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Ridley-Duff, R and Bull, Mike (2016) 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. International Summit of Cooperatives.

Publisher: International Summit of Cooperatives

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Final Submission:

International Co-operative Summit 2016
11th – 13th October, Quebec

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

Rory Ridley-Duff, Reader in Cooperative and Social Enterprise
Sheffield Hallam University, UK
r.ridley-duff@shu.ac.uk

Mike Bull, Senior Research Fellow
Manchester Metropolitan University, UK
m.bull@mmu.ac.uk

Keywords: social enterprise, co-operatives, mutuals, solidarity, social economy, philosophy, paradigm

Abstract

Theories of business are still dominated by a choice between social responsibility (altruistic communitarianism) and private business (neo-liberalism). From the start of the 1990s, this hegemony has been disrupted by research on voluntary action and social enterprise (SE). By philosophically grounding the logics of three approaches to social enterprise, this paper explores evidence of a paradigm shift. The conclusion is drawn that there is no longer a defensible justification for rendering the social solidarity economy (SSE) as a marginal choice between altruistic communitarianism and neo-liberalism. There is now a broad-based economy of unions, societies, associations (CTAs), co-operatives, mutual financial institutions, employee-owned businesses (CMEs) and socially responsible businesses (SRBs) supporting more than half the world's population. Business education needs to be reframed as a new choice between *social liberalism* and *pragmatic communitarianism* informed by 'new co-operativism' that draws extensively on theories of co-operation and mutual aid in member-controlled enterprises.

INTRODUCTION

This paper narrates the case for, and then critiques, the argument for a paradigm shift in the rendering of the social solidarity economy (SSE). It examines lecture slides published with the 2nd edition of *Understanding Social Enterprise: Theory and Practice* (Ridley-Duff & Bull, 2015) to pose the question 'how can the SSE be rendered in a way that makes its scale, diversity and impact more visible?' Particular attention is paid to an argument that there are dominant and desirable discourses guiding study of the SSE.

The definition of the SSE, and the nature of the organisations within in, is subject to contestation. Restakis (2006) differentiates French and Italian conceptualisations of the SSE by contrasting Le Play's view that the social economy is an alternative market-based way to extend the provision of public goods with Genovesi's conception of a civic economy. These variations in the conceptualisation of the SSE present challenges when operationalising a definition for research purposes. Arthur et al. (2003) etch a definition based on ownership, control, product offers, financing and social values. They work backwards from 'fuzzy definitions' of co-operatives, charities, non-profits, employee-ownership plans, mutualised public services, credit unions and community businesses to argue that organisations in the social economy promote meaningful employee-control, governance based on the inter-dependence of stakeholders and preferences for local ownership.

However, as Bouchard et al. (2015) point out, there are new forms of organisation - often labelled social enterprises - that pursue social purposes without conforming to institutional or legal definitions of social economy. For this reason, we take a different approach to rendering the SSE. Instead of considering institutional forms first and abstracting social economy principles from them, we start from the motivation to act and the economic exchanges and social value that actions give rise to. As the institutional forms of the SSE are rendered as products of human action, there is scope for new ones to arise out of a given combination of motivations. Our argument gravitates towards Genovesi's conception of civic economy driven by reciprocity and mutuality and away from Le Play's discourse based on a dichotomy between 'public' and 'private' provision.

The dominant discourse is presented as an axis in which the key choices range from altruistic communitarianism to market-based neo-liberalism (Public-Social-Private). This discourse presents the SSE as a thin wedge of options squeezed between the primary choice of public-charitable provision or private-market provision. The desirable discourse, on the other

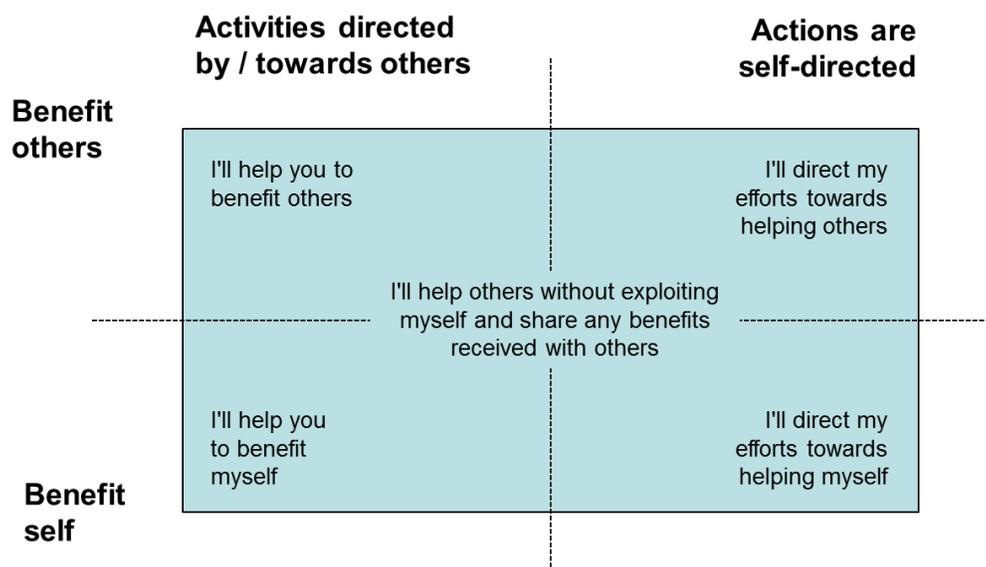
hand, is presented as an axis ranging from social liberalism to pragmatic communitarianism (Associative-Cooperative-Responsible). On this axis lie many member-driven approaches: inviting members to undertake charitable trading activities (CTAs); forming co-operatives and mutual enterprises (CMEs), and; partnering with socially responsible businesses (SRBs). In this paradigm, there is more independence from state, charity and financial market institutions.

The identification of a desirable discourse underpinned by a philosophical commitment to social solidarity is – in effect – an argument that a paradigm shift is occurring (Kuhn, 1970; Sahakian & Dunand, 2014). This paper contributes to knowledge by setting out both the philosophical grounds and early evidence to test this thesis. The paper is divided into four sections. In the first section, we set out a meta-theory of economic and social exchange (Polanyi, 2001 [1944]; Dreu & Boles, 1998). In the second section, we identify the paradigm shift that is occurring based on a re-orientation away from altruistic communitarianism and neo-liberalism towards a more pragmatic communitarianism and social liberalism. The third section offers an evidence base for the desirable discourse to make the argument that a huge variety of organisations now connect *billions* of people across the world, but are not represented in the philosophy and educational curricula of business courses. In the final section, we sum up the contribution of this paper to make the case for a new rendering of the SSE in business education that can inform research and policy contributions by business schools.

THE CASE FOR STUDYING PHILOSOPHIES OF BUSINESS

Every enterprise that self-defines (or is defined by others) as part of the SSE continually engages in a debate about definition that influences educational agendas, economic assumptions and social policy. Advisers in consultancies and infrastructure bodies, and the entrepreneurs who engage them, are faced regularly with questions as to whether an individual or organisation qualifies for particular types of support. Every law to regulate the SSE and wider field of social enterprise, every kite mark developed to promote them, every strategy devised to support them, also requires engagement with criteria that will influence the legitimacy accorded to individuals, organisations and institutions. The definition of the SSE, therefore, is not an abstract intellectual exercise: it is a dynamic process unfolding on a daily basis as people apply their beliefs and develop their identities in the context of practice.

Figure 1 – A matrix of philosophies of action



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In the first instance, we can consider motivations to act using a simple matrix with two axes. A distinction can be made between the person who direct actions and the beneficiary of the actions that are directed (see Figure 1). Individualist philosophy can vary between the presumed self-interest that underpins entrepreneurial action <“I’ll direct my effort towards helping myself”> and the willingness of self-interested individuals to join together and engage in collective action for self-benefit <“I’ll help you to benefit myself”> (Smith, 1937 [1776]; Coase, 1937; Parnell, 2011). Whilst contemporary culture is replete with images of aggressive action by individual entrepreneurs (such as the Dragon’s Den), Parnell – the former CEO of the Plunkett Foundation – contends that action directed by self-interest can also be organised jointly:

An important feature of the co-operative approach is its acceptance of people [who are] largely driven by self-interest. It also acknowledges that most people are unlikely to modify their self-centred behaviour without a sufficient incentive to do so [...]. Co-operation recognises that self-centred behaviour can be moderated when a more enlightened form of self-interest takes account of the wider mutual interest.

(Parnell, 2011, p. 8)

For Parnell, collectivism is not always motivated by altruistic intent (even if altruism is the *outcome*). Instead, collective action – and the desire to work with others co-operatively – can be motivated by a desire for individualised benefits. Examples can be found in trade unionism and mutual insurance schemes where individuals join to protect themselves but concurrently protect others through the regular subscription of financial capital and acts of social solidarity.

On altruistic action (i.e. actions that are motivated by a deliberate intent to help others, not the self) there is a range of underpinning logics from entrepreneurial self-directed action <I’ll direct my efforts towards helping others> to working under the direction of an institution or authority (such a charity or public body) seeking to create a public benefit <I’ll help you to benefit others>. However, our argument here is that few people exist at the extremes of these axes. Equity theory (Huseman et al, 1987; Kilbourne & O’Leary-Kelly, 1994) posits that people prefer balanced benefits in which neither individuals nor social groups are over or under compensated for their efforts <I’ll help others without exploiting myself, and share any benefits received with others>.

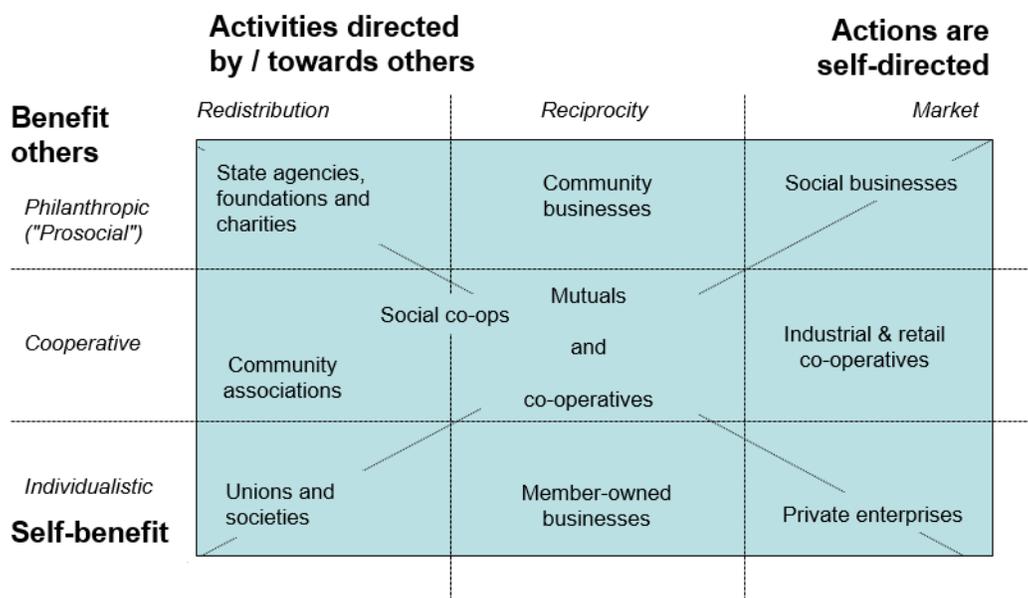
The theoretical underpinnings of these positions are now set out in more detail. The first dimension is theorised using Polanyi’s work on the economics of redistribution, reciprocity and market exchange (Polanyi, 2001 [1944]; Nyssens, 2006). *Redistributive* actions seek to move resources from one setting to another in accordance with pre-agreed political and social priorities. This logic is used by public authorities and charities that raise funds (taxes) from one source and redistribute them to others who create public goods / services. *Reciprocity*, on the other hand, is grounded in the logic of mutual aid, whereby equitable contributions to, and drawings from, mutual funds generate both individual and collective benefits (Ostrom, et al., 1999; Restakis, 2010). In this case, action is focused on securing reciprocal exchanges and cultivating a willingness amongst people with familial, kinship or community ties to proactively support each other’s well-being. The last type of economic exchange is through the *market*. Exchange is still the goal, but the mediating mechanism is no longer kinship, community ties or personal bonds. It is replaced by depersonalised system of commodity production with buying and selling goods mediated by transaction costs that are variously inflated (by the seller) to increase the amount of profit or reduced (by the buyer) to minimise losses (Coase, 1937).

The second axis is theorised using works on social value orientation (the propensity and inclination of a person to help others). The concepts deployed here are drawn from works that explore altruism rather than modes of economic exchange (Dreu & Boles, 1998). The concepts

distinguish a person who is individualistic (ego-centric), co-operative or philanthropic (pro-social). The term ‘individualistic’ is applied to a person who thinks only of their own benefit (ego-centric), whereas the term ‘philanthropic’ is applied to a person who thinks only of the benefit to others (pro-social). In the case of co-operative behaviour, the aim is to share benefits, not keep them all to oneself or give them all away.

The combination of these economic and social beliefs give rise to a much broader spectrum of enterprise possibilities than a simple choice between public and private (Figure 2). Many of these action orientations link to trajectories in social enterprise development. For example, within the UK, the term ‘social enterprise’ (SE) initially gained its strongest foothold within the co-operative movement and community regeneration sector (Teasdale, 2012), particularly in relation to the building of a broad movement of employee-owned businesses and philanthropically-minded community benefit societies funded by community share issues (Brown, 2004). These sit at two of the intersections of Figure 2 (*co-operative reciprocity* and *philanthropic reciprocity*). By late 1997, a coalition of co-operatives and co-operative development agencies had formed Social Enterprise London (Ridley-Duff & Southcombe, 2012). As regional links developed, a national body – the Social Enterprise Coalition (SEC) – was created to lobby for co-operatives, social firms, trading charities, community and employee-owned enterprises.

Figure 2 – The impact of philosophies of action on enterprise formation



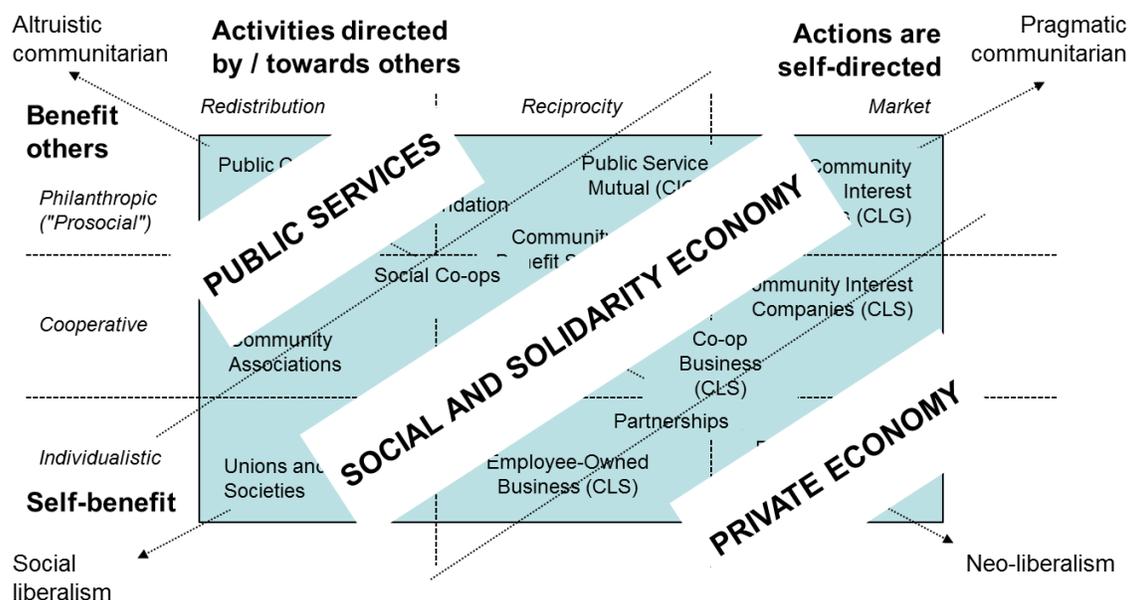
At the end of the 1990s, the Social Exclusion Unit was formed by Blair’s New Labour government. This body produced a strategy for ‘neighbourhood renewal’ in which SE was used to describe community businesses and trading charities oriented towards the needs of socially excluded groups (Westall, 2001). As time passed, particularly after a UK government consultation involving charities and voluntary groups, the co-operative origins of the SE movement became obscured by a strengthening (US-dominated) discourse on ‘earned income’ and ‘innovation’ in charities and public services (Dees, 1998; Alvord et al., 2004). This gradual move from *philanthropic redistribution* towards *philanthropic reciprocity*, and then *philanthropic market-action*, is found in the earliest UK research (Amin, et al., 1999; Westall, 2001) and the effect was to raise the profile of ‘social businesses’ that work with charitable foundations and governments to advance social entrepreneurship (Teasdale, 2012; Somers, 2013).

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The longer-term effects are evidenced today by new legal forms that institutionalise new commitments to market-action with a social purpose, or trading firms that use market-action to generate and reinvest philanthropic capital (Yunus, 2007). In addition to foundations directly owning a large number of SE subsidiaries (e.g. BRAC in Bangladesh), a plethora of legal forms have been created to support this approach: Low-Profit (L3C) and Benefit Corporations (B-Corps) in the US, Community Interest Companies (CICs) and Charitable Incorporated Organisations (CIOs) in the UK, Certified Non-Profits and Social Welfare Corporations in Japan and the spread of social-purpose enterprise laws across EU nation states (Galera & Borzaga, 2009; Defourny & Nyssens, 2015; Ridley-Duff & Bull, 2015, Table 11.2).

This drift to socially responsible businesses (SRBs), however, is resisted in EU conceptualisations of a solidarity economy rooted in the growth of social co-operatives that prioritise *co-operative redistribution* and trade unions that secure *individualised redistribution* (through joint campaigns to build social solidarity). Organisations that concurrently deploy solidarity and self-help co-operative principles can halt the rise of a 'self-employed precariat' (Amin et al., 2002; Conaty, 2014; Conaty & Bird, 2016, p. 3). Characteristic of the EU model is a growing emphasis on including multiple stakeholders in governance systems that enable workforce members and service users to participate in decisions about the design of working practices, goods and services (Moreau and Mertens, 2013). This 'socialised enterprise' approach can also accommodate the intersection of *individualistic* intent and *reciprocal* action. Employee-owned and solidarity enterprises are developing across a range of industries, with strong growth in health, social care, engineering, retailing and work integration (Conaty, 2014; Borzaga & Depedri, 2014; EOA, 2014). They illustrate that common bonds can be built through solidarity *between* interest groups, not just within them, through mutual action to develop a community of interest (Vieta, 2010; Lund, 2011; Ridley-Duff, 2015).

Figure 3 - Identifying a paradigm shift that makes social solidarity visible



Switching the axis: rendering a new paradigm

At this point, it is worth revisiting the research question 'how can the emergence of the SSE be rendered in a way that makes its scale, diversity and impact more visible?' While the empirical evidence that supports the argument *for* a paradigm shift will be made in more detail later, it is

at this point that the shift in paradigm can be identified. The dominant paradigm is one that sees the world through a lens that runs from the top-left of Figure 3 to the bottom-right (showing a choice between a public service orientation and private economy). Public services and charitable foundations are framed as altruistic communitarian institutions that provide welfare. There is a small - but highly limited - space for co-operatives and mutuals, based on self-help principles of reciprocity. Lastly, there is the private economy fashioned for the benefit of entrepreneurs who wish to pursue their own self-interest.

If we draw out this cross-section of Figure 3, it looks as if the options for economic development are those shown in Table 1, with redistribution led by the public sector in collaboration with charities and non-profit organisations (NPOs), reciprocity facilitated by co-operative businesses, social co-operatives and mutual societies, and market approaches adopted by private companies, partnerships and self-employed individuals. Framing the discourse in terms of a choice between *altruistic communitarianism* and *neo-liberal markets* (Table 1) squeezes the SSE into a small (political and institutional) space where the state and charities lead the task of redistributing resources while private businesses generate them through their desire to profit from market exchange.

Table 1 - Dominant discourse influence on options for economic development

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

This power of this dominant discourse is a barrier to developing the corporation because it inhibits governance by ‘other’ (non-financial) stakeholders capable of enhancing the quality of decision-making (Veldman & Willmott, 2016). In turn, the dominant discourse narrows the scope of curricula in business schools with the consequence that students are unable to study either the status quo or proposed alternatives *critically* (Grey & Willmott, 2015; Parker, 2016). However, if the axis is switched to one that sees the world of enterprise creation through a lens that runs from the bottom-left of Figure 3 to the top-right (showing a choice between voluntary associations, unions and societies, co-operative and mutual enterprises, and socially responsible businesses operating in market contexts) then it looks quite different. There is a much wider diversity of member-controlled and member-owned institutions that can collectively handle redistribution, reciprocal relations and market transactions (see Table 2).

Voluntary associations, credit and trade unions, co-operative and mutual societies are framed as socially liberal institutions that involve large numbers of people who reframe political discourse to secure new distributions of power and wealth (Mangan, 2009; Parker et al., 2014). There is now a much broader political and social space for forms of co-operation and mutual association (social co-operatives, co-operative societies, community benefit societies, co-operative partnerships, employee-owned businesses, public service mutuals) who commit to the self-help member-ownership principles and social justice commitments of the social economy. The institutions of the public and private sector are not excluded, but from this perspective they are conducive to neither social liberalism nor pragmatic communitarianism. Following Nove (1983), private business and public agencies take a supporting - not a leading - role. Private enterprise operates as SMEs offering niche services that meet local needs. Public

agencies stick to large infrastructure projects and the provision of public services. Everything else is provided by the SSE. This paradigm shift makes visible the full range of capabilities in the alternative economy (Parker et al., 2014).

Table 2 - Desirable discourse influence on options for economic development

Exchange Type	Redistribution	Reciprocity	Market
Enterprise approach	Unions, Societies and Associations (CTAs)	Co-operative and Mutual Enterprises (CMEs)	Social / Responsible Businesses (SRBs)
Legal forms	Unions and Societies Community Associations	Social Co-operatives Community Benefit Societies Credit Unions Mutual Insurance Institutions Public Service Mutuals Co-operative Societies 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

To sum up this section, we have identified a range of motivations for taking action that are rooted in desires to help oneself and/or others, and to self-direct actions and/or allow others to direct. We have argued that the dominant discourse is one based on an axis of thought ranging from altruistic communitarianism through charity and public service to neo-liberalism based on private accumulation through market trading. In this dichotomy, the principal choice is between the public and private spheres, in which there is a small space for outlier organisations practising reciprocity and mutuality. However, if we change the axis of thought to one that ranges from social liberalism to pragmatic communitarianism, a much large array of member-driven and member-owned organisations come into view, all aligned with mutual principles, that exist primarily for-purpose rather than for-profit. In the next section, we back this up with new evidence that a paradigm shift is well under way.

THE EVIDENCE FOR A PARADIGM SHIFT

In Ostrom’s Nobel Prize acceptance speech (Ostrom, 2009), she outlined thousands of cases that led her research team toward eight principles for the sustainable management of common pool resources. In her original work, Ostrom (1990) established the first five:

- **Principle 1** – clear definitions of the resource and the resource users (members responsible for creating and appropriating a shared resource).
- **Principle 2** – ensure that appropriator rights (rights to use) are proportional to provider obligations (labour, materials and money necessary to sustain the resource).
- **Principle 3** – local appropriation rules / rights are decided, partially or wholly, by those with rights of appropriation.
- **Principle 4** - User / resource monitoring is subject to the principles of democratic accountability (officials who monitor their use and report their findings to resource users).
- **Principle 5** – low cost conflict resolution systems in which sanctions are graduated with clear links to the extent of resource / rule violation.

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These principles set economics on a path back towards the logics of reciprocity, co-operative and mutual business models, but with a renewed recognition that multiple stakeholders can be bound together by democratic institutions that accommodate their interests. When based on these norms, Ostrom et al. (1999) argue that performance against each bottom line (social, economic, environmental) becomes superior to both private corporations and state bodies. Numerous examples of land management, water irrigation and food production are offered to demonstrate that sustainable management of natural resources thrives under this user-led, not investor-led, approach to managing resources (Ostrom, 2009).

It is one thing to assert that a paradigm shift is desirable, but quite another to evidence that it is occurring. Ostrom's work alone is not sufficient to convince sceptical educators and policy makers that there is a large scale shift to an alternative axis of thought. To further this argument, we draw on additional sources: firstly, contemporary global reports on the size and scale of the co-operative movement; secondly changes in the market share of co-operative and mutual financial institutions alongside the growth of new mutuals in the field of crowdfunding and investing; lastly, the rapid rise of a commons-based approach to sharing knowledge and intellectual property using the internet.

Avila and Campos (2006) published an EU report on employment in the social economy. In some EU countries, employment is dominated by associations (Belgium, Netherlands and the United Kingdom) while in others co-operatives and mutuals dominate (Italy, Spain and Poland). Across the EU as a whole, 36 per cent of social economy employment (3.7 million jobs) was provided by co-operatives and mutuals, while the remaining 64 per cent (7.4 million) was provided by associations (and charities). Their report highlighted that employment in the social economy was growing faster than in the private and public sectors (at 5–9 per cent a year) but that overall employment remained under 10 per cent across the whole economy (p.109).

Table 3 – Co-operative employment worldwide by continent and category

Region	Employees	Worker-Members	Producer-Members	Total
Europe	4,627,953	1,231,102	10,132,252	15,991,207
Africa	1,467,914	237	5,715,212	7,183,363
Asia	7,734,113	8,200,505	204,749,940	220,684,558
Americas	1,762,797	1,409,608	3,048,249	6,220,654
Oceania	26,038	No data	34,592	60,630
	15,618,715	10,841,452	223,680,245	250,140,412

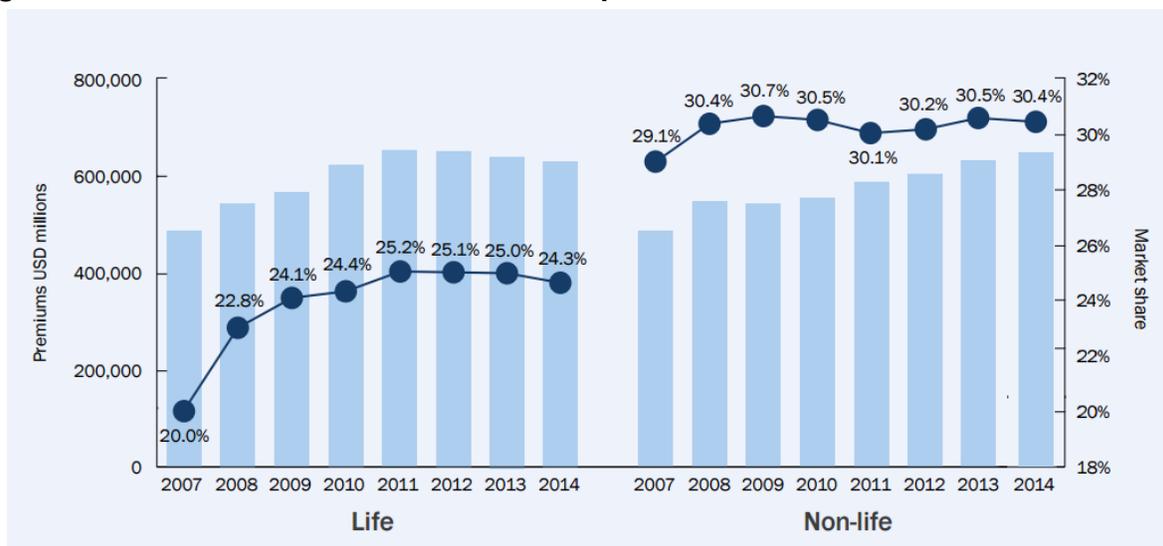
Source: B. Roelants, presentation to International Co-op Summit, Quebec, 6 October 2014.

Table 3 suggests that this growth forecast has not only been sustained but could be accelerating. In CICOPA's global report on co-operative employment, the much larger figure of 16 million jobs is estimated for Europe (Roelants et al., 2014). Whilst the expansion of the EU affects the number of jobs included, it cannot explain a four-fold increase between 2003 and 2013. Moreover, the 2010 global estimate of 100 million jobs has been revised upwards to 250 million (with 160 million now based in China). Four OECD countries with high GDP growth (China, India, South Korea and Turkey) now have more than 10 per cent of their populations working 'within the scope of' co-operatives. Only Italy among developed OECD nations has a similar rate of employment in the social economy at 10.9 per cent (p. 31).

Part of this rise can be linked to the popularity of fair trade amongst both producers and consumers. Lacey (2009) reports that 75% of fair trade produce is sourced from co-operatives,

and notwithstanding the encroachment of multi-national corporations into industry accreditation bodies (Doherty, et al., 2013), there are still reports of extraordinary growth in ‘small producer organisations’ (SPOs) within fair trade networks (Fairtrade International, 2013). Sales by SPOs rose by 41% in 2012 to €822 million, with fairtrade premiums to SPOs rising by 52%. In contrast, fair trade sales by ‘hired labour organisations’ were unchanged at €91 million, and fair trade premiums to them fell by 3%. The evidence suggests continued rapid growth in producer co-operatives but not multi-national firms offering employment.

Figure 4 – Worldwide mutual life and non-life premiums held in CMEs



Source: ICMIF (2016), Figure 3

Secondly, the global market share of co-operative and mutual financial organisations has grown substantially since the financial crisis in 2007 (Figure 4). The ICMIF (2013) report gives details of a rise in market share from 23.0 per cent to 29.8 in Europe, from 28.7 per cent to 34.8 per cent in North America, and from 8.6 per cent to 11.2 per cent in Latin America. In Africa, there is low take up (but still growth from 1.2 to 2 per cent). Asia is the only region where market share fell from 20.7 to 19.6 per cent.

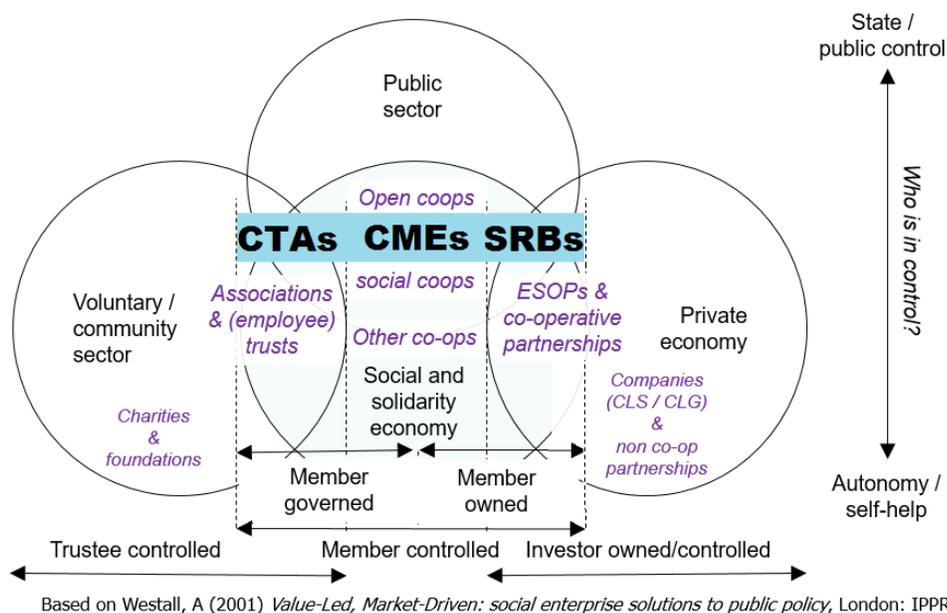
Alongside this growth at the ‘top end’ of the co-operative economy is the growth of micro-finance at the ‘bottom end’. Kiva.org provides an online platform for micro-finance providers. Starting in 2005, there are now 305 field partners enabling 1,375,985 lenders to provide \$800 million in loans to micro-businesses across the globe.¹ Kiva is not alone. Kickstarter formed in 2002 and went live in 2009. By its fifth birthday, it has been supported by over 8 million people who have made more than 20 million pledges totalling \$1.56 billion towards 79,074 ‘creative projects’. Similarly, Indiegogo currently reports 15 million visitors *per month*, with 150,000 funded projects in 224 countries (Ridley-Duff & Bull, 2015). Both Indiegogo and Kickstarter mostly provide ‘rewards’ rather than ‘returns’ to funders, making the capital donated philanthropic in the sense that investors do not buy a financial stake or get a traditional financial return. But these systems are not confined to philanthropic engagement. Whilst writing this paper, the Funding Circle website in the UK reported that 46,351 people had lent £1.05 billion to 12,000 businesses,² whilst Zopa UK reported that since 2005 they have helped 63,000 people lend more than £1.28 billion in peer-to-peer loans.³ All represent new forms of mutual enterprise that observe Ostrom’s design principles.

Thirdly, there is switch to mutual models in the management of intellectual property. Creative Commons⁴ is a global movement for licensing intellectual property (IP) in a way that gives,

rather than denies, public access. Its 2015 *State of the Commons* report (Creative Commons Foundation, 2014) reported 1.1 billion items of IP have been licensed using its property system. In 2014, new licences were being requested at a rate of 761,643 a day. All of these items can be shared freely, and many (about 37 per cent) can be exploited commercially so long as the user follows the licence terms. The world’s most popular encyclopaedia – Wikipedia – uses Creative Commons to license its articles. Its own annual report (Wikimedia Foundation, 2014) claims it was funded in 2012–13 by 2 million people, and that its editors added 5 million new articles and made 160 million edits to existing articles. Universities have responded by creating a social enterprise (IS4OA CIC) that promotes open access to top quality research. At the time of writing, 2,197,368 academic articles were available⁵ and in July 2015, the UK government announced that it would only fund research available through open access platforms.⁶

This activity is transforming institutional logics for obtaining funds not only in the market economy (e.g. Funding Circle) but also for philanthropic funding (e.g. Kiva) and government funding of research activities. This move to a more co-operative sharing economy uses web-platforms to entrench mutual principles for community benefit (Scholz, 2016). The future that Westall (2001) envisaged of a ‘fourth space’ for people in the SSE to innovation in member-driven/owned enterprises is now becoming a reality, and it is growing at a rate that business educators and policy makers can no longer ignore. We urgently need to adjust our philosophy of business to match the call for multi-stakeholder approaches to organising (Parker, 2015; Ridley-Duff, 2012, 2015; Veldman and Willmott, 2016) and accommodate the rise of solidarity enterprises that bring producers and users together through ‘platforms’ to advance mutual interests (Ridley-Duff and Bull, 2014; Scholz, 2016).

Figure 5 – Rendering the SSE



The paradigm shift proposed in this paper provides a framework for understanding the logics behind the changes in local and global institutions that support a broad SSE deploying Ostrom’s design principles. These already enable hundreds of millions of people to secure their livelihoods in a different way. New systems for co-operation (like Creative Commons, Wikipedia, Kiva, Funding Circle and Zopa), plus the re-emergence of mutual finance, plus innovations in

open-source software (like Linux, Apache, Wordpress and Wikimedia) are more than passive attempts to mitigate failures in the state or market. They represent a paradigm shift in the direction of 'new co-operativism' (Vieta, 2010) that builds on, but is not a slave to, past traditions in co-operation and mutuality, and which need to be rendered in a way that makes their various forms visible and distinctive (Figure 5).

As Ostrom (1990, 2009) has consistently argued, apparently simple configurations of collaborative action between producers, consumers and their financial supporters can yield outcomes conducive to sustainable development if certain design principles are applied. This is backed up by research into the survival rates of social economy enterprises. A Quebec study (Ontario Co-operative Association, 2008) found that 5 and 10 year survival rates were consistently superior for the co-operative economy compared to the private economy. This is aligned to findings from studies into participatory enterprises in Europe that found that even 5% ownership stake by employees increased survival rates by 25% (Perotin and Robinson, 2004). Moreover, long-term survival rates were stronger in worker co-operatives regardless of whether an enterprise began as a start-up, conversion or rescue.

Against these encouraging findings, however, there are two factors - one external, one internal - that are consistently linked to a decline in the social economy. Firstly, lobbying activities supported by media interests in the private sector can result in legal reforms that weaken the SSE by prioritising employment over member-ownership and privileging institutional investors over member-owners (Cook et al., 2001; Klein, 2007; Erdal, 2011; Webster et al. 2012). Secondly, parties to a mutual enterprise may not have the capacity to switch to (or maintain) democratic governance and participatory management. This leaves them vulnerable to executive capture and hierarchical control by professional managers (Cornforth, 1995; Perotin & Robinson, 2004; Ridley-Duff & Bull, 2015). Whilst the latter can be addressed by improving access to good advice and education, the former requires political action.

CONCLUSIONS

The nascent ideology of 'new co-operativism' (Vieta, 2010) has created a range of new institutions to establish the viability of the design principles that underpin a SSE committed to sustainable development. We have presented evidence that the growth of the SSE is rooted not simply in a desire to 'solve problems' but also to proactively create a more open, shared, democratically organised economy that secures its stability and realises its potential. In this space, there is a 'defining cluster' of for-purpose actions that generate a SSE:

1. New approaches to redistribution using unions, societies and associations that organise charitable trading activities (CTAs)
2. New approaches to reciprocity through co-operative and mutual enterprises (CMEs) that use online platforms to generate solidarity between producers and consumers.
3. New market-based trading activities in socially responsible businesses that proactively pursue sustainable development (SRBs).

The alternative axis (and economy) theorised in this paper, supported by evidence from multiple sources, lends greater credibility to the claim made in 2012 that the co-operative economy as a whole enables 3 billion people to secure their livelihood. These claims can be traced to reports prepared for the United Nations (1994), repeated in 2001 when the International Labour Organisation (ILO, 2001) was debating the adoption of recommendation 193 on the promotion of co-operatives. Claims were grounded in the ICA's own membership and employment data, and were republished for the launch of the 2012 UN International Year of Cooperatives (Co-operatives UK, 2011).

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Today, those claims look less tenuous than they did in 2012. The ICMIF (2016) report includes credible information that 955 million people worldwide have life and non-life insurance with co-operative and mutual providers, and that many life insurance products protect several people. When this finding is added to the employment found by Roelants et al. (2014), and to evidence of mass engagement in mutual aid through web platforms, the age of social co-operation looks much more advanced. If over one-quarter of financial products worldwide are now sold by CMEs, and approaching two thirds of people depend on CMEs to 'secure their livelihood', why do we not get daily reports in the business news comparing the health of (people in) the SSE with stock-market listed companies?

There is no longer an argument that justifies ignoring the SSE's alternative economy in textbooks on business, economics and management, nor is there a justification for the lack of policy to support *collective* entrepreneurship within CMEs. The evidence suggests that within a generation the choice will not be between altruistic communitarianism (through charitable and public organisations) and neo-liberal doctrine (in 'free' markets). The new choice will be between social liberalism advanced through new forms of union and association and the pragmatic communitarianism of employee-owned businesses, mutual financial institutions, and co-operatively owned social businesses that meet sustainable development goals. Is it time for a paradigm shift in business education and policy? We submit that it is.

Dr Rory Ridley-Duff is Reader in Co-operative and Social Enterprise at Sheffield Business School. He has authored 35 scholarly papers, four books and two novels. In addition to co-authoring *Understanding Social Enterprise: Theory and Practice* (Sage Publications) with Mike Bull, he has published *The Case for FairShares* based on a decade of action research on 'new co-operativism' (see www.fairshares.coop).

Dr Mike Bull is Senior Lecturer and Research Fellow at Manchester Metropolitan Business School. He recently completed his PhD by publication on 'The Development of Social Enterprise in the UK'. He is Track Chair of Social, Environmental and Ethical Enterprise at the ISBE Conference and is on the Programme Board of *Social Economy* published by Cracow University of Economics.

End Notes

- ¹ <https://www.kiva.org/about/stats> on 25th Jan 2016.
- ² Data found at <https://www.fundingcircle.com/uk/> on 25th January 2016.
- ³ www.zopa.com/about on 28th January 2016.
- ⁴ For further details, see <http://www.creativecommons.org>.
- ⁵ Data retrieved from <https://doaj.org/about> on 20th June 2016.
- ⁶ See "Policy for open access in the post-2014 Research Excellence Framework" at <http://www.hefce.ac.uk/pubs/year/2014/201407/>.

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