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The Potential of Social and Solidarity Economy (SSE) Organizations to Complement or Replace Publicly Traded Companies in the Provision of Goods and Services

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The potential of Social and Solidarity Economy (SSE) Organizations to Complement or Replace Publicly Traded Companies in the Provision of Goods and Services

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ABSTRACT

This paper examines the potential of for-profit SSE organizations, such as mutual organizations, cooperatives and employee-owned firms to complement or displace publicly traded companies in the provision of goods and services, with a focus on the United States and United Kingdom. The paper starts with a review of the traditions and current landscape of SSE organizations. It then assesses inherent characteristics of these organizations that may act as drivers or barriers to their growth, before examining external opportunities presented by our current economic and environmental crises. The paper argues that growth for SSE organizations is not risk-free, and tensions exist between their purpose and growth through the market. The paper concludes that SSE organizations could become more important actors in the provision of goods and services, but particular attention will need to be paid to issues of scale, structure and process to preserve their integrity.

Introduction

One type of organization produces the bulk of the world's industrial output: the public limited liability or publicly traded company. In the United States and the United Kingdom, we encounter the publicly traded company in most of our everyday activity. The products and services they offer structure our consumption patterns and lifestyles, and have enabled us to lead lives with high levels of material prosperity.

The model of provision of goods and services through the publicly traded company (and indeed through the limited liability company in general) has not been cost free. The negative environmental and social impacts of these types of companies have been well documented. A new product may provide some utility to the consumer, but the story behind the product is typically one of detrimental effects to communities and workers, and their economic self-determination and environmental sovereignty.

This paper is concerned with whether we could envisage an alternative arrangement for the provision of goods and services, while simultaneously benefiting communities and the environment. Social and Solidarity Economy (SSE) organizations, if they were able to scale up and compete effectively in the market, could be key actors in such a system.

SSE organizations are diverse and range from community groups to cooperatives and employee-owned businesses. These organizations all share a common identity based on their values of justice and sustainability; their processes based on cooperation and democracy; and their goals, which are primarily social or environmental. Some organizations are run on a non-profit basis, others are profitmaking, although the latter only accrue profit for the benefit of workers, members, beneficiaries or communities. As such, an economy in which goods and services were primarily provided through SSE organizations would look very

different to our current system, and would likely be more socially equitable and ecologically sustainable.

This paper explores the potential of for-profit (i.e. not run on a charitable basis) SSE organizations to complement or replace publicly traded companies in the provision of goods and services. Despite the fact the term “Social and Solidarity Economy” is rarely used in English - terms such as “new economy” can be seen as largely synonymous, albeit with a stronger focus on environmental sustainability - it will be used throughout this paper.

Section 1 provides an overview of the tradition and current landscape of SSE organizations in the US and the UK, the geographic focus of this paper. Section 2 assesses the inherent characteristics of SSE organizations that may act as drivers or barriers to their growth. Section 3 examines how the external economic and environmental climate may present opportunities for SSE organizations. Finally, Section 4 argues that growth is not risk-free for SSE organizations, as tensions exist between their purpose and growth through the market.

Section 1: Scan of the SSE landscape

This section presents the tradition and current landscape of SSE organizations in the US and the UK.

SSE organizations have a long tradition on both sides of the Atlantic. They stem from a collective attempt to respond to a market failure- namely the difficulty of individuals to access goods and services through purchase from traditional private businesses, due to high cost or lack of offer. In the UK, SSE organizations have their roots in mutual aid groups such as the friendly societies, which provided social and financial services to their members, typically affiliated by trade or religion. In the Victorian period, cooperatives were established to help members access basic foodstuffs. One of the first consumer cooperatives, the Rochdale Society of Equitable Pioneers, was established in Lancashire in the 1840s and provided a

blueprint for future cooperative organizations.¹ By the 1900s, mutual organizations dominated the food, retail, mortgage lending and personal insurance sectors.²

In the US, SSE organizations were also created to respond to the need of communities or members, pooling their purchasing power. For example, some 400 rural electric consumer cooperatives were developed in rural areas in the 1930s with the support of the Rural Electrification Administration, as a response to the fact the expense of infrastructure did not make for a viable investment for private utilities companies.³

In the late 19th century, at the same time as SSE organizations were taking shape, the public company, a limited liability company whose shares are publicly traded on a stock market, was also growing rapidly. This type of company is a vehicle for a large number of investors to pool their capital in a single business, and receive dividends as a reward for their risk⁴. Based on a legal structure designed to ease access to capital and share risk on a scale never seen before⁵, the publicly traded company was able to grow rapidly. Moreover, it also had an in-built *need* to grow to reward its investors, thus forcing it to develop new markets. In practice, this often meant converting poorer people into customers, people who had been SSE organizations' most obvious membership base. Quite simply, the publicly traded company proved an extremely successful way of providing goods and services in the British and American markets (thanks to low costs, typically achieved through externalization of environmental and social costs, as discussed in a later section). The possibility of widespread individual consumption, brought about by businesses producing large volumes of goods at low cost, made organizational structures designed for individuals to access goods collectively less relevant. SSE organizations began to decline and eventually became marginal. In time, global consumerism also contributed to a loss of local identity, which compounded the erosion of these SSE structures.⁶

The publicly traded company now dominates global industrial output and commerce. Publicly traded companies' reach is global and their revenue is often larger than the GDP of states⁷. The revenues of the largest 1000 companies (the

overwhelming majority of them publicly traded) represent 80% of global industrial output.⁸ Cooperatives on the other hand represent 3 to 5% of world GDP.⁹

The publicly traded company is so dominant that other organizational forms are typically overlooked and poorly understood. Regulatory, financial, policy-maker and media focus on the performance of publicly traded companies reflects, and results, in a lack of support for organizations with alternative structures.¹⁰ For example, in the UK, there is no specific legal act to register a cooperative.¹¹ In the US, cooperatives contend with a complex regulatory framework, with cooperative incorporation statutes varying from state to state and often only applying to specific sectors. (For example, in many states, cooperative statutes only apply to agricultural producer cooperatives.)¹² Moreover, alternative organizational models are not taught in business schools, and cooperatives struggle to attract young talent.¹³

The dominance of the publicly traded company in terms of share of economic output, and the concomitant societal bias in its favor, has also impoverished the diversity of organizational structures in the UK. Its European peers tend to have a more plural economy, with more small and medium sized businesses, family firms, employee-owned firms and cooperatives.¹⁴

Despite this, the tradition of cooperatives and mutual organizations has not been lost in the Anglo-American world. We are seeing a renewed interest in these alternatives, especially in light of the financial and ecological crises.

SSE organizations take a number of different forms and are present, albeit unevenly, in most sectors and regions of the UK and the US.

In the US, SSE organizations include 4,600 community development corporations (which seek local financing to develop residential and commercial property); 1,295 community development financial institutions (which offer financial services to low-income individuals or community organizations); 242 community land trusts (which buy land, in order to secure affordable housing in perpetuity).¹⁵ In addition, there are nearly 30,000 cooperatives (primarily consumer cooperatives), which together have 350 million members (340 million of

which are in consumer cooperatives, with many Americans being members in more than one cooperative), and generate approximately \$654 billion in revenue.¹⁶

Cooperatives tend to be more common in rural areas and over 85% of cooperative revenue is generated in agriculture, the farm credit system, home loan banks, rural electric services, mutual insurance and credit unions.¹⁷ Consumer cooperative models are also becoming popular in education and training, healthcare, energy and transportation. Worker owned cooperatives, on the other hand, are rare, with only 3,500 people employed in 300 worker cooperatives, clustered in the Northeast and in the San Francisco Bay Area.¹⁸ Employee Stock Ownership Plans (ESOPs) are a more common way to enable employees to own part or all of the company they work for. Unlike worker-owned cooperatives, ownership does not convey membership, and company governance is not necessarily democratic or run on a 'one member, one vote' principle¹⁹. There are currently close to 11,000 ESOPs across the US, especially in rural areas, and ESOPs employ close to 14 million workers.²⁰ 720 for profit businesses have also adopted the new B-Corp status in recent years to become "B-Corporations", which are purpose driven businesses to create public benefit.²¹

In the UK, SSE organizations are commonly referred to as mutual organizations- organizations established for shared member purpose, owned by their members. In total, there are 18, 000 mutual organizations in the UK,²² the overwhelming majority of which are not-for profit clubs and societies. Organizations run on a for-profit basis include 3,430 cooperatives, 250 employee-owned businesses, 47 building societies, 1,694 housing associations, 56 mutual insurers and 42 credit unions.²³ Together, they contribute approximately £110 billion annually (or 5% of national output), and provide for 3.5% of total employment.²⁴ One in three adults is member of at least one mutual organization.²⁵ In addition to these mutual organizations, 68,000 small businesses in the UK claim to be "social enterprises", conducting business primarily for a social or environmental goal.²⁶

Despite their large numbers, their variety, and reach in different sectors and geographies, their overall contribution to the British and American economic output

is small. Even in sectors where SSE organizations are well-established – financial services, retail, agriculture – they are eclipsed by the large, publicly traded companies in these sectors – such as Bank of America, Nestle or CVS, all household names. The contribution of SSE organizations to the production of goods and services remains marginal and should not be overstated.

Section 2: Characteristics of SSE organizations that drive and hinder growth

This section describes how the membership structure and financing arrangements of cooperatives, mutual organizations and employee-owned businesses can act both as driver and barrier to growth.

At the core of their model, consumer cooperatives rely on a loyal base of member-customers. This base acts both as a driver of growth, and as a counterbalancing stabilizer.

Their close relationship with member-customers gives cooperatives a good understanding of their market, driving their success. A study conducted by McKinsey and Company noted that cooperatives and mutual organizations grow at similar rates to publicly traded companies,²⁷ and that their growth tends to come from increase in market share, where they outperform their publicly traded counterparts.²⁸ The cooperative's proximity to the member-customer and strong understanding of her needs and values could also create further growth opportunities via new products, customers and geographies.²⁹

However, despite these opportunities, growth is not the main aim of SSE organizations, and measuring success through growth alone is misguided. The aim of SSE organizations is to serve members. This may mean pursuing growth, but only if growth itself increases member benefit. This is a key difference with the publicly traded company, which is structurally determined to pursue growth as an end in itself. The membership structure can therefore also act as a break on growth. While members are well placed to identify current need, they may be less apt at identifying future needs and opportunities, stifling innovation and diversification.³⁰ Moreover,

decision-making structures that favor consensus and member participation are likely to be less agile or experimental than more traditional top-down approaches.³¹

A further in-built break on growth for SSE organizations is financing arrangements. Employee-owned companies and cooperatives do not have access to equity capital (other than through its members), since they do not have alienable shares - an obvious difference with the publicly traded company, which is structurally designed to attract equity shareholders. This lack of access to external equity shareholders limits the ability of SSE organizations to grow and to compete at scale with publicly traded companies. SSE organizations' imperative to serve existing members may also make them less likely to take on additional debt. Lack of access to equity shareholders and reluctance to take on undue debt mean that SSE organizations do not lend themselves well to high-capital sectors: they are largely absent from pharmaceutical, information and new technology sectors. This factor is especially problematic for increasing SSE organizations' share of overall industrial output, as these sectors are especially high-value and high-growth.

Section 3: Opportunities for growth for SSE organizations

The section presents discusses how the interrelated social, economic and environmental crises that we face present new opportunities for SSE organizations.

As discussed earlier, SSE organizations have their roots in market failure, and therefore "tend to rise and flourish in periods of unmet needs".³² Demand from emerging markets, speculation, volatility in commodity prices and climate change require a renewed emphasis on community resilience, job stability and the greening of the economy- all issues particularly apt to be addressed by the aims and design of SSE organizations.

The experience of the UK's financial crisis is suggestive here. Mutual building societies such as Northern Rock were founded in the 1850s, but were demutualized in the 1990s to become publicly traded companies. ³³ Exposed to the global credit

markets, Northern Rock did not survive the financial crisis with this new structure and was nationalized (before being sold off).³⁴ Moreover, while traditional financial institutions failed, the Co-Operative Group took over the 600 branches of the failed bank Lloyds, thereby adding to the diversity of retail banking and strengthening its resilience.³⁵ In general, both in the financial and other sectors, cooperative businesses have significantly outperformed the rest of the British economy as a whole since the financial crisis,³⁶ growing by 19.6% in the period 2008-2011, whilst the UK economy in 2011 was 1.7% smaller than in 2008.³⁷ This suggests cooperatives are more sheltered from economic downturn than their competitors with traditional ownership structures, and that downturns actually present a growth opportunity for them. This resilience is most likely due to the loyalty of their members.

Growing employment and preserving domestic jobs are among the highest political and economic priorities on both sides of the Atlantic, presenting an opportunity for SSE organizations.

Worker-owned cooperatives or employee-owned firms tend to have comparable or higher productivity than conventionally owned firms, especially when workers are associated with decision-making related to process and management.³⁸ This is due to high levels of employee or worker engagement, lower staff-turnover and higher job satisfaction.³⁹ As a result, employee owned businesses, especially those small and medium sized (with fewer than 75 employees), tend to generate higher profits than non-employee owned businesses of the same size.⁴⁰ Moreover, these organizations also report greater employment growth.⁴¹ In general, employment is more secure (even if the wages may be lower) in employee owned cooperatives than other forms of business.⁴² In times of crisis, cooperatives are likely to favor reduced employment hours over redundancies;⁴³ while ESOPS provide stable local employment by making company re-location unlikely, even in times of crisis.⁴⁴

Moreover, the experience of agency, cooperation and democratic decision-making required in worker-owned cooperatives and other SSE organizations (which

does not exist in organizations without meaningful participation) can spill over outside the workplace, turning workers into more active citizens.⁴⁵

As well as the important provision of stable and secure job and spillover civic benefits, SSE organizations are apt at building resilient communities.

Cooperatives exist to serve their members and there are no a priori reasons that member and community benefit should align. For example, a worker-owned cooperative could have a customer base outside its geographic area (especially new technology cooperatives), and the cooperative's contribution to its geographic community would therefore be limited (other than the provision of employment). However, the principles that undergird SSE organizations are conducive to developing organizations that serve the needs of their communities. In the UK, half of cooperatives are found in particularly disadvantaged areas.⁴⁶

On both sides of the Atlantic, building community organization density is seen as necessary both for revitalizing depressed areas, and for addressing environmental concerns. This interest in community building presents a growth opportunity for SSE organizations.

The SSE economy is at the heart of the so-called 'Cleveland model', which uses SSE organizations to build community wealth, favoring local economic development by meeting community need rather than by attracting outside investment. Cleveland has a large-scale network of worker-owned and community-benefiting enterprises. These include a cooperative laundry, a solar electrification and a food growing business- all run to commercial standards, with high environmental performance.⁴⁷ Workers are recruited locally, so the organizations build employment in a low-income, minority community. In addition to employment benefits, the 'Cleveland model' relies on "anchor institutions" – local hospitals, universities – as their primary customers. They provide a secure market for the cooperatives, while the cooperatives help these institutions "green" their procurement practices. The "Cleveland model" could be replicated in other communities.

However, the founders and worker-owners of the “Cleveland model” also recognize the challenges associated with replicating its structure.⁴⁸ In addition to the challenges of securing start-up finance, SSE organizations tend to be poorly supported by local authorities or potential backers. The very nature of SSE organizations requires managing multiple partners, collaborators and interests to make sure organizations are designed to achieve member or community benefit. This up-front costly and time-consuming organizational effort usually requires dedicated “local heroes” willing and able to perform this work up-front. Third-party support tends to be required, as was the case in Cleveland. However, the network building and collaboration required at start-up phase ultimately make SSE organizations more resilient, by providing them with exposure, and a strong network and supporter base. In the UK for example, 98% of new co-operative businesses are still in operation after three years, compared with 65% of all new businesses.⁴⁹

Our new ecological reality demands both a growth of the “green economy” (sectors such as renewable energy, waste management, green buildings, cleaner transportation) and a “greening” of the economy (i.e. an improvement of environmental performance in all sectors).

The legal structures of SSE organizations were defined prior to our current ecological predicament. There are therefore no structural reasons why SSE organizations should incorporate environmental concern more effectively into their practice and products than organizations with more traditional structures. Indeed, some publicly traded companies (such as Puma and Unilever) have taken a lead on ecological sustainability through environmental profit and loss accounting, or sustainable product design.

However, some features of SSE organizations tend to encourage sound environmental practices. SSE organizations are typically rooted in their locality, and, as Monique Leroux from Desjardins Group observes: “as members tend to live in the communities where they do business, they are less likely to engage in massive development projects that could damage the community or drain its natural

resources.”⁵⁰ This concern for local environmental impact may be undermined by a less rooted membership, due to high numbers of members or geographical spread. While in the UK, 88% of cooperatives claim to seek to minimize their environmental impacts compared to 44% of comparable small businesses that do not report taking any action ⁵¹, the nature of these environmental initiatives is not specified. Concern for local pollution impacts does not necessarily translate into wider or global environmental concern – but is likely to be a precursor to these concerns. In general, the social goals of SSE organizations are likely to attract members also concerned with environmental issues (this self-selection may however inhibit scaling of SSE organizations).

Further, the growth of certain sectors of the green economy – renewable energy, green buildings and others – present an opportunity for SSE organizations.⁵² Aside from likely member interest in environmental issues, the green economy will often require localized initiatives structured around community needs – demands that are aligned with SSE’s organizations’ underpinning values, processes and goals. While some of these activities will require high-capital investments, others will be low-capital and labor- intensive – retrofitting, transportation, food production – and could readily be taken on by SSE organizations with their current member and financing arrangements. In some instances, cooperatives also have a head start over traditional companies: 11% of the electricity delivered by the US’ 882 electric cooperatives is from renewable sources, compared to 8.5% by investor-owned companies.⁵³ Community owned wind-power is also already relatively well established and is a fast growing sector, and, in the UK, thirty new renewable energy cooperatives have been created since 2008.

While SSE organizations may capitalize on the business and job creation opportunities of the green economy, they will need to successfully compete with organizations governed by more traditional ownership structures. Given the inherent difficulties in coordinating new community-owned projects, high barriers to entry in these new sectors, and the fact that SSE organizations, unlike their publicly traded counterparts, are not structured for rapid growth, this will not be an easy task. Still, if SSE organizations are successful at capturing the opportunities of

the green economy, their success will simultaneously promote environmental benefit and stronger communities and greater wealth equity. These latter social benefits would be lost through corporate ownership of the green economy.⁵⁴

Section 4: Risks to SSE organizations associated with growth

This section discusses risks to the very purpose of SSE organizations associated with attempts to grow through the market, including the potential undermining of their social character, the risks to their governance, the tension between market relations and the social character of SSE organizations, and the merits on system diversity of preserving the uniqueness of SSE organizations.

If SSE organizations are to scale to complement or displace the publicly traded company in the provision of goods and services, they will need to compete with publicly traded companies on price. Peter Marks, CEO of the Co-Op Group, argues that cooperatives need “first and foremost to be efficient and commercial”. The cooperative model, though attractive to some members and customers, is not in itself a sufficient selling point, and cooperatives need to adopt professional practices to stay in business.⁵⁵ For example, successful producer cooperatives in the agricultural sector have become household names- Ocean Spray, Sunkist, Sun-Maid- through pooling their resources and conducting product marketing to compete effectively with traditionally owned businesses. But “acting like a publicly traded company” may have unintended consequences on the social character of the cooperative, due to scale, lack of physical proximity of the growers, and the real temptation for the growers to sell out.⁵⁶ Some cooperatives, such as the British worker owned John-Lewis Partnership, have arrangements in their founding documents to prohibit the workers from selling the company.⁵⁷

Moreover, the need to compete on price is inherently problematic for SSE organizations, in that the prices of goods produced by publicly traded companies are, as discussed earlier, often low thanks to externalization of environmental and social costs⁵⁸: the inadequate cost of private resource use at point of extraction,

poor environmental management in producer countries (typically in the Global South), poor labor standards, and so on. The scale of publicly traded companies also means that external environmental and social costs are poorly understood, especially as most impacts happen in the supply chain and responsibility is diffused at all levels within organizations – numerous investors share risk, ownership and management are separated, and thousands (or more) employees work in their own silos (Indeed spreading risk and responsibility is at the core of the limited liability model). Moreover, high turnover of low cost products is the core business model of many publicly traded companies, and is at odds with the higher prices that would come from cost internalization. SSE organizations would struggle to compete effectively on price and scale with publicly traded companies without some cost externalization, and therefore the adoption of some practices associated with poor environmental and social performance. This risks the dissolution of their social character, thereby making them less desirable from a sustainability outcome perspective.

Moreover, as they do not exist to grow, SSE organizations are at a structural disadvantage when they compete with their publicly traded counterparts – even when they are the trendsetters with new products and services. Food cooperatives, for example, were pioneers in nutritional labeling, bulk sales and consumer education.⁵⁹ They also introduced organic foods and were leaders in the organic food market until the 1990s (average sales of \$1 billion a year primarily through cooperatives). By 2008, sales of organic produce had reached \$23 billion, with the increase in sales coming primarily through publicly traded, mass-market companies.⁶⁰ The challenge for SSE organizations is to achieve replication and scale that could compete with the publicly traded company to reach a mass customer base, while retaining their identity and benefits derived from their structure.

Some SSE organizations have achieved scale comparable to their publicly traded counterparts: the Cooperative Group in the UK for example has 7 million members and an annual turnover of £14 billion.⁶¹ However, member participation in governance is low. While this absentee membership does not necessarily

undermine the performance of the cooperative- it may indeed lead to an efficient compromise between participation and top-down governance- it does undermine some key cooperative principles, namely self-organization and member democratic participation. The problem of absent members resembles the problem of absent shareholders, with regard to the dissolution of responsibility that separation of ownership and management can entail.⁶² In other words, the distinct identity of the cooperative model and the social and environmental responsibility it tends to foster is threatened by member absenteeism. Responding to this issue, Peter Marks, CEO of the Co-op Group, has experimented with digital participation of its membership in decision-making (for example crowd-sourcing decisions about new store locations).⁶³ It remains to be seen whether social media presents opportunities to revitalize member engagement, replacing physical proximity and locality that has often been at the core of the SSE model with digital community building.

There is a tension between scaling up SSE organizations through the market and their very purpose: SSE organizations were, after all, founded to respond to market failures. They therefore do not belong naturally to the world of market relations, but occupy another sphere of human exchange, even when they use market mechanisms to bring benefits to their members and communities. Individual consumption of good and services procured on the market can seem at odds with the collective, civic character of SSE organizations. In fact, consumption has typically been apprehended as the opposite of citizenship- with citizenship rooted in communal, local identity and consumption associated with individual identity, the global and faraway.⁶⁴ While this generalization does not of course always hold true, the consumption of goods and services from large companies does require some abstraction from our civic, social or environmental concerns (due to the externalization of environmental and social impact as discussed).

The emerging “sharing economy”, where products are loaned, usually peer-to-peer, rather than purchased, is an example of how procuring goods through a traditionally owned company may dilute the social character of procuring the same good through alternative means.⁶⁵ Car-pooling, for example, was typically a social

and community opportunity, encouraging neighbors to share their cars. Some of these social mechanisms were “formalized” through the establishment of SSE organizations, and a dozen or so consumer car-pooling cooperatives exist across the United States, with the cooperative responsible for maintenance, insurance, car purchase and member vetting.⁶⁶ These cooperatives have in recent years been entirely eclipsed by new businesses, such as zipcar, owned by publicly-traded Avis, which hires out cars on the street by the hour, or buzzcar, which is a peer-to-peer car rental service. In the ‘zipcar’ model, the company provides the car as well as all other services, such as maintenance, insurance and legal issues; in the ‘buzzcar’ model, the company acts as a match-making service between users and providers of cars, takes on insurance and legal issues, and provides a platform for user vetting. Both these types of companies provide a similar service to members of car-pooling cooperatives, and all models share clear environmental benefits compared to individual car ownership. However, while car-pooling cooperatives help to build community, a business such as zipcar does not. The extent to which buzzcar could help build new digital communities through its use of social media remains to be seen. Either way, zipcar and buzzcar’s profits do not accrue for member-user benefit, due to its ownership structure. Moreover, while the “sharing economy” could be seen to promote the values and aims of SSE organizations in the digital age, in its current structure, is it leading to the corporatization of what had traditionally been the space of opportunity for SSE organizations. Indeed, there is a risk that social media provides traditional companies with the social knowledge and networks that were previously only accessible to SSE organizations, thus depriving the latter of one of their core competitive advantages. The sharing economy may simply become a mechanism for product sharing dominated by a few corporate actors.

Rather than attempts to compete with SSE organizations on their own terms, the challenge SSE organizations present to publicly traded companies may simply be the evidence of an alternative model that delivers benefits beyond the simple provision

of goods and services: to customers, members, communities and the economy as a whole.

The UK's Ownership Commission advocates plurality of ownership structures as a good in its own right. It notes that the lack of importance attached to ownership has damaged plurality and choice, as well as innovation and entrepreneurship.⁶⁷ In other words, the presence of organizations with alternative forms of ownership, such as cooperatives, can positively impact the sector as a whole- such was the case with the introduction of organic foods as described in a section above. Importantly, a significant presence of cooperatives in a particular sector limits the ability of private firms to extract above normal profits,⁶⁸ thereby limiting corporate predatory pricing and the creation of oligopolies, and resulting in a more competitive market. In the financial sector, studies suggest that a pluralistic market with different types of ownership structure could be more effective and add to the resilience of a system dominated by publicly traded companies.⁶⁹ Moreover, SSE organizations may be well placed in delivering public services, as they are both close to their members, while retaining a financial motive for efficiency. Healthcare cooperatives, for example, could play an increasing role in public health, as a response to market failures with privatized healthcare, but also because communities may be best placed for preventative health strategies.⁷⁰

The very presence of SSE organizations in the economy also provides products and services, whose "story" may align with the values of an increasing number of consumers, best described by Kate Soper as the new "affluent consumer".⁷¹ Soper notes that an understanding of the consumer as an agent seeking to maximize personal satisfaction from spending disposable income fails to account for the more nuanced consumer patterns that come about from the growing malaise at the social and environmental cost of consumption. This has changed the practice of consumption for a growing number of affluent citizens, meaning that consumption can become a "site of citizenship". This shift presents an opportunity for SSE organizations to meet this new citizen expectation in their consumption choices. While this has traditionally meant integrating consideration about the environmental and social impacts of products, this increasingly includes the

consideration of contribution to local economic development, and may in time include questions of ownership structure, design, and processes of producing organizations. SSE organizations would be the natural providers of goods and services to respond to these new considerations of the consumer-citizen- although, should they scale up, the risks to their underpinning values, processes and goals identified earlier in this section would remain.

Conclusion

To conclude, SSE organizations have a long tradition in both the UK and the US, and tens of thousands of SSE organizations exist today, providing valuable services to their members, and benefits to their communities and local environment. As organizations that flourish in times of crisis, our current economic and environmental predicament present growth opportunities for SSE organizations, in developing strong communities based on the creation of valuable local employment and seizing the opportunities of the green economy. However, SSE organizations have within their aims, membership structure and financing arrangements characteristics that contribute to their success and resilience – but ultimately hinder their growth. Moreover, scaling up to compete effectively in the market risks the dissolution of SSE values, processes and goals.

Up against SSE organizations in the provision of goods and services we have the publicly traded company- an organization structured to grow and to compete on price through externalization of its social and environmental impacts.

With such an opponent, it is unlikely that SSE organizations would be able to replace the publicly traded company in the provision of goods and services, without undermining the attributes that make them socially and environmentally desirable alternatives. However, we can expect them to become less marginal economic actors, which will help create a more plural, resilient economy, more appropriate to the needs of our time, and less reliant on one dominant organizational form.

The biggest opportunity for SSE organizations is unlikely to come through competing with the publicly traded company on the latter's terms, but from another

challenge altogether: that of the need to re-orient our economies for ecological sustainability. While the greening of the economy requires growth in certain “green” sectors, it also requires both a massive increase in environmental efficiency (or decrease in environmental impact per unit produced), and an overall reduction of production and consumption in the Global North economies.⁷²

The publicly traded company however exists to grow and does this through the creation of new products and markets, thereby driving production and consumption – when we precisely need to find ways to reduce these consumption patterns. It is structurally ill equipped to be a contributor to goods and services provision outside of this growth-based mechanism.

SSE organizations on the other hand are not structured to grow. They have developed and refined processes to effectively provide members and communities with goods and services, without needing to grow to do so. They are therefore precisely the kind of organizations that we will need for an economy that does not require growth for a decent standard of living. Advocacy for such an economy may be marginal today, but it will become more pressing as climate change and resource scarcity create volatility and insecurity. This will present an opportunity for the replication and expansion of SSE organizations, as socially and environmentally beneficial, tried and tested, non-growth seeking, alternative models in the provision of goods and services.

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¹⁹ Governance and one-member one-vote is the key difference between worker-cooperatives and 100% employee-owned companies.

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