

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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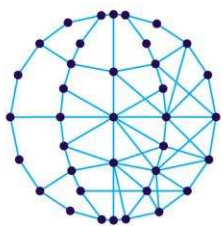
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RENDERING THE SOCIAL SOLIDARITY ECONOMY: EXPLORING THE CASE FOR A PARADIGM SHIFT IN THE VISIBILITY OF CO-OPERATIVE AND MUTUAL ENTERPRISES IN BUSINESS EDUCATION, RESEARCH AND POLICY-MAKING

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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.

Résumé

Les théories sur les pratiques commerciales sont dominées encore de nos jours par l'alternative entre responsabilité sociale (communitarisme altruiste) et entreprise privée (néolibéralisme). Depuis le début des années 1990, cette hégémonie se voit pourtant perturbée par la recherche sur le bénévolat et l'entreprise sociale (ES). En enracinant philosophiquement dans l'économie sociale les logiques de trois approches, ce papier explore la preuve documentaire d'un changement de paradigme. La conclusion à laquelle il parvient est qu'aucun justificatif n'est plus défendable pour faire de l'économie solidaire et sociale (ÉSS) un choix marginal entre le communitarisme altruiste et le néolibéralisme. Il existe dorénavant une vaste économie d'unions, de sociétés, d'associations (activités commerciales caritatives, sigle anglais : CTA), de sociétés coopératives, de mutuelles financières, d'entreprises détenues par leurs salariés (sigle anglais : CME) et de sociétés socialement responsables (sigle anglais : SRB), employant plus de la moitié de la population mondiale. L'éducation commerciale doit donc être recadrée comme un choix supplémentaire venant s'ajouter à l'alternative classique, entre le socio-libéralisme et le communitarisme pragmatique, renseigné par un « nouveau coopérativisme » puisant largement aux théories sur la coopération et le mutualisme dans les sociétés gouvernées par les membres.

Resumen

Las teorías de negocios aún están dominadas por una elección entre la responsabilidad social (el pensamiento comunitario altruista) y la empresa privada (el neoliberalismo). Desde comienzos de la década de 1990, esta hegemonía se vio perturbada por la investigación en torno de la iniciativa voluntaria y la empresa social (SE, por sus siglas en inglés). Al afianzar filosóficamente la lógica de tres abordajes respecto de la empresa social, este artículo analiza la evidencia de un cambio de paradigma. Se llega a la conclusión de que ya no existe una justificación defendible para representar a la economía de solidaridad social (en inglés, SSE) como una opción marginal entre el pensamiento comunitario altruista y el neoliberalismo. En la actualidad, existe una amplia economía de sindicatos, sociedades, asociaciones (actividades comerciales benéficas o CTAs, por sus siglas en inglés), cooperativas, mutuales financieras, empresas propiedad de trabajadores (empresas cooperativas y

mutuales, en inglés, CMEs) y empresas socialmente responsables (SRBs) que mantienen a más de la mitad de la población mundial. Se debe recontextualizar la educación empresarial como una nueva opción entre el liberalismo social y el pensamiento comunitario pragmático documentada por un «nuevo cooperativismo» basado ampliamente en las teorías de la cooperación y de la ayuda mutua en empresas controladas por sus miembros.

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 and Bull, 2016) 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 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. On this axis lie many member-driven approaches - charitable trading activities (CTAs), co-operatives and mutual enterprises (CMEs) and socially responsible businesses (SRBs)—that have developed independence from state, charity and market institutions.

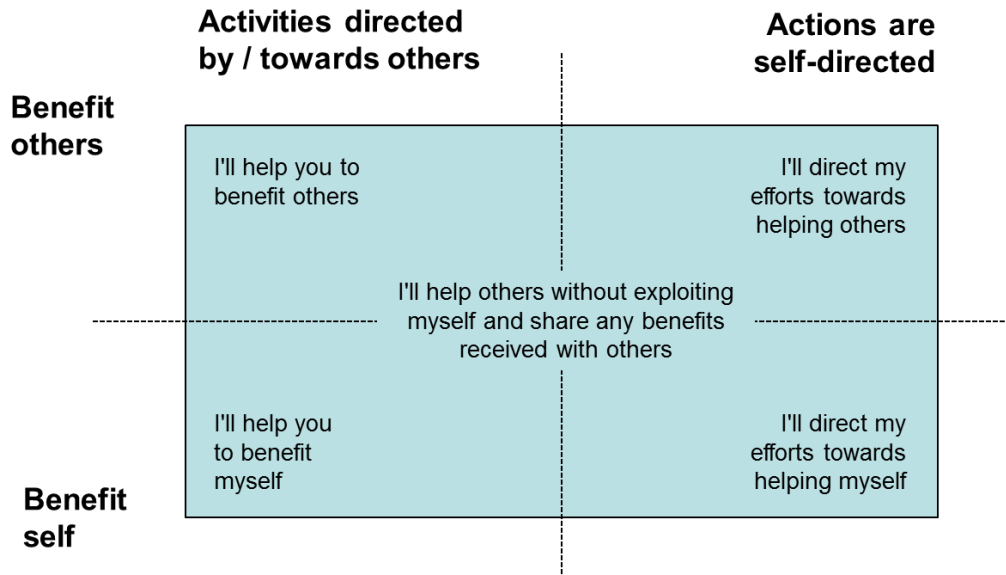
The identification of a desirable discourse underpinned by a philosophical commitment to social solidarity is, in effect, an argument that a paradigm shift is occurring (Kuhn, 1970; Sahakian & Dunand, 2014). This paper contributes to the study of this field by setting out both the philosophical grounds and early evidence to test this thesis. It 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 the paper to make the case for a new rendering of the SSE in business education, policy making and research.

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 regularly faced with questions as to whether an individual or organisation qualifies for a particular type of support. Every law to regulate the SSE and wider field of social enterprise, every Kitemark 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



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 (in popular programmes like 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)

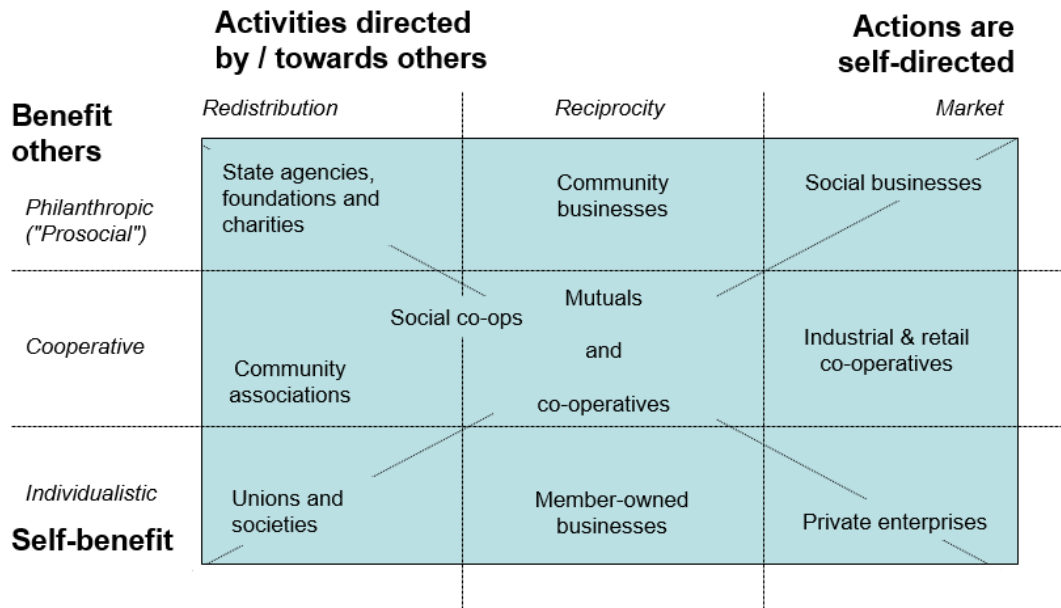
For Parnell, collectivism is not always motivated by altruistic intent (even if altruism is the outcome). Instead, collective action – and the desire to work with others co-operatively—can still be motivated by the desire for individualized benefits. Examples of this can be found in trade unionism and 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 and 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 theorized using Polanyi's work on the economics of redistribution, reciprocity and market exchange (Polanyi, 2001 [1944]; Nyssens, 2006; Roy, 2015). 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 a depersonalized 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 minimize losses (Coase, 1937).

The second axis is theorized 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 as 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).

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



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).

It is possible to link many of these action orientations 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; Ridley-Duff and Southcombe, 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; 2006). 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. 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.

At the end of the 1990s, the Social Exclusion Unit was formed by Tony 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, and particularly after a UK government consultation involving charities and voluntary groups, the co-operative origins of the SE movement in the UK became obscured by a strengthening (US-dominated) discourse on ‘earned income’ and ‘innovation’ in charities and public services. 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’ as an option that is supportive of local entrepreneurship backed by (in the short term at least) philanthropic action by government in

collaboration with private charitable foundations (Ridley-Duff & Southcombe, 2012; Teasdale, 2012; Somers, 2013).

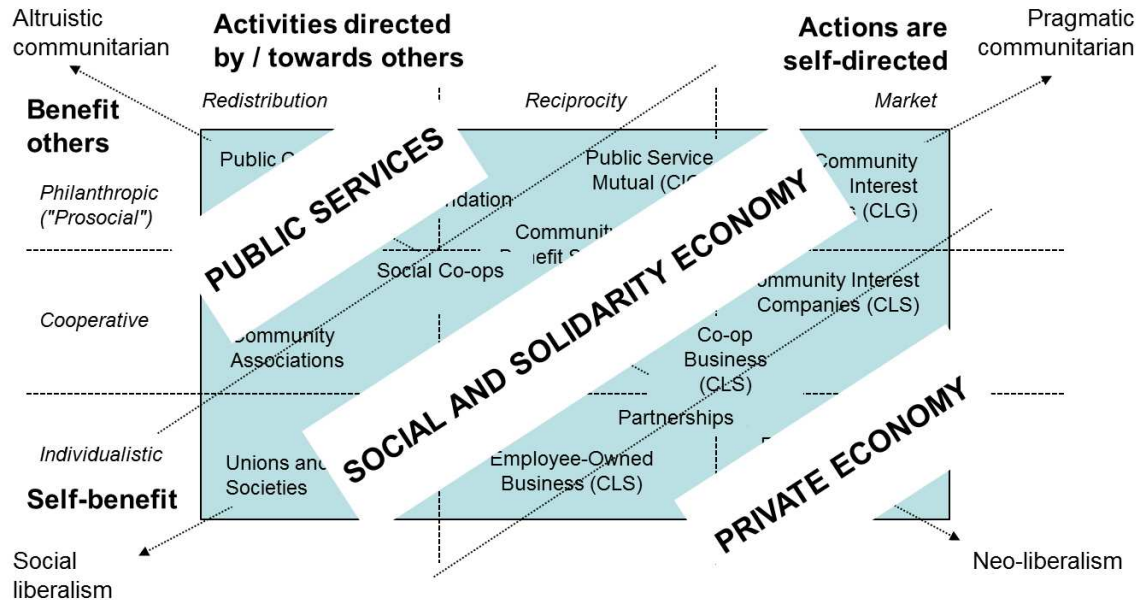
The longer-term effects are evidenced today by new legal forms that institutionalize new commitments to market-action with a social purpose, or trading firms that use market-action to generate and reinvest philanthropic capital (Yunus, 2007). In addition to foundations directly owning a large number 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. In addition, it has seen the spread of social-purpose enterprise laws across EU nation states (Galera and Borzaga, 2009; Defourny and Nyssens, 2015; Ridley-Duff and Bull, 2016: 323, Table 11.2).

This drift to socially responsible businesses (SRBs), however, is resisted in EU conceptualizations of a solidarity economy rooted in the growth of social co-operatives that prioritize co-operative redistribution and trade unions that secure individualised redistribution (through joint campaigns to build social solidarity). These are still rooted in self-help co-operative principles derived from secular and Christian socialist traditions (Amin et al., 2002). 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 'socialized 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 (Connaty, 2014; Borzaga & Depedri, 2014; EOA, 2014). They illustrate that common bonds can be built through solidarity between interest groups, not just within them, and through mutual action to develop a community of interest (Vieta, 2010; Lund, 2011; Ridley-Duff, 2015).

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 is worth identifying. 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, SSE and a 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.

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



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 with the state and charities leading in 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

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).

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 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

Voluntary associations, trade unions and societies are framed as socially liberal institutions that involve large numbers of people who campaign to secure political rights and welfare changes that redistribute power and wealth. 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) that commit to the self-help member-ownership principles 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. They have a supporting, not a leading role. This paradigm shift makes visible the full breadth and range of the alternative economy (Parker et al., 2014).

To sum up this section, we have identified a range of motivations for taking actions that are rooted in desires to help oneself and/or others, and to self-direct actions and/or allow others to direct them. 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 that practice reciprocity and mutuality. However, if we change the axis of thought to one that ranges from social liberalism to pragmatic communitarianism, a much larger array of member-driven and member-owned organisations comes

into view, all of which are aligned with mutual principles. These principles are achieved by the wide range of SEs 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), she 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 use report findings to users of the resource).
- **Principle 5** – low cost conflict resolution systems in which sanctions are graduated with clear links to the extent of resource / rule violation.

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 argues 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 by Ostrom 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 (1990, 2009) work alone is not sufficient to convince sceptical educators, researchers and policy makers that a large-scale shift to an alternative axis of thought is occurring. 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; and lastly, the rapid rise of a commons-based approach to sharing knowledge and intellectual property using the internet.

Avila and Campos (2006) published a report for the European Commission 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% of social economy employment (3.7 million jobs) was provided by co-

operatives and mutuals, while the remaining 64% (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% a year) but that overall employment remained under 10% across the whole economy (Avila and Campos, 2006: 109).

Table 3 suggests that this growth forecast for social economy employment 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). Has there been a four-fold increase across Europe 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% of their populations working 'within the scope of' co-operatives. From the developed OECD nations, only Italy has a similar rate of social economy employment (Italy – 10.9%, Germany – 6.5%, France – 5.9%, UK – 1.4%, US – 1.3%) (Roelants et al., 2014: 31).

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

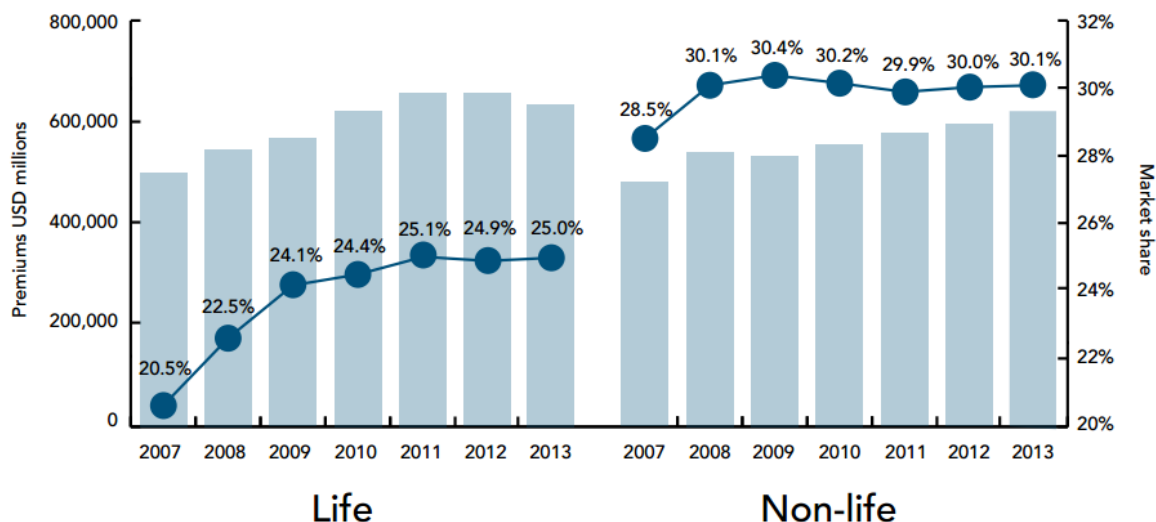
Source: B. Roelants, presentation to International Co-op Summit, Quebec, 6 October 2014.

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 organizations' (SPOs) within fair trade networks (Fairtrade International, 2013). Sales by SPOs rose by 41% in 2012 to €822 million, with fair-trade 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 trend towards mutual models of organising in this growing, global trading system is still clearly evidenced.

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% to 29.8 in Europe, from 28.7% to 34.8% in North America, and from 8.6% to 11.2% in Latin America. In Africa, there is low take up (but still growth from 1.2 to 2%). Asia is the

only region where market share fell from 20.7 to 19.6%. Globally, CMEs market share rose from 23.8 to 27.3%.

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



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.ⁱ

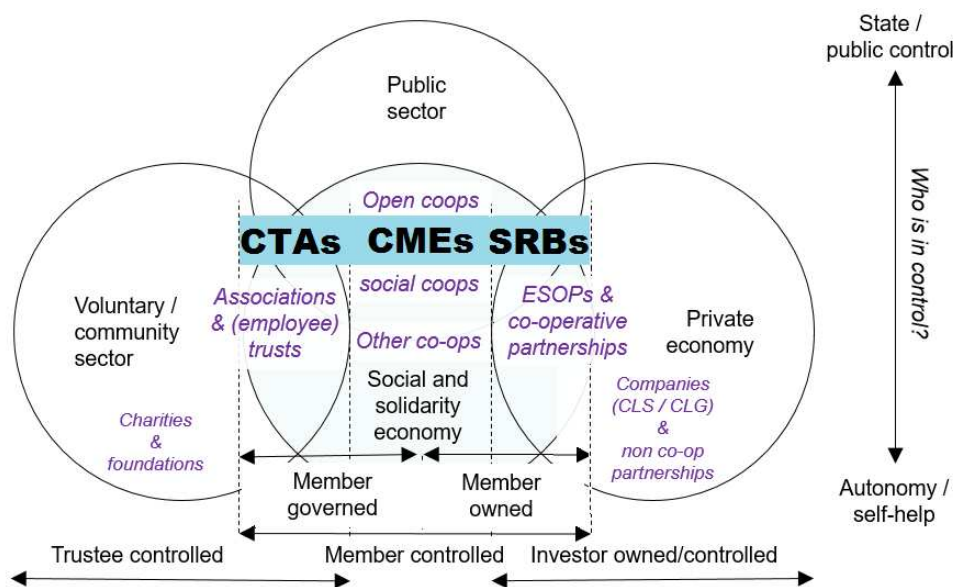
Kiva is not alone. Kickstarter formed in 2002 and went live in 2009. By its fifth birthday, it has been supported by over 8 million people who have made more than 20 million pledges totalling \$1.56 billion towards 79,074 ‘creative projects’. Similarly, Indiegogo currently reports 15 million visitors per month, with 150,000 funded projects in 224 countries (Ridley-Duff & Bull, 2016). 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 article, the Funding Circle website in the UK reported that 46,351 people had lent £1.05 billion to 12,000 businesses,ⁱⁱ whilst Zopa UK reported that since 2005 they have helped 63,000 people lend more than £1.28 billion in peer-to-peer loans.ⁱⁱⁱ All represent new forms of mutual enterprise.

Thirdly, there is switch to mutual models in the management of intellectual property. Creative Commons is a global movement for licencing 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%) can be exploited commercially as 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.

This activity is transforming institutional logics for obtaining funds not only in the market economy (e.g. Funding Circle) but also the non-profit sector (e.g. Kiva). Indiegogo and Kickstarter suggest that web-based mutual models can harness new kinds of philanthropy by linking supporters to producers through web-based platforms. The future that Westall (2001) envisaged of a ‘fourth space’ in which SEs build a SSE through innovations in member-driven/owned enterprises is now becoming a reality, and it is growing at a rate that business educators, policy makers and researchers can no longer ignore. We urgently need to adjust our philosophy of business to match the rise in multi-stakeholder approaches to enterprise development, and the solidarity co-operative models that underpin new methods of engagement by producers and users to secure mutual interests (Ridley-Duff and Bull, 2014; Connaty, 2014).

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. The 2014 International Co-operative Summit in Quebec repeated a previous claim at the United Nations that 59% of people globally depend on the co-operative economy to secure their livelihood. New systems for co-operation (like Creative Commons, Wikipedia, Kiva, Funding Circle and Zopa), plus the re-emergence of mutual finance and innovations in open-source software (like Linux, Apache, Wordpress and Wikimedia) are more than passive attempts to ‘mitigate failures in the state or market’ (Alter, 2007). 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.

Figure 5 – Rendering the SSE



Based on Westall, A (2001) *Value-Led, Market-Driven: social enterprise solutions to public policy*, London: IPPR

Westall's model (Figure 5) renders visible the transformations in the SSE that combine mutual organisational principles with CTAs and SRBs. This includes: CIO associations and co-operative CICs (UK); social co-operatives (EU); solidarity enterprises (US/Latin America) and all manner of approaches to 'spinning out' public service mutuals.

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 organize 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) theorized 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 Organization (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).

A few years ago, we regarded these claims as 'tenuous' on the basis that they were derived from a creative interpretation of the UN report that 59% of the working age population have a 'close relationship' with a co-operative (Ridley-Duff, 2012). Today, however, those claims do not look so tenuous. The ICMIF (2013) report includes credible information that 915 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 those found by Roelants et al. (2014) that co-operative employment has been under-reported by about 150 million, then added to evidence of mass engagement in mutual aid through web platforms (Kiva, Kickstart, Indiegogo, Funding Circle, Zopa) the age of social co-operation seems much more advanced than it did 20 years ago. If well 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 news reports on the health of the SSE alongside news about stock market prices?

There is no longer an argument that justifies ignoring the SSE's alternative economy in textbooks on business and economics, nor is there a justification for the lack of public infrastructure and policy development to support collective entrepreneurship by CMEs. The evidence suggests that within a

generation, the choice will not be between altruistic communitarianism (through charitable organisations and public service) and neo-liberal doctrine (in 'free' markets). There will be soon be a new set of choices between social liberalism that is advanced through new forms of union and association, and the pragmatic communitarianism of employee-owned businesses, mutual financial institutions, co-operatively owned social businesses that pursue sustainable development goals. Is it time for a paradigm shift in business education, public policy and research funding? We submit that it is.

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- i <https://www.kiva.org/about/stats> on 25th Jan 2016.
ii Data found at <https://www.fundingcircle.com/uk/> on 25th January 2016.
iii www.zopa.com/about on 28th January 2016.
iv For further details, see <http://www.creativecommons.org>.

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