Social and Solidarity Economy and Decent work

Ilcheong Yi

Key questions

• How and in what ways can Social and Solidarity Economy contribute to the creation of decent work and inequality reduction?

• What are the challenges of SSE in contributing to the creation of decent work and reduction of inequality?

• What should be done to facilitate SSE to contribute to creating decent work and reducing inequality in public and private sectors?
What is Social and Solidarity Economy (SSE)?

- **A new concept**
  
  SSE definition: Economic activities and market relations prioritizing social (and often environmental) objectives over profit motives which are guided by principles and practices of cooperation, solidarity and democratic self-management (Utting, 2015).

- **Old practices:** Ujamaa in Tanzania, Susu in West Africa; the Universal Negro Improvement Association (UNIA) (1914); examples from the recent EU research on SSE in MENA regions; etc. (Moore, 2013)

- **Various forms of SSE organizations and enterprises:** Mutual associations, self-help groups, fair trade organizations, alternative food networks, community forest groups, cooperatives, various associations of informal workers etc. etc.
SSE features (Utting, 2015, UNRISD, 2016)

- Having comparative advantages in particular activities, such as basic needs provisioning, broadening access to finance, management of common pool resources and the environmental retrofitting of economies,
- Also being active in more capital-intensive forms of manufacturing and processing,
- Organizing and empowering people to enhance bargaining power in accessing key resources and setting prices,
- Being less hierarchical and more democratic workplace,
- Reconstructing the concept of work
- Promoting more equitable patterns of income or profit distribution within their structures,
- Reinvigorating the role of communities and citizens in both the economy and polity (contesting public policies and corporate behaviour)
How does SSE contribute to creating decent work and reducing inequalities? (Quantity)

- Size of SSE in the World (Global census on cooperatives (145 countries, 2013-4)
  - About 2.6 million cooperatives have over 1 billion memberships and clients.
  - About 12.6 million employees work in 770,000 cooperative offices and outlets in 2014. (12.6 million does not include data from the 982,400 agricultural cooperatives in China).

<table>
<thead>
<tr>
<th>Employees</th>
<th>770,000 cooperatives offices and outlets</th>
<th>the largest 100 publicly-traded companies in the world</th>
<th>Fortune Global 500 companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.6 million*</td>
<td></td>
<td>17.5 million</td>
<td>67 million</td>
</tr>
</tbody>
</table>

* Not including data from the 982,400 agricultural cooperatives in China
Source: (UN DESA, 2015, Hess and Serenbetz, 2014)

• About US$20 trillion of cooperative assets generate USD 3 trillion in annual revenue (Fortune 500 companies (2014) generate 12.4 trillion USD in annual revenue)

<table>
<thead>
<tr>
<th>Annual revenue</th>
<th>770,000 cooperatives offices and outlets</th>
<th>Fortune Global 500 companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 3 trillion</td>
<td></td>
<td>USD 27.7 trillion*</td>
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</tbody>
</table>

*2016
Source: (UN DESA, 2015, Fortune, 2017)

• At a national level the cooperative economy comprises over 10% of the Gross Domestic Product in 4 countries in the world (New Zealand (20%), Netherlands (18%), France (18%) and Finland (14%)(Dave Grace and Associates, 2015).
How does SSE contribute to creating decent work and reducing inequalities? (Diversity)

Sectoral summary of coops in the world (Dave Grace and Associates, 2015)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Co-operatives</th>
<th>Members/clients</th>
<th>Employees</th>
<th>Offices/ outlets</th>
<th>Assets</th>
<th>Annual Gross Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking/Credit Unions</td>
<td>210,569</td>
<td>703,070,123</td>
<td>2,452,130</td>
<td>256,366</td>
<td>11,262,671,499,563</td>
<td>157,413,648,242</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,644</td>
<td>24,884</td>
<td>361,409</td>
<td>1,281</td>
<td>7,500,074,889,834</td>
<td>1,219,472,038,520</td>
</tr>
<tr>
<td>Agriculture/Grocery</td>
<td>1,224,650</td>
<td>122,120,167</td>
<td>1,181,682</td>
<td>35,206</td>
<td>135,911,867,460</td>
<td>337,785,145,876</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,714</td>
<td>19,888,921</td>
<td>94,882</td>
<td>1,015</td>
<td>141,944,917,085</td>
<td>41,964,239,729</td>
</tr>
<tr>
<td>Grocery/Consumer</td>
<td>81,437</td>
<td>97,860,940</td>
<td>875,181</td>
<td>105,396</td>
<td>243,880,763,326</td>
<td>154,571,071,133</td>
</tr>
<tr>
<td>Worker</td>
<td>84,799</td>
<td>4,069,600</td>
<td>1,218,751</td>
<td>0</td>
<td>1,393,674,820</td>
<td>124,661,250,417</td>
</tr>
<tr>
<td>Housing</td>
<td>15,247</td>
<td>16,383,048</td>
<td>102,823</td>
<td>173</td>
<td>52,409,491,487</td>
<td>20,709,818,041</td>
</tr>
<tr>
<td>Health</td>
<td>1,700</td>
<td>3,441,221</td>
<td>153,180</td>
<td>51</td>
<td>485,786,252</td>
<td>4,075,077,176</td>
</tr>
<tr>
<td>Education &amp; Social</td>
<td>87,008</td>
<td>21,876,052</td>
<td>497,445</td>
<td>13,122</td>
<td>840,678,955</td>
<td>12,355,812,284</td>
</tr>
<tr>
<td>Purchasing or Marketing</td>
<td>41,665</td>
<td>26,256,054</td>
<td>3,402,009</td>
<td>320,598</td>
<td>239,001,362,255</td>
<td>736,601,947,399</td>
</tr>
<tr>
<td>Other or Undefined</td>
<td>790,985</td>
<td>56,996,177</td>
<td>1,671,257</td>
<td>2,319</td>
<td>31,310,913,789</td>
<td>143,295,072,152</td>
</tr>
<tr>
<td>WORLDWIDE TOTALS</td>
<td>2,614,598</td>
<td>1,071,750,167</td>
<td>12,610,748</td>
<td>771,988</td>
<td>10,637,438,096,427</td>
<td>2,982,896,113,938</td>
</tr>
</tbody>
</table>

Principal trading activities of social enterprises in the UK
(State of Social Enterprise Survey 2017)

1 Manufacturing
2 Childcare
3 Farming/agriculture/gardening
4 Transport
5 Workspace
6 Housing
7 Other
8 Culture and leisure
9 Environmental - recycling, re-use, awareness etc.
10 Financial support and services
11 Hospitality
12 Employment and skills
13 Health care
14 Social care
15 Creative industries: web design, print
16 Education
17 Business support/consultancy
18 Retail
Total 123
How does SSE contribute to creating decent work and reducing inequalities? (Quality)
(An informed guess, needs empirical research)

What are the challenges of SSE in contributing to the creation of decent work and reduction of inequality?

- Challenges of scaling up: vertical, horizontal and transversal
- Tensions: ex. Vertical scaling up – co-optation, Horizontal scaling up – isomorphism, Transversal scaling up – coordination problem
What should be done to facilitate SSE to contribute to creating decent jobs and reducing inequality in public and private sectors? (UNRISD, 2016, Yi, 2017)

• **Enabling environment** involves a broad portfolio of instruments ranging from laws, conventional economic and social policies, programmes targeting specific groups and sectors, and institutions tailor-made to support SSE

• **Innovative sources of financing** are needed to scale up SSE (such as the innovative forms of ODA (the case of ALBA), local development banks, and various forms of solidarity financing schemes). Supportive mechanisms to ensure their sustainability are also crucial.

• **Co-construction** of policies is necessary to address co-optation by the government or market

• **Coherence of multi-level and multi-sectoral policies**

• **Examples**
  - Policy and legal reforms to acknowledge the role of SSE in creating decent jobs and reducing inequality (ex. Bolivia, Ecuador, Peru, South Korea, etc.)
  - Policy and institutional reforms to empower SSE actors politically as well as economically (ex. Kerala, India, etc.)
  - Understanding of public-private partnerships for development needs to include SSE and related community and civil society organizations (ex. Quebec etc.)