

**Cooperative social entrepreneurship: reflecting on a decade of embedding cooperative studies in social enterprise courses**

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**Cooperative social entrepreneurship: reflections on a decade  
embedding cooperative studies in social enterprise courses**

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**Abstract**

In this paper, I examine how the rise of social enterprise (SE) offers opportunities for cooperative education and cooperative social entrepreneurship (CSE). Internationally, the impulse for SE arose out of changing attitudes to charity trading, sustainable development and the cooperative movement. In England, it has specifically cooperative origins dating back to 1979 at Beechwood College (Leeds). By the 1990s, worker cooperatives and their development agencies were collaborating to create the first SE support organisation and regional SE agency (Ridley-Duff and Southcombe, 2012). Up to 2002, SE was tightly integrated with cooperative development. After 2002, it was reframed to align with charity and public-sector reform plans. I examine how CSE expresses a commitment to integrating and extending the application of cooperative values and principles into a wider range of SEs. CSE focuses on collaborative action that broadens the notion of the common bond through new approaches to cooperativism to build a social solidarity economy (SSE) (Curl, 2010; Ridley-Duff, 2015). In doing so, CSE gives more active consideration to the interests of labour, the local community and society in the design and development of co-operative enterprises.

**Keywords:** Co-operative, Social Entrepreneurship, Mutuality, Enterprise, Education

## Introduction

As I write this, an article in *Stanford Social Innovation Review* (Ganz, Kay & Spicer, 2018) is provoking debate within my academic networks. The charge the authors make is that ‘solving systemic social problems takes people, politics and power – not more social entrepreneurship’ (p. 59). They argue that civil society and the state should act together *against* social entrepreneurship because the latter is a creature of, and vehicle for, the advance of neo-liberalism. This ahistorical and empirically unsound assessment of SE is something I will challenge in this paper.

My counter-argument is that SE was, and once again is, a by-product of developments within the cooperative movement (see Borzaga and Defourny, 2001; Teasdale, 2011; Ridley-Duff, 2015; Ridley-Duff et al., 2017). Specifically, I will set out how UK SE was brought into existence by co-operative educators and practitioners in the north and south of England, and by community enterprise advocates in Scotland. Each looked beyond consumer cooperatives to develop models of cooperation better suited to sustainable development (Spreckley, 1981).

It is an appropriate time to reflect on the state of the art for two reasons. Firstly, it is the 100<sup>th</sup> anniversary of the Co-operative College. Its archive has enabled cooperative historians to examine the blurred line between worker and consumer cooperation in the development of early co-operatives (Toms, 2012; Balnave and Patmore, 2013; Molina, 2013; Paraque and Willmott, 2014). Secondly, it is 10 years since Mike Bull and I began work on *Understanding Social Enterprise: Theory and Practice* (Ridley-Duff and Bull, 2011, 2016). As we work towards a third edition, we encounter rhetoric such as that published by Ganz et al. (2018) that misinforms and misleads students about the connections between cooperators, cooperatives and SE development.

Whilst it is possible to agree with Ganz et al. (2018) that ‘solving systemic social problems takes people, politics and power’ and that this cannot be achieved through the adoption of neo-liberal doctrine (Klein, 2007; Scholtz and Schneider, 2016), I challenge Ganz et al. by asserting that co-operative development and co-operators inspired the formation and development of key institutions for SE development. This catalysed a distinctive type of entrepreneurship - cooperative social entrepreneurship – that opposes neo-liberal doctrine, and

remains a vital corpus of knowledge for developing enterprise education within and beyond cooperative universities (van de Veen, 2010; Neary and Winn, 2017).

This paper is divided into five sections. The first highlights a strategy for challenging Ganz et al's (2018) ahistorical account of SE. Building on a debate at the 2016 UK Society for Co-operatives Studies conference (Voinea, 2016), I invite a new debate on the origins and history of SE. In the second section, I explore the concept of mutuality, and how it can be extended beyond financial risk sharing to governance, resource management, social reporting and conflict resolution. In section three, I use Ostrom's principles for collective action to deconstruct six SEs so that their commitment to mutuality can be re-evaluated. In section four, I deconstruct them using ICA co-operative values and principles (CVPs) to assess their credibility as examples of 'new cooperativism' (Vieta, 2010). These analyses inform my concluding section, in which I argue for the value of scholars of SE studying co-operatives and of co-operative scholars studying SEs to explore new cooperativism. I conclude that CSE is entrepreneurship that deploys mutuality, member-control, democratic governance and active trading to meet the needs of members, the wider community and host environment.

## **Strategy 1 - Rethinking History**

In recent years, Sheffield Hallam and Co-operative College have worked together to deliver a course to students from the cooperative university at Mondragon. To start, we study first-hand accounts of the conditions that led to the formation of a co-operative at Rochdale. The co-operative behind the global movement (the Rochdale Society of Equitable Pioneers) was initially run by volunteers. Members gave up two hours each evening to run a shop, and this eroded the division between 'worker' and 'consumer' members until the introduction of paid employment (Wilson, Shaw and Loney, 2012).

Whilst it is tempting, politically, to assert that co-operatives are 'businesses' (see Co-ops UK, 2016) ICA guidance avoids the word 'business' altogether (Kurimoto et al., 2015). Instead, a co-operative is presented as a voluntary association of members who form an enterprise to meet their economic, social and cultural needs. Their enterprise is jointly-owned and democratically-controlled. The absence of the word 'business' in the official statement of identity cannot be accidental.

In the framing of SE, there is continual and contentious debate about its core characteristics, economic contribution and legal expression (Peattie and Morley, 2008; Teasdale, 2012; Hulgard, Pestoff and Defourny, 2014). However, there is near unanimity on the primacy of social purpose(s) and inclusivity in the form of democratic governance and/or trading activities that promote social and economic inclusion. The situation faced by weavers in Rochdale in 1844 is a quintessential example of a context that triggers SE development to address marginalization and distribute wealth more fairly. The social innovation of the cooperative business model creates more equitable access to power and wealth (Whyte and Whyte, 1991). It is valuable to ask students: “is the history and development of the Rochdale Society of Equitable Pioneers incompatible or inconsistent with current conceptualisations of SE?” If not, it was both a co-operative and a SE.

### *The Cooperative Origins of English and Scottish Social Enterprise*

Whilst researching a ‘hidden history’ of SE development, Mike Bull and I received an email from Cliff Southcombe (former Chair of Greater Manchester Cooperative Development Agency and co-founder of the Social Enterprise Partnership).<sup>1</sup> His account of early SE development provides clues to the movement’s early dynamics:

For me, social enterprise emerged from the community enterprise movement that had rejected capitalist, state and charitable solutions to problems caused by the collapse of traditional industries chiefly in the north of England and Scotland [in the early 1980s]. I probably include a rejection of traditional community development in this – seeing the community economy and the ownership of assets as key...It came too from a frustration with the cooperative movement not being able to give us the models or tools to work with – and so we had turned to creating Companies Ltd by Guarantee and holding companies to increase the democratic nature of our enterprises. This allowed communities to own the assets but workers and volunteers to own the enterprises. The community could use the power of landlord to impose social goals – hence the start of social auditing.

(Email 5th August 2014, reproduced with permission).

In the context of this paper, it is the existence of “frustration with the cooperative movement” and the responses to it that represent the umbilical cord between the (old)

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<sup>1</sup> Cliff Southcombe is now Managing Director of Social Enterprise International Ltd, a partner in the European FairShares Labs for Social and Blue Innovation Project (see [www.fairshareslab.org](http://www.fairshareslab.org))

co-operative movement, new co-operativism and SE development. Social auditing effectively re-established the cooperative principles of ‘education’ (Principle 5), ‘inter-cooperation’ (Principle 6) and ‘concern for community’ (Principle 7). Whilst it would take another 20 years to fully embed these in legal structures for social solidarity enterprises (Boeger and Villiers, 2018; Ridley-Duff, 2018), social auditing provided a bridge between the past and the future by raising the importance of principles 5, 6 and 7 at a time the UK’s leading trade body for cooperatives started advising that the first four principles were ‘fundamental’ and the last three were ‘more of an aspiration’ (compare Spreckley, 1981 with Atherton et al., 2012, p. 10).

It is this socially entrepreneurial attitude amongst cooperators (placing more emphasis on outcomes for labour, citizens and the environmental) that spawned new co-operativism (Vieta, 2010). It offers a critique of the way that the market orientation of consumer co-operatives allowed commercial drivers to weaken investments in associational life and wider community benefit. While new co-operativism remains closely connected at a conceptual level with co-operative values and principles, it refocused attention on four things: the needs of *working* people to build a social solidarity economy (SSE) (Laville, 2015; Peuter and Dyer-Witthof, 2010; Utting, 2015); the wider benefits to society of an enfranchised workforce engaged in co-operative enterprise (Gonzales, 2010; Ridley-Duff, 2015); online technologies that support cooperative action (Paterson, 2010; Scholtz and Schneider, 2016), and; links between cooperatives and sustainable development (Gertler, 2006; ILO/ICA, 2014).

By reintegrating co-operative principles 5, 6 and 7 (education, inter-cooperation and community) with 1, 2, 3 and 4 (membership, democratic control, economic participation and autonomy), Jim Brown (author of *Co-operative Capital*) and Freer Spreckley (author of *The Social Audit Toolkit*) defined and developed the concept of SE between 1981-84 at Beechwood College. Long before John Elkington (1998) achieved fame for outlining ‘triple-bottom-line’ businesses, Brown and Spreckley had articulated this view in early editions of the Social Audit Toolkit (subtitled ‘a management toolkit for co-operative working’).

Such frustrations were not confined to the north of England. Pearce (2003) set out his vision for co-operative communities in Scotland in a book called *Social Enterprise in AnyTown*.<sup>2</sup> He too had deep connections to the co-operative movement through revitalising worker

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<sup>2</sup> See <http://www.socialauditnetwork.org.uk/john-pearce/>, accessed 12<sup>th</sup> April 2018.

co-operatives (through ICOM) and designing financial support for them (through ICOF).<sup>3</sup> Later, he participated in the Scottish Co-operative Development Committee. Further south (in London) my own worker co-operative (Computercraft Ltd) joined with other worker-cooperatives (Poptel and Calverts Press) and London-based co-operative development agencies in Hackney, Lambeth, Tower Hamlets and Greenwich to bring about the incorporation of Social Enterprise London Ltd (see Table 1). It would take another four years (after the Co-operative Commission reported in 2001) for UK worker-cooperatives to secure board representation at Co-ops UK.

**Table 1 - Social Enterprise London Ltd, Directors / Subscribers at Incorporation in 1998**

Initial Directors	Occupation	Employer
Sipi Hameenaho, Director	Project Co-ordinator	London Co-operative Training
Manuela Sykes, Director	Director	Doddington & Rollo Community Association
Jean Whitehead	Policy Officer	Co-operative Union
Gregory Cohn	Manager	London Co-operative Training
Malcolm Corbett	Sales Director	Soft Solution Ltd (Poptel)
Signatory Name	Subscribing Organisation	Classification
Anthonia Faponnle	Hackney Co-op Developments Ltd	Co-operative Development Agency
S. M. Kelly	Lambeth CDA	Co-operative Development Agency
Malcolm Corbett	Poptel	Worker Co-operative
Rory Ridley-Duff	Computercraft Ltd	Worker Co-operative
Robert Smyth	Calverts Press	Worker Co-operative
J. Whitehead	The Co-operative Party	Political Party
I Saray	Artzone Co-operative Ltd	Worker Co-operative
Gregory Cohn	Tower Hamlets CDA	Co-operative Development Agency
Sipi Hameenaho	Greenwich CDA	Co-operative Development Agency

Source: Social Enterprise London Ltd (1998), Memorandum of Association.

Previously published in Ridley-Duff and Southcombe (2012), Appendix A, Table AII

Just as the Rochdale Society of Equitable Pioneers had a vision to build links between producers, consumers, housing providers and educators to develop a politics of social transformation, so the pioneers of SE in the UK engaged in a way that made it possible to diversify and re-enfranchise a wider range of cooperative projects. The first SE agencies did not

<sup>3</sup> ICOM (Industrial Common Ownership Movement) produced model rules for worker co-operatives in 1976. Over the next decade, over 1,000 new worker co-operatives formed (Cornforth et al., 1988). ICOF trades today under the name Co-operative and Community Finance.

just support enterprise creation; they promoted the concept through an academic journal (which is still going) and a degree programme at the University of East London (which catalysed other degree programmes that are still going). In short, they gave both an academic and political voice to a previously disenfranchised group of cooperators (Figure 1).

## Figure 1 – The Objects of Social Enterprise London

### C. Objects

- (1) The objects of the Company are:
  - (i) To promote the principles and values of the social enterprise economy in Greater London and its environs.
  - (ii) To promote co-operative solutions for economic and community development.
  - (iii) To promote social enterprises, in particular co-operatives and common ownerships, social firms, and other organisations and businesses which put into practice the principles of participative democracy, equal opportunities and social justice.
  - (iv) To promote, develop and support local and regional economic resources and opportunities.
  - (v) To address social exclusion through economic regeneration.
  - (vi) To create a regional framework to support and resource development of the social enterprise sector.

Source: Companies House, filed in 1998.

Given the information in Table and Figure 1, it is clearly ahistorical to argue that co-operatives and co-operators were not part of the formation of the SE movement within the UK. I would go further, however, and argue that the theoretical separation of SE and cooperatives (at a conceptual level) is seriously misleading, given that increasing interest has created more public spaces in which to discuss and develop cooperative business models. Cooperatives are increasingly studied (by scholars identifying themselves as either SE or cooperative scholars). They are now discussed and positioned in policy debates nationally and internationally within the United Nations and B20 and are key actors in sustainable development (Mills and Davies, 2013; Voinea, 2015).

Whilst the umbilical cord feeding the SSE has been progressively obscured by the rise of neo-liberalism (see Teasdale, 2012; Ridley-Duff and Southcombe, 2012), this does not change



history: co-operators registered the most important development agencies (SEP, SEL, SEC), created the first educational courses (at UEL)<sup>4</sup> and edited the first academic journals (SEJ, JSE).<sup>5</sup> The editor of the SEJ from 2007–17 previously worked at Divine Chocolate/Twin Trading (a co-operatively-owned fair trade producer). The current editor of the JSE previously worked as a purchaser at the John Lewis Partnership (listed in the global ‘Top 300’ co-operatives). Both worked on and studied fair trade during their academic careers (in which 75% of produce is organised through co-operatives (Lacey, 2009)).

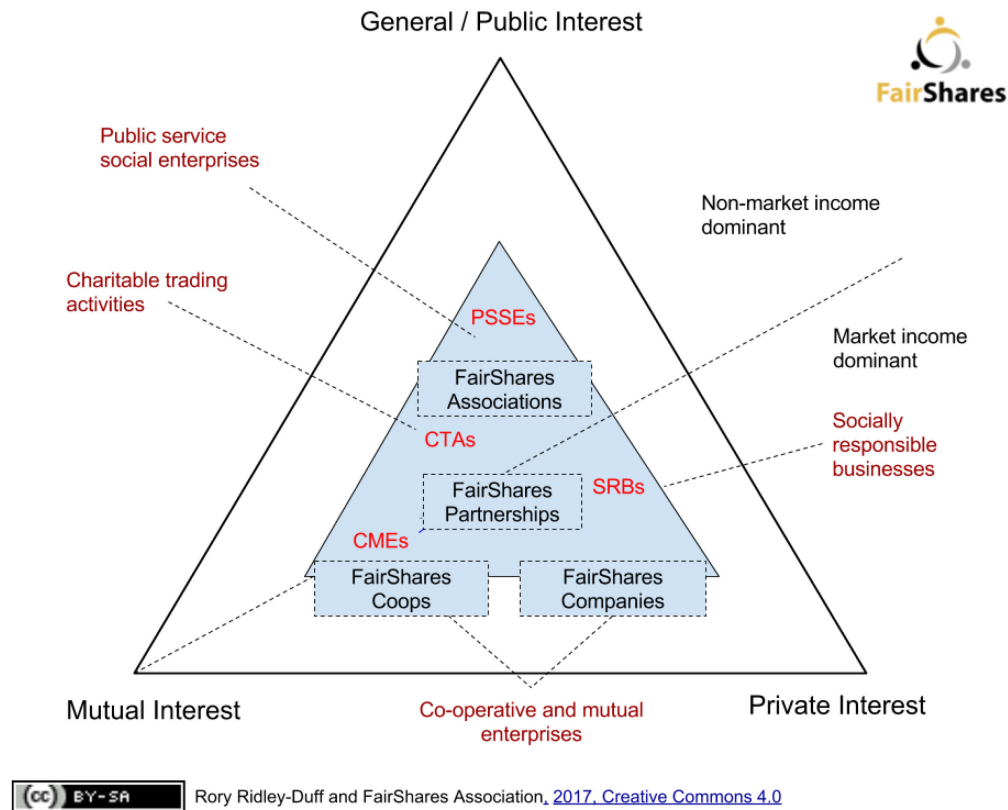
Revisiting history in this way, and using it to build better knowledge of SE development, is an effective strategy for engaging students and researchers on the connection between co-operatives and other forms of SE (including the antagonisms between them). It facilitates understanding of why co-operative models continue to appear in key international debates about SE. Figure 2, taken from the methodology for FairShares Labs (Ridley-Duff et al., 2017), draws on the EMES typology of SE (Defourny and Nyssens, 2017). However, Figure 2 shows four legal models for ‘public service social enterprises’ (PSSE), ‘charitable trading activities’ (CTAs), cooperative and mutual enterprises (CMEs) and socially responsible businesses (SRBs) that includes a commitment to ICA cooperative values and principles as an ‘object’.<sup>6</sup> This approach is based on earlier argument that any legal form capable of supporting mutuality, member-control, democratic governance and trading activity can also spread cooperative values and principles (Ridley-Duff, 2015).

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<sup>4</sup> SEP – Social Enterprise Partnership, SEL – Social Enterprise London, SEC – Social Enterprise Coalition and UEL – University of East London offered a BA in Social Enterprise.

<sup>5</sup> SEJ – Social Enterprise Journal and JSE – Journal of Social Entrepreneurship.

<sup>6</sup> Clause 5(e) in Model Rules for FairShares Companies, FairShares Cooperatives, FairShares Associations and FairShares Partnerships. See <http://www.fairshares.coop/ownership/>

**Figure 2 – Options for Cooperative Social Enterprise**

Source: Ridley-Duff et al. (2017) IO1 for project number 2016-1-DE02-KA204-003397, Figure 1.2.

Strategy 1 invites students to critique how SE in the UK emerged out of: 1) the rejection of state, market and charitable responses to the rise of neo-liberal doctrine, and; 2) the search by co-operators for something beyond consumer cooperatives to revitalise and re-enfranchise worker and community co-operatives. Students can assess two things: firstly, how and why the early attempt to frame the UK SE movement through new co-operative models faded as state- and foundation-led initiatives grew; secondly, whether the co-operative movement should do more to reclaim its own contribution to SE history.

In the next section, I make a different argument: co-operative *practices* remain central to the success of growing SEs. Using Ostrom's principles of collective action and ICA principles as theoretical lenses, I deconstruct mutuality and cooperation in six growing SEs.

## Strategy 2: Showcasing Platforms for Cooperation

Until the 2002 government consultation on the community interest company, the discourse of heroic social entrepreneurs and SE champions highlighted by Gatz et al. (2018) had little traction (Ridley-Duff, 2007; Bull, 2015). Even today, its traction remains relatively weak because practitioners show a clear preference for identifying with ‘social enterprise’, not ‘social entrepreneurship’ (Dey and Teasdale, 2015). Nevertheless, terminology that distinguishes collective approaches to SE from more individualised approaches has not established itself (see Spear, 2006; Scott-Cato et al., 2008)

CSE identifies a subset of social entrepreneurship that draws on and applies co-operative values and principles. It is characterised by a collective ability to build enterprise networks that emphasise voluntary co-operation action. Such action develops communities of practice (Wenger, 1998) that favour direct democracy and group ownership over public administration and private ownership (Ostrom et al., 1999). CSE, therefore, is a form of entrepreneurship in the SSE (Utting, 2015) that connects co-operation with solidarity action.

CSE reframes entrepreneurship as collective action rooted in cooperative values (self-help, self-responsibility, democracy, equality, equity and solidarity). In contemporary debate, it is advanced to prevent a ‘self-employed precariat’ from developing (Conaty, 2014; Conaty, Bird & Ross, 2016, p. 3). Strategy 2 for co-operative education, therefore, is to unpick contemporary CSE as a practice, rather than a legal form, and showcase examples of mutuality.

Ridley-Duff and Bull (2016, p. 7) contend that:

Mutuality implies a bi-directional or network relationship in which parties help, support and supervise each other. This is qualitatively different from the uni-directional relationship between owner-manager and employee in a private enterprise, or the chain of control (philanthropist to trustee [...], trustee to manager, manager to worker, and worker to beneficiary) in a charity. While charity can be present in mutual relations, it is normally framed in law and practice as a financial and managerial one-way relationship in which trustees give and direct while beneficiaries accept and obey. This asymmetry in obligations (i.e. the lack of reciprocal inter-dependence) clearly distinguishes mutuality from charity.

Mutual societies share some of the characteristics of co-operatives (e.g. member ownership, community orientation), but – according to Weishaupt, the former President of the Euclid

Network – they are organised to share financial risks, not organise production. Mutuality in financial ventures was established through the case of *Municipal Mutual Insurance Ltd v. Hills*:

“the cardinal requirement is that all the contributors to the common fund must be entitled to participate in the surplus and that all the participators in the surplus must be contributors to the common fund.”

Mutuals, therefore, can be formed when a common fund is created for a given shared purpose. As such, mutuals can be good vehicles for building the co-operative economy where laws recognise the value of permitting them to invest in SE networks, not just property and insurance schemes (see Whyte and Whyte, 1991; Restakis, 2010). However, mutuality need not be confined to financial risk sharing.

In Ostrom’s work on institutions for collective action, she extends mutual principles to resource management, governance rights, social reporting and conflict resolution. In field work, she observed that sustainability is strengthened where: members have both rights and obligations to maintain shared resources (Principle 2); members’ have governance rights linked to their active use of, or contribution to, a resource (Principle 3); the results of resource monitoring are defined by, and reported to, users (not remote government regulators) (Principle 4); members organise low-cost conflict resolution systems that are graduated, equitable and respectful of members’ rights and obligations (Principle 5).

## **Deconstructing Six SEs using Ostrom’s Principles**

Table 2 deconstructs mutuality in six SEs using Ostrom’s (1990) five principles for collective action. Based on materials from websites, articles and public documents, kiva.org and creativecommons.org (Table 2) were established as 501(C)(3) non-profit associations (CTAs in Figure 2). The former establishes that lending does not have to be based on the choice of gifting money (charity) or charging interest on loans (commerce). Kiva lenders have their money returned, but do not charge interest. Returns are social, not financial. Even so, around \$2.5m is raised *each day* through the web platform to enable individuals and organised networks to allocate funds to field partners who list local projects. Lenders can join kiva.org with an initial capital contribution of \$25. Creativecommons.org, on the other hand, creates a system for mutualising intellectual property in a ‘commons’. This challenges the dominance of private

sector copyright and patent laws. Authors retain copyright whilst permitting others to adapt and benefit from replicating their works. Over half of the 1.2 billion Creative Commons works that have been published use either a ‘BY’ (attribution) or ‘BY-SA’ (attribution-sharealike) licence. These allow others to adapt and reuse work (including for commercial benefit) by republishing them in a new form. None of this requires the transfer of property rights, just recognition of authorship.

Loomio.coop and fairshares.coop are examples of ‘new co-operativism’ (Vieta, 2010). Both are registered companies, choosing to secure their co-operative identity through the Cooperative Marque<sup>7</sup> rather than a legal form (CMEs in Figure 2). Loomio.coop is run as a worker-coop, but has a multi-stakeholder board that reflects a history of crowdfunding and working with a patient investor. It produces loomio.org, open source software for making and storing deliberations and decisions in searchable archives on cloud-based network servers. Fairshares.coop presents itself as a multi-stakeholder co-operative (with founder, labour and user members). It operates within a wider co-operative network of academics, educators and consultants. It publishes the FairShares Model and facilitates education and research through online networks.<sup>8</sup> Its philosophy has been adopted by a network of incubators called FairShares Labs.<sup>9</sup> Both loomio.coop and fairshares.coop use loomio.org to mutualise decision-making. They also mutualise their knowledge by publishing Creative Commons documentation.

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<sup>7</sup> See <http://identity.coop> for information on the Cooperative Marque.

<sup>8</sup> See [www.fairshares.coop/fairshares-model](http://www.fairshares.coop/fairshares-model) for a summary of the FairShares Model V3.0a.

<sup>9</sup> See also [www.fairshareslab.org](http://www.fairshareslab.org) and [www.fsi.coop](http://www.fsi.coop).

**Table 2 – Mutuality and Cooperation in Non-Profits, Co-operatives and B-Corps**

Ostrom Principle		Mutuality through non-profit associations (CTAs)	Mutuality through co-operative companies (CMEs)	Mutuality through B-Corporations (SRBs)
<b>Principle 1</b> – clear definitions of the resource and the resource users (members responsible for creating and appropriating a shared resource).	WHAT WE DO	KIVA.ORG: 501(C)3 US non-profit with a mission to alleviate poverty by connecting lenders and borrowers (entrepreneurs and field partners) through a web-platform.	LOOMIO.COOP: NZ company operating as a worker co-op that creates safe, secure, searchable websites for democratic discussions and decision-making.	KICKSTARTER.COM: Reincorporated as a B-corp (2015) to bring creative projects to life through rewards-based crowdfunding.
		CREATIVECOMMONS.ORG: 501(c)(3) US non-profit organisation that facilitates the legal sharing and distribution of creative works through six Creative Commons licences.	FAIRSHARES.COOP: UK company operating as a solidarity coop to support incubators (fairshareslabs.org) and research (fsi.coop) on solidarity enterprises/networks.	CHANGE.ORG: A certified B-Corp (SE) that empowers people to create the change they want to see.
<b>Principle 2</b> – ensure that appropriator rights (rights to use) are proportional to provider obligations (labour, materials and money necessary to sustain the resource).	HOW WE DO	KIVA.ORG: Anyone with \$25 or more can lend. \$1bn has been lent by 1.6m lenders to 2.6m borrowers through 327 field partners (as at October 2017). <sup>10</sup>	LOOMIO.ORG: Open source software, price bands for users, from free to fee, with community groups, co-operatives and civic authorities the main target groups.	KICKSTARTER.COM: Any artist or innovator can join to raise funds for new projects, subject to a 5% Kickstarter fee and 3-5% payment processing fees (if successful).
		CREATIVECOMMONS.ORG: Licences are freely available online. Anyone who uses them to licence their creative works is encouraged to donate to running costs.	FAIRSHARES.COOP: Supporters and members have more IP rights than the general public, and contributing members acquire commercial rights.	CHANGE.ORG: Open platform with 234m people as at April 2018. The platform enables anyone to petition for social change.
<b>Principle 3</b> – local appropriation rules/rights are decided, partially or wholly, by those with rights of appropriation.	RULES	KIVA.ORG: Field partners approve projects then post them to Kiva so that lenders can choose which to support. Groups of investors can collaborate to support social projects of their own choosing.	LOOMIO.COOP: Management rules decided by worker members and a part-elected board (min. 40%). The members' handbook is published online at <a href="http://www.loomio.coop">www.loomio.coop</a> .	KICKSTARTER.COM: Open platform, subject to sharing rewards with contributors (not equity). Transparency, trust and honesty are stated values, but members not formally part of the governance system.
		CREATIVECOMMONS.ORG: Producers decide which license to apply to their work, and users are bound by the licence. There is a published strategy for community-led updating of licences.	FAIRSHARES.COOP: Rules are decided by members in Loomio groups (see clauses 17-32). Creative Commons IP licences are chosen by their authors (see clause 53). <sup>11</sup>	CHANGE.ORG: Encourages all users to speak out, mobilise and be open without causing harm or violating others' rights. Site members are not formally part of an internal governance system.

<sup>10</sup> Current information available from <https://www.kiva.org/about/impact>.

<sup>11</sup> Rules published in the 'General Meeting' sub-group at <https://fairshares.loomio.org>. See also [www.fairshares.coop/ownership](http://www.fairshares.coop/ownership) for a model rules generator.

Ostrom Principle		Mutuality through non-profit associations (CTAs)	Mutuality through co-operative companies (CMEs)	Mutuality through B-Corporations (SRBs)
<b>Principle 4</b> - User/resource monitoring is subject to the principles of democratic accountability (officials who monitor use report findings to users of the resource).	IMPACT	KIVA.ORG: Performance published online at: <a href="https://www.kiva.org/about/where-kiva-works">https://www.kiva.org/about/where-kiva-works</a> - every field partner is listed.	LOOMIO.ORG: Loomio users can join Loomio's own group to monitor and contribute to the development of new features.	KICKSTARTER.COM: Impact information is published daily. At time of writing, \$3.6bn pledged to 141,532 projects by 14.4m people.
		CREATIVECOMMONS.ORG: Public reports and audits from <a href="http://wiki.creativecommons.org">wiki.creativecommons.org</a> . <sup>12</sup> The State of the Commons 2016 report is available to the public	FAIRSHARES.COOP: Community forum and sub-groups allow members to monitor and contribute to both IP and the association (Clause 53). Community Forum is open to the public, whilst member groups are private.	CHANGE.ORG: Impact stats published daily <sup>13</sup> . At the time of writing, 178,939,210 people had been involved in petitions, with 21,486 'victories' in 196 countries.
<b>Principle 5</b> – low cost conflict resolution systems in which sanctions are graduated with clear links to the extent of resource/rule violation.	GOVERNANCE	KIVA.ORG: Use of Kiva.org is covered by 'Terms of Use' ( <a href="https://www.kiva.org/legal/terms">https://www.kiva.org/legal/terms</a> ) which includes binding arbitration for disputes under Californian Law.	LOOMIO.ORG: Part-elected board runs Loomio, and each Loomio group has one or more nominated coordinators to monitor group activities. Group members participate equally in proposal-making and voting.	KICKSTARTER.COM: support team has 121 people, half designers, half community facing. Kickstarter offer a 'Creator Handbook' but the help system provides no information on dispute resolution.
		CREATIVECOMMONS.ORG: the project relies on a network of CC representatives with regional approaches to licensing. Dispute resolution procedures are unclear.	FAIRSHARES.COOP: Constitution (both own and those offered) include mediation clauses to reduce costs of conflict (both labour and member disputes are covered in clauses 49-51), with a three-step escalation process for unresolved disputes.	CHANGE.ORG: The power of free speech is balanced against community guidelines. The site recommends that users report policy violations to the Help Center (with supporting evidence), or – alternatively - create another petition to dispute the claims of an existing petition.

<sup>12</sup> Current information is at: [https://wiki.creativecommons.org/wiki/Public\\_reports](https://wiki.creativecommons.org/wiki/Public_reports)

<sup>13</sup> Taken from [https://www.kickstarter.com/help/stats?ref=about\\_subnav](https://www.kickstarter.com/help/stats?ref=about_subnav) on 7<sup>th</sup> April 2018 – updated daily.

Kickstarter.com and change.org are both B-Corporations (SRBs in Figure 2). Kickstarter.com enables site members to raise funds for artistic projects and innovative products. Charity fundraising and private sector financial investment are both barred from the platform – each project must be geared towards the creation of a product or service for a community that backs it financially. The site, therefore, catalyses direct mutual relations between producers and users based on non-financial rewards. Change.org enables site members to petition for social change. Interestingly, their dispute resolution guidelines suggest that members can start *counter*-petitions if they object to another’s campaign. The B-Corp legal framework enables organisation members to prioritise mission and impact over financial returns. Whilst B-Corp certification is subject to a legal test for multi-stakeholder governance, provisions for democratic member participation are less clear. However, member participation in bringing about social change is advanced by technology for social campaigning which is free at the point of use and does not encourage dependence on charities, foundations, governments or private sector institutions.

## **Deconstruction Using Co-operative Principles**

These cases can be meaningfully evaluated using co-operative values and principles (CVPs). Table 3 shows that all projects offer ‘open membership’ (CVP 1) either to use the products and services offered and/or the legal entity that controls them. Democratic control (CVP 2) is stronger in the non-profit associations and co-operative enterprises, but even in the B-Corps (kickstarter.com and change.org) there is a legal requirement to engage with stakeholders on enterprise development, and an obligation to consider stakeholder interests in governing bodies. The products available from the B-Corps go furthest in facilitating member-determined allocations of time, energy and money to bring about civic and economic change. The platforms catalyse opportunities for economic participation (CVP 3) by making it possible to accept capital contributions and offer rewards that create value that members wish to see. The organisations all protect their autonomy (CVP 4) through carefully crafted legal structures and operational norms. Notably, kickstarter.com bars the listing of charity fundraising projects as well as private investment opportunities. The non-profit association status of kiva.org and creativecommons.org protects them from overzealous regulatory control by either the state or private financial institutions. Similarly, the cooperative structures at loomio.org and fairshares.coop encourage democratic control (CVP 2) and the creation of an intellectual commons through Open Source and Creative Commons publishing (CVPs 5, 6 and 7).



Kiva.org, creativecommons.org, kickstarter.com and change.org educate the public (CVP 5) by reporting their impacts transparently. Kickstarter.com, loomio.org and fairshares.coop publish educational materials for public benefit (CVP 7). Kiva.org, loomio.org, fairshares.coop and change.org all offer specific features for members to form sub-groups that support collective efforts at social change (CVP 6).

**Table 3 – Deconstruction of six SE Case using Coop Principles**

Co-operative Principle	Kiva.org	Creative Commons	Loomio	FairShares	Kickstarter	Change.org
Open Membership (1)	√ (Product)	√ (Association) +Open product	√ (Coop) +Open product	√ (Coop) +Open product	√ (Product)	√ (Product)
Democratic Control (2)	At level of use	At level of use +Affiliate network	√ (Use and board)	√ (Use and board)	At level of use	At level of use
Economic Participation (3)	√ (Product)	(Funded by Donations)	In capital, surplus and dividends	In capital surplus and dividends	√ (Product)	(Funded by Purchases)
Autonomy (4)	√	√	√	√	√	√
Member and Public Education (5)	√	√	√	√	√	√
Inter-cooperation (6)	√ (Field partners)	√ (Affiliate network)	√	√	In campaigns	In campaigns
Concern for Community (7)	√	√	√	√	√	√

To summarise, Strategy 2 invites students to study organisations using Ostrom’s design principles and ICA values and principles to assess levels of mutuality and cooperation. The results suggest two things: firstly, ‘true’ (bone fide) cooperatives may not need to be constituted under Co-operative Law; secondly, co-operative principles can be enacted through any legal form that supports mutuality, member-control, democratic participation and trading activity. The six SEs are important for demonstrating how the *infrastructure* of the SSE is developing and challenging neo-liberal doctrine through the creation of cultures that are both mutual and co-operative.

### **Conclusions: CSE as a Challenge to Neo-liberalism**

Whilst none of these member-driven SEs are registered using laws exclusive to co-operatives, they show evidence of commitment to CVPs that constitute a challenge to neo-liberalism.

Kiva.org challenges the assumption that you cannot raise money for private and cooperative ventures without offering investors a financial return. Creativecommons.org challenges the assumption that property rights must be transferred by authors to a publisher to gain recognition and benefits for their work. Loomio.coop challenges the idea that efficiency depends on a management hierarchy by normalising co-operative democracy. Similarly, fairshares.coop challenges the logics of unitary governance by offering IP that facilitates polycentric ownership, governance and management (Ostrom, 2009). Kickstarter.com challenges the idea that the creative arts need to pitch ideas to the ‘great and good’ to getting fund for their productions, and that inventors need to pitch to professional investors to fund new consumer products. Change.org challenges the idea that social change must come through parliamentary (liberal) democracy by showing the potential of direct democracy organised through web-platforms.

The rise of SE as a theory and practice creates opportunities to discuss cooperative history, models and principles in a wide range of university courses. However, to take advantage of that opportunity, scholars of cooperatives first need to accept two arguments: that cooperators built important parts of the SE movement; that cooperators contributed substantively to SE theory. In this paper, I have presented evidence to support both arguments.

Strategy 1 illustrated how studying the history of SE development in Scotland, the North of England and London exposed the deep connection between cooperators and SE. Furthermore, it shows that cooperators developed CSE through the application of cooperative values and principles absent from mainstream cooperative institutions at that time. Strategy 2, on the other hand, deployed Ostrom’s (1990) and the ICA’s principles to deconstruct six SEs. Whilst none were incorporated under Co-operative Law, their commitment to cooperative values and principles provides a starting point for students to engage with new cooperativism (Vieta, 2010; Ridley-Duff, 2015).

The contribution of this paper, therefore, is to re-establish the umbilical cord that joins cooperators and cooperatives to the wider field of SE. Firstly, it suggests that educators identifying as SE scholars can legitimately introduce the study of cooperatives into curricula to problematise and challenge Ganz et al’s (2018) contention that ‘social enterprise is not social change’. Based on the material in this paper, I argue that SE *is* social change when it is driven by mutual and cooperative principles. Secondly, educators identifying as scholars of cooperation and cooperatives can productively engage with SE by introducing the social

innovations by cooperators into curricula. By identifying and studying how they overcame their ‘frustrations with the cooperative movement’ through social auditing (Spreckley, 2008), solidarity co-operatives (Ridley-Duff, 2015) and platform co-operatives (Scholtz and Schneider, 2016), curricula will be enriched. Furthermore, such social innovations show that co-operators challenge, rather than reinforce, neo-liberalism. CSE is a commitment to the mutuality, member-control, democratic governance and trading activities characteristic of new co-operativism. It offers a path for people to reclaim power, infuse their enterprises politically through trading for a social purpose and build resilient alternatives to neo-liberalism.

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