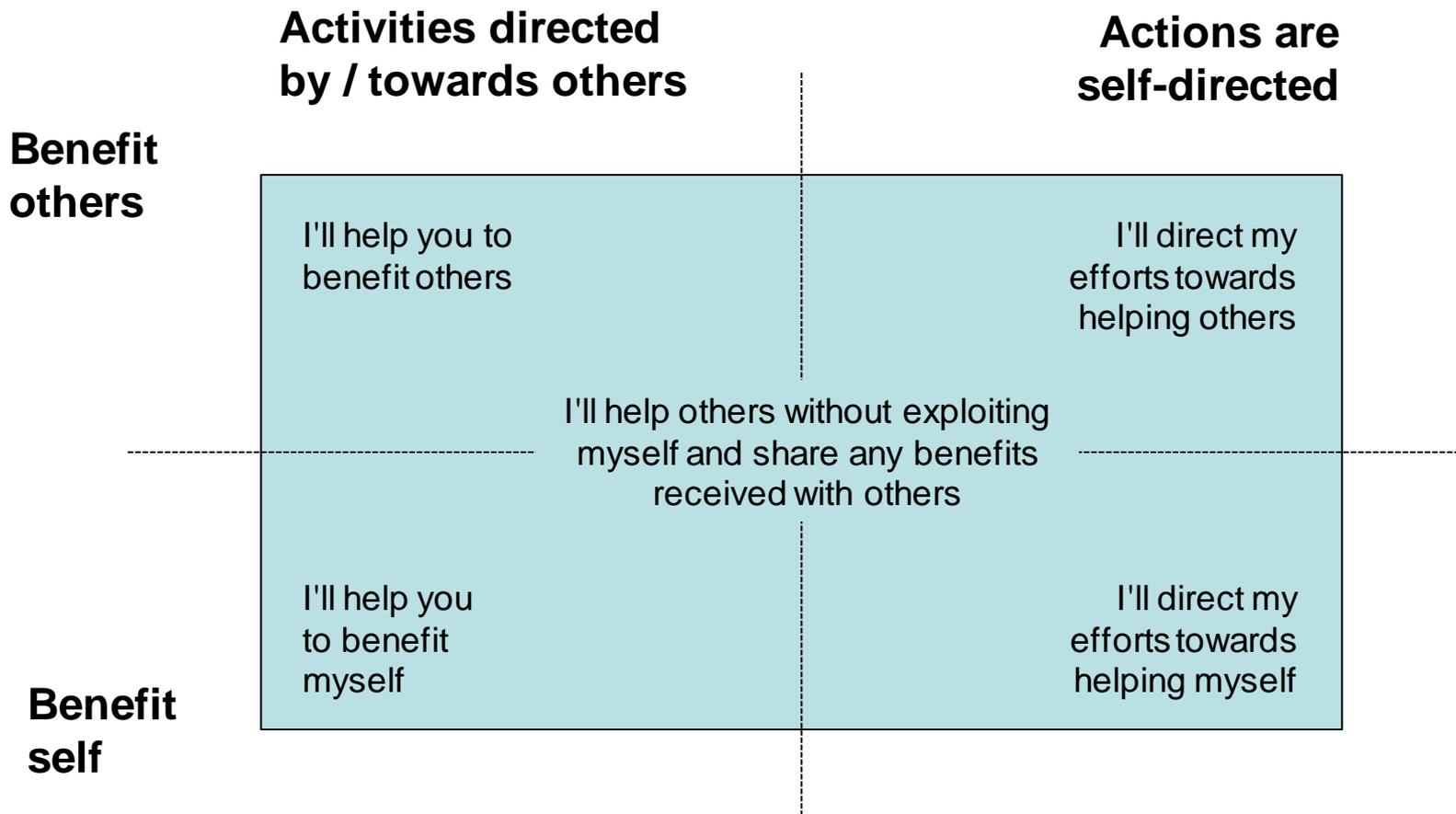
- **Research Question:**

“How can the emergence of co-operative and mutual social enterprises be rendered in a way that makes their scale, diversity and impact more visible?”

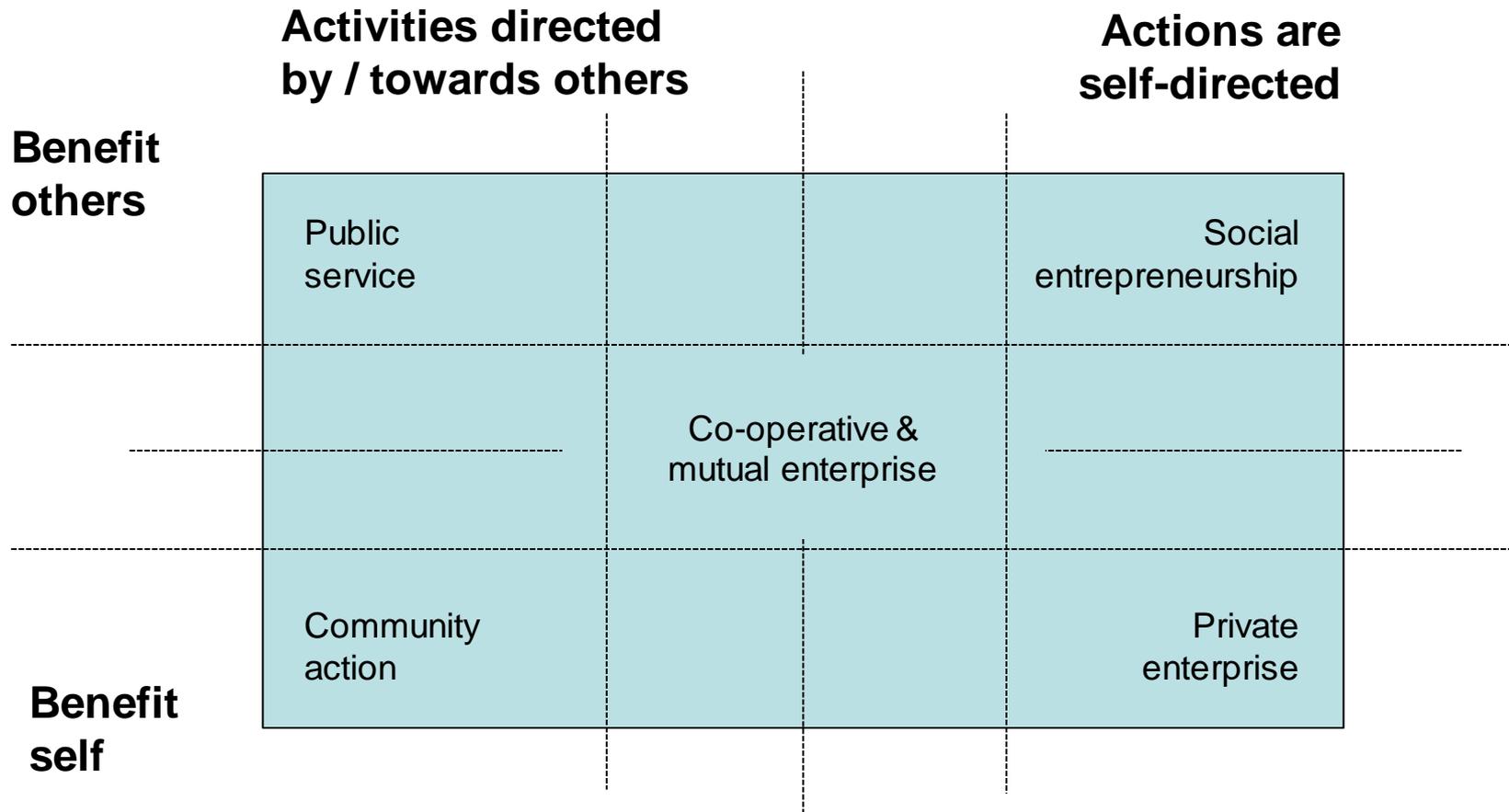
- Response set out in three parts:

1. Link motivations to act to Polanyi’s (2001, [1944]) theory of economic systems and Dreu and Boles (1998) theory on social value orientation. This draws out **two axes of thought**.
2. Examine evidence that a ‘desirable discourse’ binding *social liberalism* to *pragmatic communitarianism* is developing.
3. Re-evaluate claims made during the *2012 UN International Year of Co-operatives* to set out the case for changes in the way we render organisational options in business education.

# Back to basics: some philosophical assumptions



# Attitudes influence enterprises

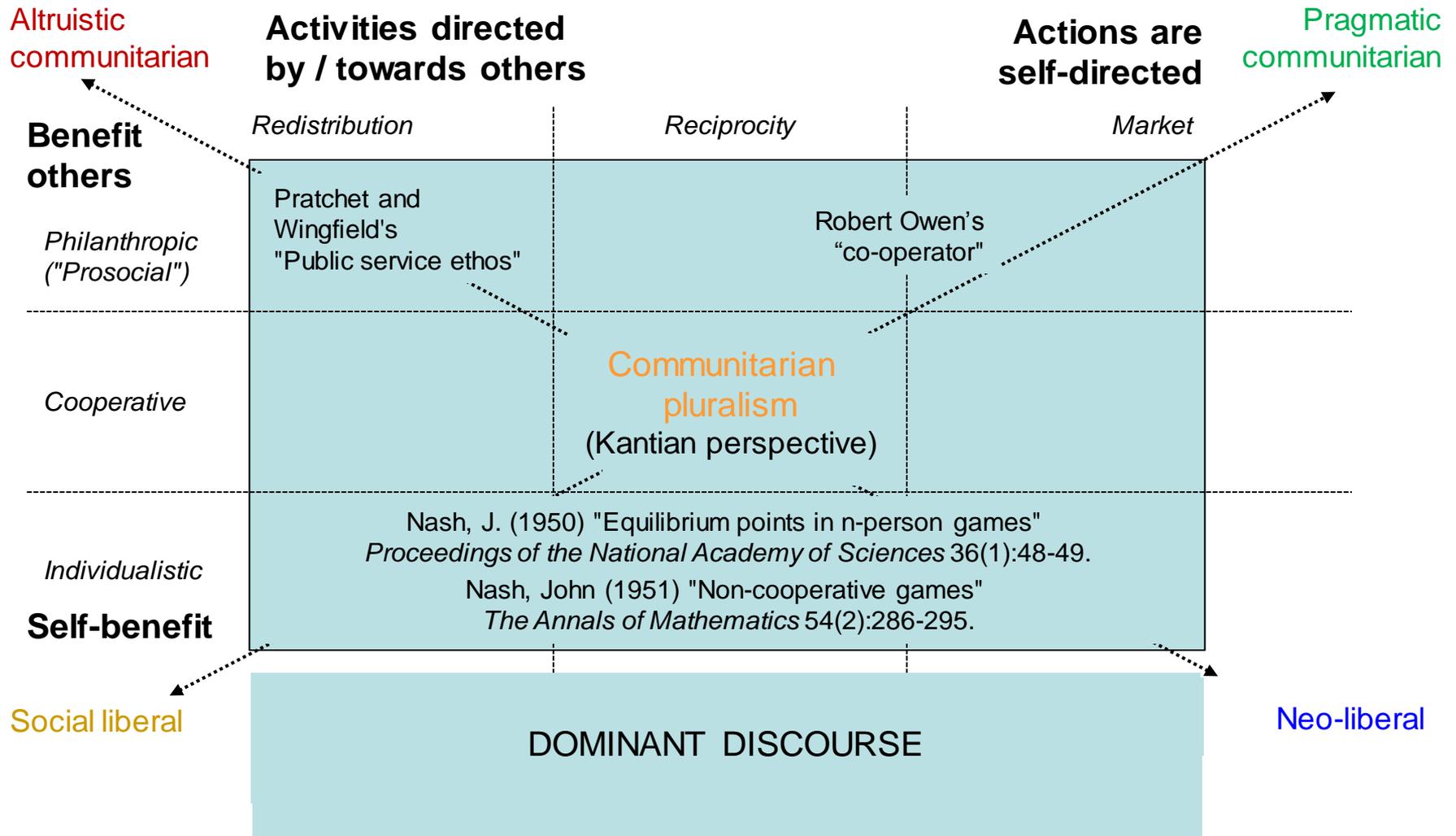


# Some basics of: socio-economics

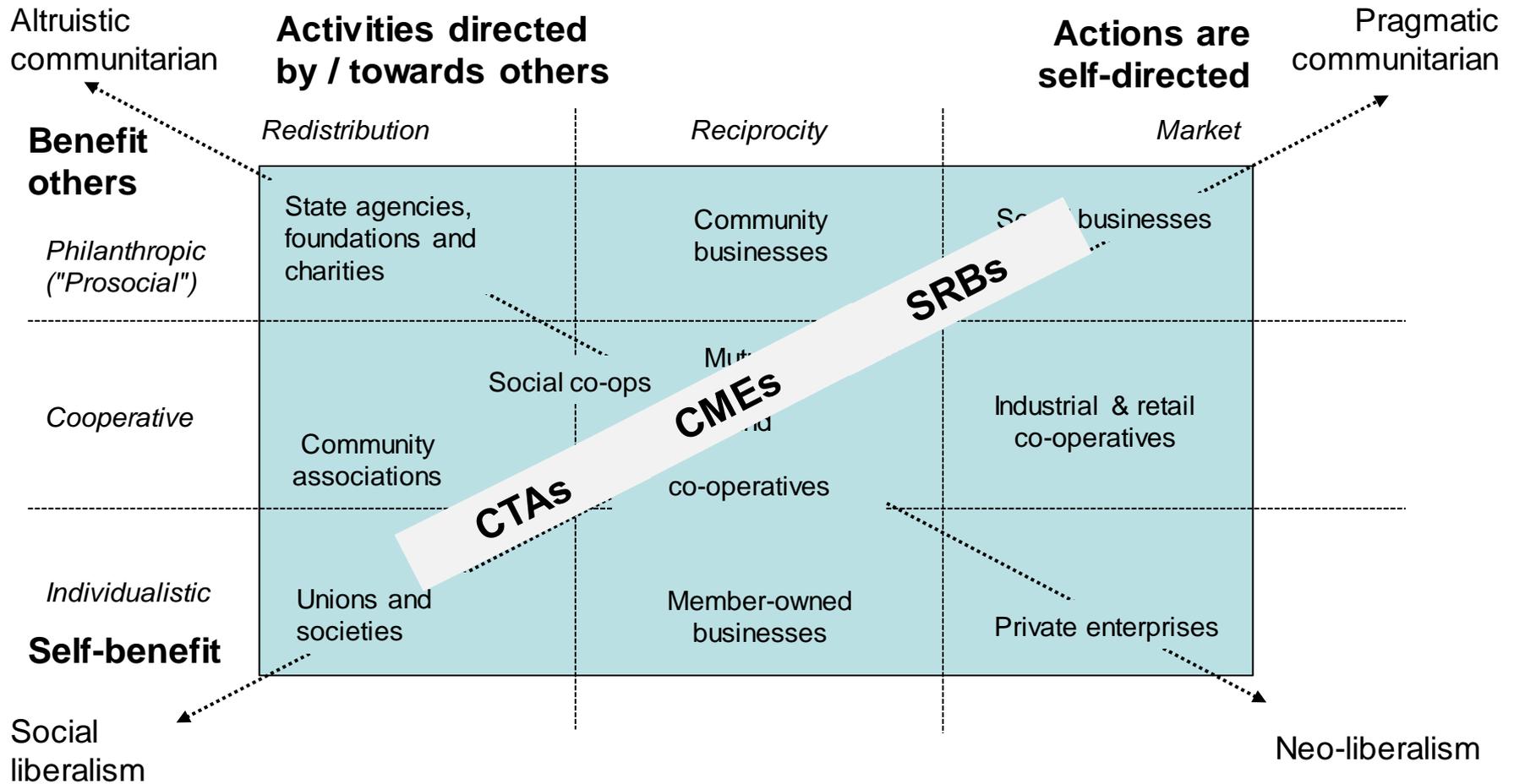
	Activities directed by / towards others		Actions are self-directed
<b>Benefit others</b>	<i>Redistribution</i>	<i>Reciprocity</i>	<i>Market</i>
<i>Philanthropic ("Prosocial")</i>	Public service		Social entrepreneurship
<i>Cooperative</i>		Co-operative & mutual enterprise	
<i>Individualistic</i>	Community action		Private enterprise
<b>Benefit self</b>			

Dreu, C. and Boles, T. (1998) "Share and share alike or winner take all?", *Organization Behavior and Human Decision Decision Processes*, 76(3): 253-276

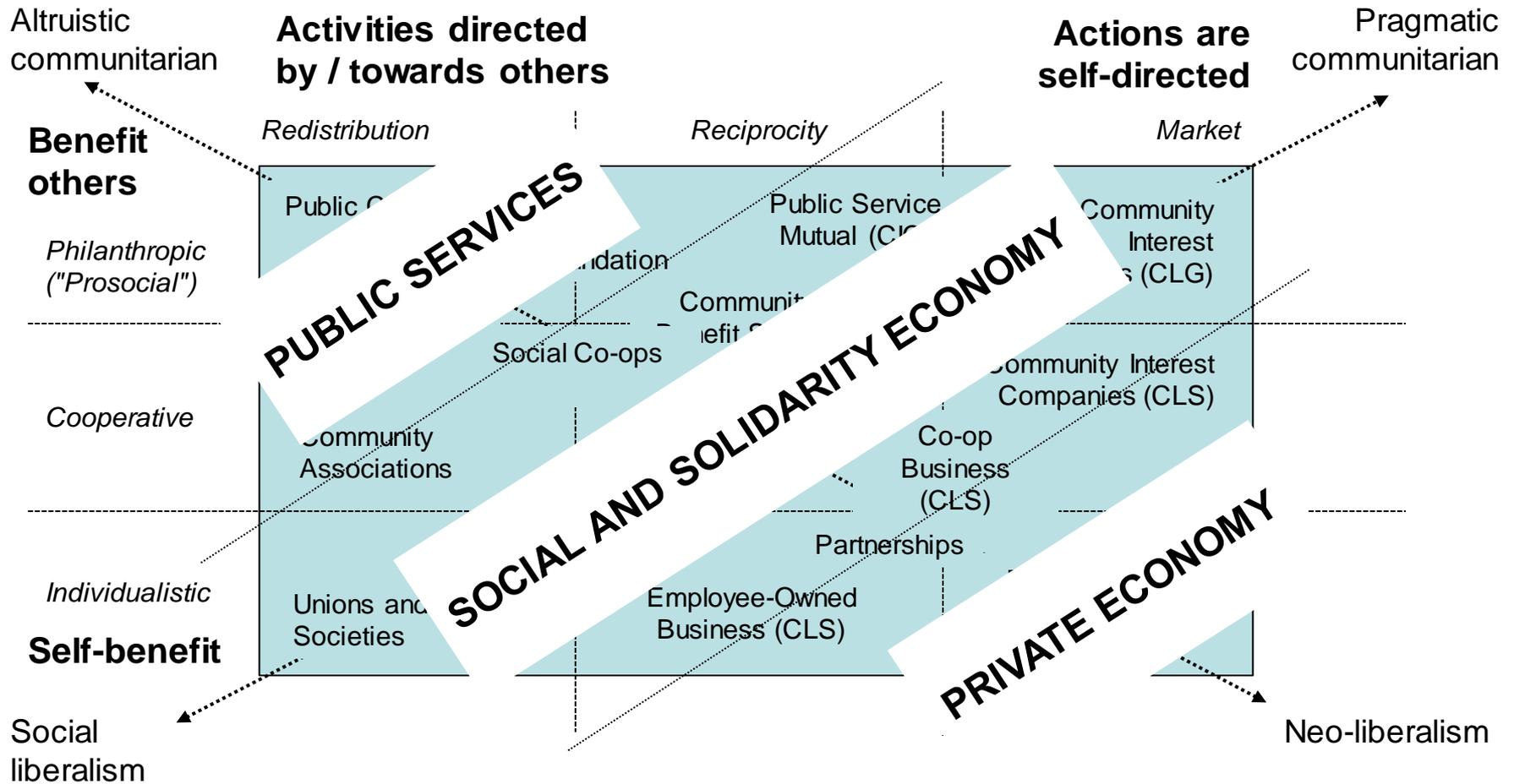
# Let's consider underlying philosophies



# Analysing: types of organisations



# Analysing: economic sectors



# Analysing: economic sectors

**Table 1 - Dominant discourse influence on options for economic development**

**Choice presented:** Altruistic Communitarianism v Neo-Liberalism

Exchange Type	Redistribution	Reciprocity	Market
<b>Enterprise approach</b>	Public sector Fundraising Charities Non-Profit Orgs	Co-operative Sector Civil Society (CMEs)	Private Businesses Trading Charities (CTAs and SRBs)
<b>Legal forms</b>	Statutory / State Bodies Charitable Foundations and Trusts.	Co-operative Businesses Social Co-operatives Mutual Societies Associations	Companies / Corporations Partnerships Self-Employment

# Analysing: economic sectors

**Table 2 - Desirable discourse influence on options for economic development**

**Choice presented:** Social Liberalism v Pragmatic Communitarianism

Exchange Type	Redistribution	Reciprocity	Market
<b>Enterprise approach</b>	Unions, Societies and Associations (CTAs)	Co-operative and Mutual Enterprises (CMEs)	Social / Responsible Businesses (SRBs)
<b>Legal forms</b>	Unions and Societies Community Associations	Social Co-operatives Community Benefit Societies Co-operative Societies Mutual Financial Institutions Public Service Mutuals Employee-Owned Businesses Co-operative Partnerships	Social Purpose Businesses (e.g. B-Corps) Community Interest Companies (CLG / CLS) Industrial Co-operatives Co-operative Retail Societies

# *Evidence of a paradigm shift*

- **Employment:** 4 fold increase in CMEs across the EU (3.7m in 2004, 16m in 2014). Estimate for global CME employment increased from 100m (in 2008) to 250m (in 2014). CMEs now account for 21.2% of jobs in China.

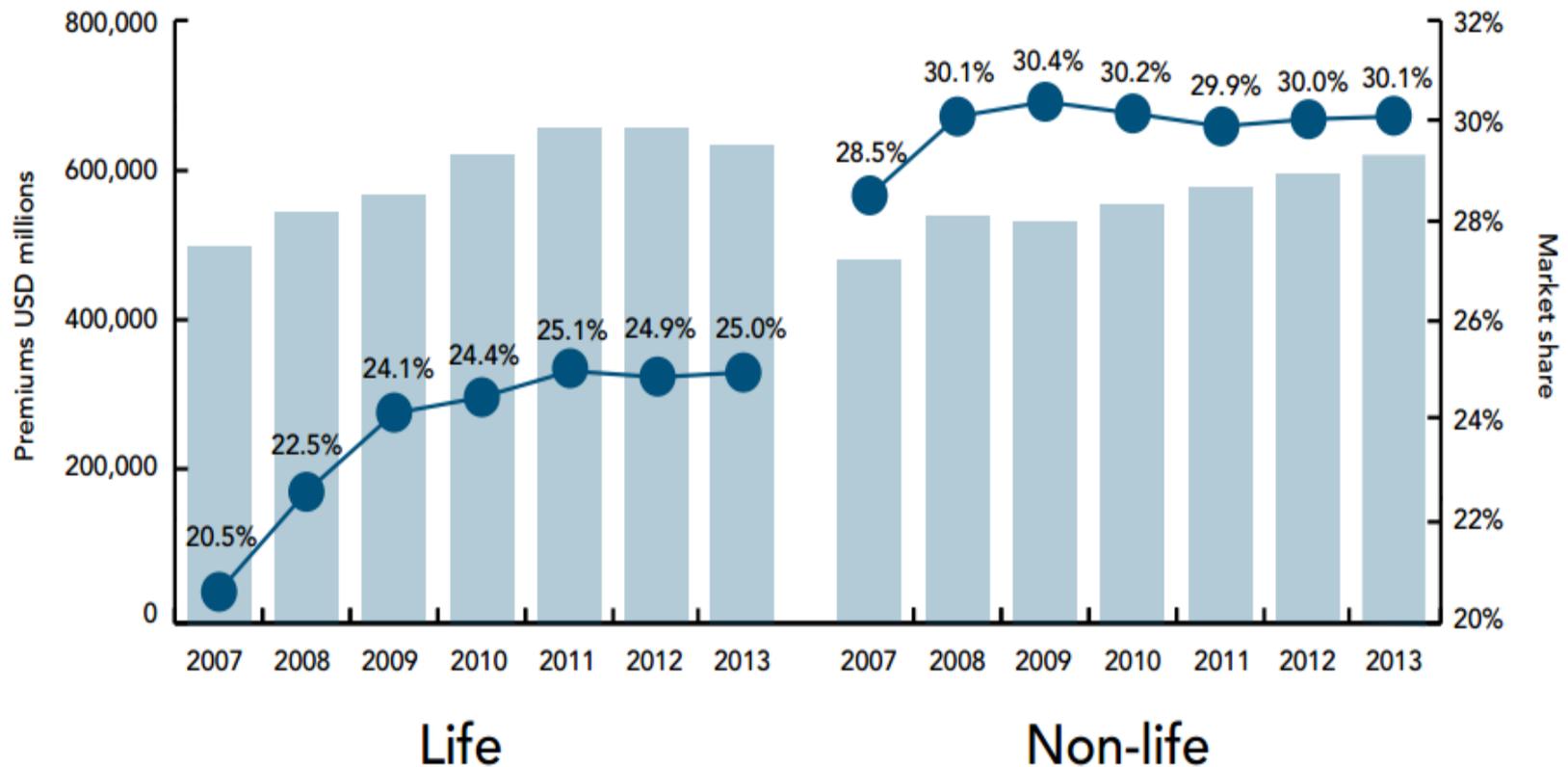
(Avila and Campos, 2006; Roelants et. al., 2014)

- **Fair trade:** 2013 *revenues* rose 43% for 'small producer organisations' (SPOs) to €882m but were flat for 'hired labour organisations' (HLOs) at €91m, while *premiums* rose 52% for SPOs, but fell 3% in HLOs.

(Fairtrade International, 2013).

- **Crowdfunding (at time of writing):** Kiva (1,385,782 lenders lent \$812m) Kickstarter (10.2 million contributed \$2.19 bn to 99,856 projects), Indiegogo (150,000 projects supported), Funding Circle (over \$1 bn lent by 43,000 people), Zopa (\$1.28 bn lent by 63,000 people) are growing exponentially.
- **Intellectual Property (IP):** 1.1 bn items of Creative Commons IP, growing at 761,643 item *per day* in 2015. 2 million people are funding Wikipedia.
- **Mutual Financial Institutions:** premiums risen year on year since 2007 (grown from 23.8% to 27.3% of the global market).

# *Evidence of a paradigm shift*



- 915 million people get financial products from CMEs (ICMIF, 2013).

# Implications and Conclusions

- **In 2012**, at the UN, the global institutions of CMEs claimed that 59% of people in work 'secured their livelihood' through the co-operative economy (about 3 billion people today).
- If 915 million people get life insurance from CMEs (and this covers families, not just single people), then CMEs may protect close to 3 billion people.
- If we add that the four fastest growing OECD economies (China, India, South Korea, Turkey) have the highest % of people in CMEs...
- If we add that a new breed of crowd funding/ investing institutions deploying Ostrom's design principles are growing far more rapidly than other (social) financial institutions....
- If we add that over a billion items of Creative Commons IP have been issued under Creative Commons, and that billions more use OpenSource software software...
- **The claims made by the UN in 2012 look credible.**

# Implications and Conclusions

- Within our lifetime, the choice may not be between **altruistic communitarianism** (charity + state aid) and **neo-liberalism** (market-driven private enterprise)...
- ...it may soon become a choice between **social liberalism** (in associations, societies and unions) and **pragmatic communitarianism** (in employee-owned, mutual, cooperative and social businesses).
- Is it time to accept the case for a paradigm shift in the visibility of co-operative and mutual social enterprises in business education and policy-making?
- **We submit that it is.**

# *Thank you*

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(References can be found in the paper that will be published with the conference proceedings)

- This presentation and accompanying paper are based on the book and [companion website](#) for:
  - Ridley-Duff, R. and Bull, M. (2016) *Understanding Social Enterprise: Theory and Practice*, 2<sup>nd</sup> edn, London: Sage Publications)